

September 9, 2024

To the Board of Selectmen
Town of Durham, Maine

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Durham, Maine for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our discussion with the Board Chair on February 12, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated February 12, 2024, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the system of internal control of the Town of Durham, Maine. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we also performed tests of the Town of Durham, Maine's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Durham, Maine are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by the Town of Durham, Maine during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of depreciation expense, which is based on estimated useful lives of assets.
- Management's estimate of unavailable tax revenue, which is based on estimated tax collections.
- Management's estimates of the net pension and OPEB liabilities and related expense, which are based on actuarial reports.

We evaluated the methods, assumptions, and data used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

During the year, the Town experienced turnover in staff and transitioned its accounting function to a third party. The turnover and changes in procedures created delays in obtaining certain audit documentation.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. See the attached "Adjusting Journal Entries" which reports misstatements detected as a result of audit procedures and corrected by management, some of which were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

The attached "Passed Adjustments" schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 9, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Town’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the schedules related to the net pension and OPEB liabilities, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the individual fund financial statements, including the detailed budgetary comparison, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Selectmen serving as audit committee and management of the Town of Durham, Maine and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Town of Durham
Adjusting Journal Entries
12/31/2023

Account	Description	Debit	Credit
001			
To record change in Rescue Receivables for year-end.			
AA-1-00-1200	Accounts Receivable	14,801.96	0.00
AA-6-14-6470	Charges for Services-Ambulance Fees	<u>0.00</u>	<u>14,801.96</u>
Total		<u>14,801.96</u>	<u>14,801.96</u>
002			
To remove invalid A/P invoice found during testing - TRIO for 2024.			
AA-7-20-7356	Administration-Software Licenses	0.00	22,990.06
AA-3-00-3000	Accounts Payable	<u>22,990.06</u>	<u>0.00</u>
Total		<u>22,990.06</u>	<u>22,990.06</u>
003			
To bring on old RE Taxes Receivables (1993-2003).			
AA-1-00-1250	RE Taxes Receivable	15,450.83	0.00
AA-6-19-6999	Other Revenue-Miscellaneous Revenue	<u>0.00</u>	<u>15,450.83</u>
Total		<u>15,450.83</u>	<u>15,450.83</u>
004			
To record retainage for FY 2023.			
HD-7-40-7720	Public Works Cap-Public Works-Infrastructure	14,072.50	0.00
HD-3-00-3000	Accounts Payable	<u>0.00</u>	<u>14,072.50</u>
Total		<u>14,072.50</u>	<u>14,072.50</u>
005			
To adjust unearned revenue to actual at year end.			
AA-4-00-4500	Unavailable Property Taxes	0.00	40,500.00
AA-6-10-6000	Property Taxes-Property Taxes	<u>40,500.00</u>	<u>0.00</u>
Total		<u>40,500.00</u>	<u>40,500.00</u>

Account	Description	Debit	Credit
006			
To reverse PY A/R and bring on CY plus A/R found in search.			
AA-6-19-6999	Other Revenue-Miscellaneous Revenue	0.00	9,690.84
AA-6-11-6105	Excise Taxes-Other Excise	0.00	2,032.34
AA-6-10-6000	Property Taxes-Property Taxes	0.00	33.37
AA-1-00-1200	Accounts Receivable	11,756.55	0.00
AA-6-13-6399	Intergovernmental-Miscellaneous	0.00	56,633.13
AA-1-00-1200	Accounts Receivable	56,633.13	0.00
AA-1-00-1200	Accounts Receivable	0.00	80,800.60
AA-6-13-6305	Intergovernmental-Homestead Exemption	80,800.60	0.00
Total		<u>149,190.28</u>	<u>149,190.28</u>
007			
To record accrued PR for year end.			
AA-7-20-7000	Administration-Department Head Wages	2,119.23	0.00
AA-7-20-7015	Administration-Full Time Staff Wages	1,480.64	0.00
AA-7-20-7020	Administration-Part Time Staff Wages	674.50	0.00
AA-7-20-7030	Administration-Elected Official Wages	860.00	0.00
AA-7-20-7050	Administration-Payroll Taxes	470.67	0.00
AA-7-21-7020	Municipal Buildings-Part Time Staff Wages	82.50	0.00
AA-7-21-7050	Municipal Buildings-Payroll Taxes	6.31	0.00
AA-7-27-7000	Planning and Code Enf-Department Head Wages	1,106.70	0.00
AA-7-27-7050	Planning and Code Enf-Payroll Taxes	415.97	0.00
AA-7-30-7000	Fire Department-Department Head Wages	1,594.00	0.00
AA-7-30-7020	Fire Department-Part Time Staff Wages	2,965.76	0.00
AA-7-30-7050	Fire Department-Payroll Taxes	391.86	0.00
AA-7-40-7000	Public Works-Department Head Wages	1,413.20	0.00
AA-7-40-7015	Public Works-Full Time Staff Wages	4,593.20	0.00
AA-7-40-7020	Public Works-Part Time Staff Wages	418.53	0.00
AA-7-40-7050	Public Works-Payroll Taxes	653.68	0.00
AA-3-00-3200	Accrued Payroll	0.00	19,246.75
Total		<u>19,246.75</u>	<u>19,246.75</u>

Town of Durham
Passed Adjustments
12/31/2023

Account	Description	Debit	Credit
200			
To post back to 2022 invoices for curbside trash and recycling.			
AA-7-42-7231	Solid Waste-Hauling	0.00	3,383.87
AA-7-42-7231	Solid Waste-Hauling	0.00	18,952.17
AA-5-00-5400	Unassigned Fund Balance	<u>22,336.04</u>	<u>0.00</u>
Total		<u>22,336.04</u>	<u>22,336.04</u>

201			
To record a right-to-use asset and liability, with first year amortization and interest expenses for a copier lease.			
Entity-wide capital assets	Right-to-use asset	9,953.40	0.00
Entity-wide liabilities	Lease liability	0.00	9,953.40
Entity-wide expenses	Amortization expense	281.59	0.00
Entity-wide expenses	Interest expense	234.78	0.00
Entity-wide expenses	Rental expense	0.00	1,924.32
Entity-wide capital assets	Accumulated amortization		281.59
Entity-wide liabilities		<u>1,689.54</u>	<u>0.00</u>
Total		<u>12,159.31</u>	<u>12,159.31</u>



Town Of Durham

630 Hallowell Road
Durham, Maine 04222

Incorporated 1789

207-353-2561
(fax) 207-353-5367

September 9, 2024

Runyon Kersteen Ouellette
20 Long Creek Drive
South Portland, Maine 04106

This representation letter is provided in connection with your audit of the financial statements of the Town of Durham, Maine, which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows, for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as September 9, 2024, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 12, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Town is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Town from whom you determined it necessary to obtain audit evidence.

- d) Minutes of the meetings of Board of Selectmen or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Town and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Town's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the names of the Town's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

- 22) The Town has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
- 27) The Town has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The Town has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 30) The financial statements include all fiduciary activities required by GASBS No. 84, as amended.
- 31) The financial statements properly classify all funds and activities, in accordance with GASBS No. 34, as amended.

- 32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 41) We have appropriately disclosed the Town's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 42) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

- 43) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 44) With respect to the combining and individual fund financial statements and schedules:
- a) We acknowledge our responsibility for presenting the combining and individual fund financial statements and schedules in accordance with accounting principles generally accepted in the United States of America, and we believe the combining and individual fund financial statements and schedules, including their form and content, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining and individual fund financial statements and schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the combining and individual fund financial statements and schedules are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.


Signed _____

TOWN OF DURHAM, MAINE

**Reports Required by *Government*
*Auditing Standards***

For the Year Ended December 31, 2023

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

To the Board of Selectmen
Town of Durham, 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 the Town of Durham, Maine as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Durham, Maine's basic financial statements, and have issued our report thereon dated September 9, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Durham, Maine's internal control over financial reporting (internal control) as a basis for designing 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 Durham, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Durham, 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 Town of Durham, Maine'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and other comments as items 2023-001 that we consider to be a significant deficiency.

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*, CONTINUED

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Durham, 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 financial statements. 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 other matters that we reported under the heading “Other Comments” that are opportunities for strengthening internal controls and operating efficiency.

The Town of Durham, Maine’s Responses to Finding and Other Comments

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Durham, Maine’s responses to the finding and other comments identified in our audit and described in the accompanying schedule of findings and other comments. The Town of Durham, Maine’s responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.



September 9, 2024
South Portland, Maine

TOWN OF DURHAM, MAINE
Schedule of Findings and Other Comments
December 31, 2023

Findings Required to be Reported under *Government Auditing Standards*

SIGNIFICANT DEFICIENCY

2023-001 Purchase Card Disbursements

Criteria: The Town has a policy that requires all users of purchase cards to turn in supporting documentation for their purchases, such as a receipt or invoice. Per the policy, repeat offenders will potentially have their purchase card access revoked. Each purchase card user is also supposed to sign a credit card agreement to ensure they will not use the card for unauthorized purposes. In addition, the Town is supposed to retain documentation to support transactions.

Condition: We selected twenty-nine transactions from three separate months in 2023. Of those transactions, ten were missing a receipt or invoice. In addition, there were two employees who were missing signed credit card agreements. We also selected the month of February 2023 to test and the credit card statement and related documentation could not be located.

Cause: The Town experienced turnover in the central office staff, which created inconsistencies in filing and retaining documentation.

Effect: Missing documentation could lead to an increased risk of fraud or error. Employees who are not provided the proper instructions and forms regarding credit card use could inappropriately commit the Town to a purchase that otherwise would not have been executed.

Recommendation: Management should reinforce to all purchase card users the importance of keeping receipts and turning them in to the central office. In addition, management should review the list of purchase card users and verify all have signed credit card agreements on file. In addition, the Town should consider either revising its purchase card policy if it does not intend to reinforce penalties for repeat offenders, or should follow through and revoke purchase card privileges for certain employees. The Town should also review its procedures for filing documentation so that there are no future issues in locating documentation.

OTHER COMMENTS

Cash Disbursements

During the audit, we selected forty cash disbursements to test controls. Of those forty transactions, there were three disbursements for which the invoices could not be located. In addition, there were two disbursements that were missing documentation of approvals, both of which were for the Fire Department. The disbursements with the missing documentation/approval were all from February and March 2023, which is before the Town switched to the services of Royer and Advisors. As the disbursement process has once again been taken over by the Town, management should reinforce the importance of maintaining documentation and obtaining the required approvals.

TOWN OF DURHAM, MAINE
Schedule of Findings and Other Comments, Continued
December 31, 2023

Findings Required to be Reported under *Government Auditing Standards*, Continued

OTHER COMMENTS, continued

Payroll Documentation

As part of the audit, we selected fifteen employees to test. Of those employees selected, four were missing supporting documentation for their current pay rate. One of the employees was paid at a rate higher than the documentation in the employee's file. Per management, the employee received a raise in 2023 but the raise was not documented. Although the Town has worked to improve the documentation of approved wage rates, there are still gaps in the documentation. We recommend that staff continue reviewing personnel files to ensure that the most recent support for wage rates is included in the files.

TOWN OF DURHAM, MAINE
Annual Financial Report
For the Year Ended December 31, 2023

TOWN OF DURHAM, MAINE
Annual Financial Report
For the Year Ended December 31, 2023

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Independent Auditor's Report

Board of Selectmen
Town of Durham, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Durham, Maine, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Durham, Maine's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Durham, Maine, as of December 31, 2023, and the respective changes in financial position 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 of Durham, 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.

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 Durham, 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 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 of Durham, 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 substantial doubt about the Town of Durham, 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 required supplementary information related to the net pension and OPEB liabilities, as listed in the table of contents, be presented to supplement the basic financial statements. Such information 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Durham, Maine's basic financial statements. The accompanying individual 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 individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2024 on our consideration of the Town of Durham, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Durham, 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 Durham, Maine's internal control over financial reporting and compliance.



September 9, 2024
South Portland, Maine

TOWN OF DURHAM, MAINE
Statement of Net Position
December 31, 2023

	Governmental Activities
ASSETS	
Cash	\$ 4,456,469
Receivables:	
Taxes and liens	442,001
Accounts receivable	12,808
Rescue receivables	54,017
Due from other governments	56,633
RSU #5 debt service payments	653,010
Nondepreciable capital assets	239,332
Depreciable capital assets, net	8,502,490
Total assets	14,416,760
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to OPEB	345
Deferred outflows of resources related to pensions	69,195
Total deferred outflows of resources	69,540
LIABILITIES	
Accounts payable	130,502
Accrued wages	19,248
Unearned revenues	169,630
Accrued interest	31,953
Noncurrent liabilities:	
Due within one year	800,702
Due in more than one year	3,317,592
Total liabilities	4,469,627
DEFERRED INFLOWS OF RESOURCES	
Taxes paid in advance	13,171
Deferred inflows of resources related to OPEB	58,659
Deferred inflows of resources related to pensions	30,498
Total deferred inflows of resources	102,328
NET POSITION	
Net investment in capital assets	5,523,753
Restricted:	
Nonexpendable principal -permanent funds	3,450
Expendable earnings - permanent funds	4,283
Donations and grants	40,111
Unrestricted	4,342,748
Total net position	\$ 9,914,345

See accompanying notes to the basic financial statements.

TOWN OF DURHAM, MAINE
Statement of Activities
For the year ended December 31, 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	Primary Government Governmental activities
Primary government:					
Governmental activities:					
General government	\$ 1,357,191	121,323	8,540	-	(1,227,328)
Public safety	655,983	107,414	-	-	(548,569)
Public works	1,447,645	-	-	386,831	(1,060,814)
Solid waste disposal	374,150	30,074	-	-	(344,076)
Community services	13,507	-	-	-	(13,507)
Education	5,718,355	-	-	-	(5,718,355)
Interest on debt	101,868	-	-	-	(101,868)
Total governmental activities	9,668,699	258,811	8,540	386,831	(9,014,517)
Total primary government	\$ 9,668,699	258,811	8,540	386,831	(9,014,517)

General revenues:

Property taxes	8,046,081
Excise taxes	1,078,472
Grants and contributions not restricted to specific programs:	
State Revenue Sharing	740,214
Homestead and BETE exemption	221,900
Other	97,048
Unrestricted interest income	45,475
Miscellaneous	14,474
Total general revenues	10,243,664
Change in net position	1,229,147
Net position - beginning, restated	8,685,198
Net position - ending	\$ 9,914,345

See accompanying notes to the basic financial statements.

TOWN OF DURHAM, MAINE
Balance Sheet
Governmental Funds
December 31, 2023

	General Fund	ARPA	Aggregate Other Funds	Total
ASSETS				
Cash	\$ 4,404,286	-	52,183	4,456,469
Receivables:				
Taxes and liens	442,001	-	-	442,001
Accounts receivable	12,808	-	-	12,808
Rescue receivables	54,017	-	-	54,017
Due from other governments	56,633	-	-	56,633
Interfund receivables	-	169,630	615,299	784,929
RSU #5 debt service payments	653,010	-	-	653,010
Total assets	5,622,755	169,630	667,482	6,459,867
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	116,429	-	14,073	130,502
Accrued wages	19,248	-	-	19,248
Interfund payables	782,929	-	2,000	784,929
Unearned revenues	-	169,630	-	169,630
Total liabilities	918,606	169,630	16,073	1,104,309
Deferred Inflows of Resources:				
Taxes paid in advance	13,171	-	-	13,171
Unavailable revenue - property taxes	354,500	-	-	354,500
Unavailable revenue - RSU #5 debt service payments	653,010	-	-	653,010
Total deferred inflows of resources	1,020,681	-	-	1,020,681
Fund Balances:				
Nonspendable	-	-	3,450	3,450
Restricted	-	-	44,394	44,394
Committed	-	-	603,565	603,565
Assigned	668,000	-	-	668,000
Unassigned	3,015,468	-	-	3,015,468
Total fund balances	3,683,468	-	651,409	4,334,877
Total liabilities, deferred inflows of resources, and fund balances	5,622,755	169,630	667,482	
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.				8,741,822
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.				1,007,510
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore, are not reported in the funds.				
Notes payable				(3,871,079)
OPEB liability with deferred inflows and outflows of resources				(97,948)
Net pension liability with deferred inflows and outflows of resources				(141,024)
Accrued compensated absences				(27,860)
Accrued interest				(31,953)
Net position of governmental activities				\$ 9,914,345

See accompanying notes to the basic financial statements.

TOWN OF DURHAM, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2023

	General Fund	ARPA	Aggregate Other Funds	Total
Revenues:				
Property taxes	\$ 8,005,581	-	-	8,005,581
Excise taxes	1,078,472	-	-	1,078,472
Intergovernmental revenues	1,122,270	178,393	149,330	1,449,993
Charges for services	258,811	-	-	258,811
Other revenues	16,474	-	2,540	19,014
Interest	45,053	-	422	45,475
Total revenues	10,526,661	178,393	152,292	10,857,346
Expenditures:				
Current:				
General government	635,952	-	-	635,952
Public safety	522,286	-	-	522,286
Public works	1,275,799	-	-	1,275,799
Solid waste disposal	374,150	-	-	374,150
Community services	13,018	-	489	13,507
Education	5,716,355	-	2,000	5,718,355
County tax	677,388	-	-	677,388
Unclassified	8,386	-	-	8,386
Debt service	958,390	-	-	958,390
Capital outlay	-	178,393	602,695	781,088
Total expenditures	10,181,724	178,393	605,184	10,965,301
Excess (deficiency) of revenues over (under) expenditures	344,937	-	(452,892)	(107,955)
Other financing sources (uses):				
Transfers from other funds	-	-	1,144,384	1,144,384
Transfers to other funds	(1,096,630)	-	(47,754)	(1,144,384)
Total other financing sources (uses)	(1,096,630)	-	1,096,630	-
Net change in fund balances	(751,693)	-	643,738	(107,955)
Fund balance, beginning of year	4,435,161	-	7,671	4,442,832
Fund balance, end of year	\$ 3,683,468	-	651,409	4,334,877

See accompanying notes to the basic financial statements.

TOWN OF DURHAM, 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 December 31, 2023

Net change in fund balances - total governmental funds (from Statement 4)	\$	(107,955)
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

These are the changes in amounts related to capital assets:

capital outlay		1,001,439
depreciation expense		(530,289)
book value of disposed capital assets		(5,535)

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

40,500

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. These are the changes in the other liability balances:

accrued interest	8,462	
accrued compensated absences	(2,492)	
opeb liability	24,738	
deferred inflows and outflows of resources related to the opeb liability	(31,029)	
net pension liability	(54,489)	
deferred inflows and outflows of resources related to the net pension liability	37,737	(17,073)

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 the repayment reduces long-term liabilities in the statement of net position.

These are the changes in long-term debt:

note principal payments		956,895
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The Town has bonds that were originally issued for School purposes. These amounts will be funded by Regional School Unit #5 when the debt service payments are due. The Town has recorded a long-term receivable for the amount that will be paid by the School Unit for these notes. The amount of the receivable at year-end was \$653,010 with principal amounts paid off during the year totaling \$108,835.

(108,835)

Change in net position of governmental activities (see Statement 2)	\$	1,229,147
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See accompanying notes to the basic financial statements.

TOWN OF DURHAM, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budgetary Basis - General Fund
For the year ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with final budget positive (negative)
Revenues:				
Taxes	\$ 9,061,710	9,061,710	9,084,053	22,343
Intergovernmental revenues	936,174	936,174	1,122,270	186,096
Charges for services	182,535	182,535	258,811	76,276
Other revenues	2,845	2,845	16,474	13,629
Interest	20,955	20,955	45,053	24,098
Total revenues	10,204,219	10,204,219	10,526,661	322,442
Expenditures:				
Current:				
General government	683,944	683,944	635,952	47,992
Public safety	522,470	522,470	522,286	184
Public works	1,338,920	1,338,920	1,275,799	63,121
Solid waste disposal	384,540	384,540	374,150	10,390
Community services	16,965	16,965	13,018	3,947
Education	5,716,356	5,716,356	5,716,355	1
County tax	677,388	677,388	677,388	-
Unclassified	35,246	35,246	8,386	26,860
Debt service	958,390	958,390	958,390	-
Total expenditures	10,334,219	10,334,219	10,181,724	152,495
Excess (deficiency) of revenues over (under) expenditures	(130,000)	(130,000)	344,937	474,937
Other financing sources (uses):				
Transfers to other funds	(110,000)	(110,000)	(1,096,630)	(986,630)
Total other financing sources (uses)	(110,000)	(110,000)	(1,096,630)	(986,630)
Net change in fund balance	(240,000)	(240,000)	(751,693)	(511,693)
Fund balance, beginning of year			4,435,161	
Fund balance, end of year			\$ 3,683,468	

See accompanying notes to the basic financial statements.

TOWN OF DURHAM, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Durham, Maine conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit is made by applying the criteria set forth in GAAP which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there were no potential component units required to be included in this report.

B. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. 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 typically reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The Town currently does not have any business-type activities.

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

C. Basis of Presentation – Financial Statements

While separate government-wide and fund financial statements are represented, they are interrelated. The governmental activities column incorporates data from governmental funds. For the most part, the effect of interfund activity has been removed from these statements.

D. Basis of Presentation – Fund Financial Statements

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

TOWN OF DURHAM, MAINE
Notes to Basic Financial Statements, continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Town reports the following major governmental funds:

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

The ARPA Fund accounts for the receipt of federal ARPA grant funds and related expenditures.

E. Measurement Focus and Basis of Accounting

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

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

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Amounts reported as program revenues on the Statement of Activities include 1) charges to customers or applicants for goods, services, 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.

F. Cash and Investments

The Town considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The Town utilizes the consumption method for prepaid items in which items purchased are recorded as an asset and the recognition of the expenditure is deferred until the period the prepaid item is actually consumed or used.

TOWN OF DURHAM, MAINE
Notes to Basic Financial Statements, continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

H. 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 interfund loans or as interfund advances (i.e., the noncurrent portion of interfund loans).

I. Capital Assets

Capital assets, which include property, plant, and equipment, 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 \$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 acquisition cost at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the assets' estimated useful lives ranging from 5 to 50 years.

J. Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds report three deferred inflows of resources: unavailable revenue from property taxes, prepaid property taxes, and unavailable revenue from Regional School Unit #5 debt service payments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension and OPEB liabilities, which include the Town's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension/OPEB liabilities in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between Town contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

K. Long-term Obligations

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

TOWN OF DURHAM, MAINE
Notes to Basic Financial Statements, continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

L. Pensions

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

M. Other postemployment benefits (OPEB) - For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net positions of 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 plans. 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.

N. Use of Estimates

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

O. Accrued Compensated Absences

Under the terms of personnel policies, vacation and sick leave are granted in varying amounts according to length of service. The Town accrues accumulated vacation leave and vested sick leave. Accumulated vacation and sick time has been recorded in the Statement of Net Position for the governmental activities. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

P. Unearned Revenues

Unearned revenues in 2023 consist of grant revenues that have not yet met all of the requirements to be recognized as revenue under the terms of the grant.

TOWN OF DURHAM, MAINE
Notes to Basic Financial Statements, continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Q. Comparative Data/Reclassifications

Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

R. Fund Balance/Net Position

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

The five classifications of fund balance for the Governmental Funds are as follows:

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

The voters have the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. For assigned fund balance amounts, the Board of Selectmen has been authorized by Charter/Policy to assign unspent budgeted amounts to specific purposes in the General Fund at year end based on Department requests. The Town does not have a formal fund balance policy.

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. When committed, assigned, and unassigned resources are available for use, it is the Town's policy to use committed or assigned resources first, and then unassigned resources as they are needed.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The Town utilizes a formal budgetary accounting system to control operations accounted for in the General Fund. This budget is established through the passage of a Town warrant at the annual Town meeting. It is prepared on a basis consistent with generally accepted accounting principles (GAAP) except for certain appropriations, which are budgeted on a net basis, and encumbrances. Under the net budget basis, certain revenues are not estimated but are credited to the particular appropriation account.

TOWN OF DURHAM, MAINE
Notes to Basic Financial Statements, continued

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

The level of control (level at which expenditures may not exceed appropriations) is the warrant article. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year with the exception of some non-lapsing accounts and ongoing projects which are carried forward to the next fiscal year.

DEPOSITS

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2023, the Town's bank balances of \$4,390,618 were covered by FDIC.

PROPERTY TAX

Property taxes for the current year were committed on June 27, 2023 on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. Assessed values are periodically established by the Town's Assessor at 67% of assumed market value. 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 \$35,246 for the year ended December 31, 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 the tax liens and associated costs remain unpaid. Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

The following summarizes the levy:

	<u>2023</u>	<u>2022</u>
Assessed value	\$ 376,000,600	373,440,400
<u>Tax rate (per \$1,000)</u>	<u>21.35</u>	<u>20.70</u>
Commitment	8,027,613	7,730,216
<u>Supplemental taxes assessed</u>	<u>18,435</u>	<u>10,284</u>
	8,046,048	7,740,500
Less:		
<u>Collections and abatements</u>	<u>7,764,446</u>	<u>7,518,668</u>
Current year taxes receivable at end of year	\$ 281,602	221,832
Due date	August 14, 2023	August 5, 2022
Interest rate on delinquent taxes	8.00%	4.00%
Collection rate	96.50%	97.13%

TOWN OF DURHAM, MAINE
Notes to Basic Financial Statements, continued

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance December 31, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2023</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 239,332	-	-	239,332
Construction in process	8,576	541,013	549,589	-
Total capital assets not being depreciated	247,908	541,013	549,589	239,332
Capital assets, being depreciated:				
Land improvements	17,771	-	-	17,771
Buildings and building improvements	1,729,861	-	-	1,729,861
Infrastructure	6,564,004	549,589	-	7,113,593
Vehicles and equipment	3,137,987	460,426	110,700	3,487,713
Total capital assets being depreciated	11,449,623	1,010,015	110,700	12,348,938
Less accumulated depreciation for:				
Land improvements	4,212	444	-	4,656
Buildings and building improvements	573,542	35,446	-	608,988
Infrastructure	1,042,494	213,323	-	1,255,817
Vehicles and equipment	1,801,076	281,076	105,165	1,976,987
Total accumulated depreciation	3,421,324	530,289	105,165	3,846,448
Total capital assets being depreciated, net	8,028,299	479,726	5,535	8,502,490
Governmental activities capital assets, net	\$ 8,276,207	1,020,739	555,124	8,741,822

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

General government	\$ 18,316
Public safety	124,461
Public works, including depreciation of infrastructure assets	387,512
Total depreciation expense – governmental activities	\$ 530,289

TOWN OF DURHAM, MAINE
Notes to Basic Financial Statements, continued

INTERFUND RECEIVABLES AND PAYABLES

Individual Interfund receivables and payables and transfers at December 31, 2023 were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>	<u>Interfund transfers</u>
General Fund	\$ -	782,929	(1,096,630)
ARPA	169,630	-	-
Nonmajor governmental funds:			
Nonmajor special revenue funds	225,889	2,000	242,471
Nonmajor capital projects funds	389,410	-	854,159
Total Nonmajor Governmental Funds	615,299	2,000	1,096,630
Totals	\$ 784,929	784,929	-

During the year, management reclassified all reserves that had previously been reported as components of the General Fund as separate special revenue and capital projects funds. The result of the classification was a transfer out totaling \$986,630 from the General Fund to the newly created funds based on the prior fiscal year ending balances. There were a couple of transfers to the other funds to be used for future spending.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2023 was as follows:

	<u>Beginning balance restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
Net pension liability	\$ 125,232	54,489	-	179,721	-
Other postemployment liability	35,534	4,100	-	39,634	-
Accrued compensated absences	25,368	2,492	-	27,860	-
Notes from direct borrowings	4,827,974	-	956,895	3,871,079	800,702
Governmental activities long-term liabilities	\$ 5,014,108	61,081	956,895	4,118,294	800,702

OVERLAPPING DEBT AND OTHER CONTINGENCIES

Overlapping Debt

The Town's proportionate share of Regional School Unit No. 5's debt of \$11,889,825 is \$2,546,801 (21.42%) as of June 30, 2023, which is the most readily available information. This debt service is included in the annual assessments to the Town.

TOWN OF DURHAM, MAINE
Notes to Basic Financial Statements, continued

LONG-TERM DEBT

Notes from direct borrowings at December 31, 2023 are comprised of the following:

<u>Notes from direct borrowings</u>	<u>Amount originally issued</u>	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance</u>
2014 public works property	\$ 975,000	4.55%	2029	460,662
2014 public works equipment	1,150,000	3.96%	2024	127,380
2018 fire truck	480,000	3.90%	2028	262,887
2018 road paving bond	2,000,000	Varies	2028	1,000,000
2019 road paving bond	2,350,000	Varies	2029	1,367,140
2009 school projects*	2,176,696	Varies	2029	653,010
Total bonds				\$ 3,871,079

*RSU 5 will reimburse the Town of Durham for all of the Durham School Department notes from direct borrowings when the debt service payments are due. The Town has recorded a receivable of \$653,010, which is the outstanding amount of notes from direct borrowings related to the School Department.

The annual requirements to amortize the notes from direct borrowings are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 800,702	115,566	916,268
2025	678,437	93,857	772,294
2026	683,741	74,308	758,049
2027	653,568	55,393	708,961
2028	659,338	35,193	694,531
2029	395,293	13,557	408,850
Totals	\$ 3,871,079	387,874	4,258,953

STATUTORY DEBT LIMIT

In accordance with Maine law, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. At December 31, 2023, the Town was in compliance with these limitations.

TOWN OF DURHAM, MAINE
Notes to Basic Financial Statements, continued

FUND BALANCES

As of December 31, 2023, fund balance components consisted of the following:

	General Fund	Aggregate Other Funds	Total
Nonspendable:			
Nonexpendable permanent fund principal	\$ -	3,450	3,450
Restricted:			
Expendable permanent fund principal	-	4,283	4,283
Zoning compliance grant	-	5,000	5,000
River Park donations	-	8,021	8,021
School scholarships	-	12,797	12,797
Heating assistance	-	10,956	10,956
The giving tree	-	1,884	1,884
Historic district commission	-	1,330	1,330
Jackson Tupper memorial	-	123	123
Committed:			
Emergency fund	-	16,953	16,953
Grant match	-	27,077	27,077
Recreation	-	23,742	23,742
Telecommunication	-	78,824	78,824
Revaluation	-	60,000	60,000
Eureka capital	-	3,719	3,719
Fire rescue capital	-	142,091	142,091
Buildings capital	-	90,512	90,512
Public works capital	-	139,015	139,015
Union church restoration	-	21,632	21,632
Assigned:			
Subsequent year's budget	668,000	-	668,000
Unassigned:			
General fund	3,015,468	-	3,015,468
Total	\$ 3,683,468	651,409	4,334,877

NET POSITION

Net position represents the difference between assets, deferred outflows of resources, and liabilities and deferred inflows of resources. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and adding back any school-related debt for which the Town no longer has the assets. The Town's net investment in capital assets was calculated as follows at December 31, 2023:

Capital assets	\$ 12,588,270
Accumulated depreciation	(3,846,448)
Notes payable	(3,871,079)
Add back school related debt – assets transferred to RSU #5	653,010
<u>Total invested in capital assets net of related debt</u>	<u>\$ 5,523,753</u>

TOWN OF DURHAM, MAINE
Notes to Basic Financial Statements, continued

NET POSITION, CONTINUED

The school-related debt has been added back in the calculation because the Town issued debt related to the new elementary school construction for the local share of debt. As required by the Reorganization Plan for the Regional School Unit (RSU), the Town retains the obligation for this debt. However, the related assets were transferred to the RSU in accordance with the agreement.

OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Plan Description - The Town sponsors a post-retirement benefit plan providing health insurance to employees (hereafter referred to as the Town Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Town Select Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided - Retirees with a minimum of age 55 and 5 years of service at retirement are eligible for postretirement health insurance benefits. Eligible retirees are required to pay 100% of health insurance premiums to receive health benefit coverage and therefore, the Town makes no actual contributions.

Employees Covered by Benefit Terms – At January 1, 2023, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employee entitled to but not yet receiving benefits	-
Active employees	<u>7</u>
Total	<u>7</u>

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

The Town's total Health Plan OPEB liability of \$39,634 was measured as of January 1, 2023, and was determined by an actuarial valuation as of January 1, 2022.

TOWN OF DURHAM, MAINE
Notes to Basic Financial Statements, continued

OTHER POST EMPLOYMENT BENEFITS (OPEB), CONTINUED

Changes in the Total Health Plan OPEB Liability

		Total OPEB Liability
Balance at December 31, 2022	\$	35,534
Changes for the year:		
Service cost		7,687
Interest		889
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions or other inputs		(4,340)
Benefit payments		(136)
Net changes		4,100
Balance at December 31, 2023	\$	39,634

Change in assumptions reflects a change in the discount rate to 3.72% from 2.06%.

For the year ended December 31, 2023, the Town recognized an OPEB expense of \$6,636 related to the Town Health Plan. At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	55,479
Changes of assumption or other inputs		-	3,180
Contributions subsequent to the measurement date		345	-
Total	\$	345	58,659

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Health Plan OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2024	\$ (2,325)
2025	(12,891)
2026	(14,274)
2027	(14,274)
2028	(14,275)
Thereafter	(620)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2022 actuarial valuation, rolled forward, for the Town Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

TOWN OF DURHAM, MAINE
Notes to Basic Financial Statements, continued

OTHER POST EMPLOYMENT BENEFITS (OPEB), CONTINUED

Inflation	3.00% per year
Salary increases	2.75% per year
Discount rate	3.72%
Healthcare cost trend rates	Non-Medicare 8.35% for 2023, grading to 4.55% in 2043 Medicare 9.20% for 2023, grading to 4.55% in 2043
Retirees' share of the benefit related costs	100%

Mortality rates for the Health Plan were based on the 2010 Public Plan General Benefits-Weighted Employee Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2022 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2016 through June 30, 2020.

Discount Rate - The rate used to measure the total OPEB liability for the Town Health Plan was 3.72%. The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate - The following presents the Town's total OPEB liability related to the Town Health Plan calculated using the discount rate of 3.72%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease <u>(2.72%)</u>	Discount Rate <u>(3.72%)</u>	1% Increase <u>(4.72%)</u>
Total OPEB liability	\$ 45,753	39,634	34,545

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 33,506	39,634	47,211

PENSION PLAN

General Information about the Pension Plan

Plan Description - Employees of the Town are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan), a cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute; in the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Maine State Legislature to amend the terms. MPERS issues a publicly available financial report that can be obtained at www.maineopers.org.

TOWN OF DURHAM, MAINE
Notes to Basic Financial Statements, continued

PENSION PLAN, CONTINUED

Benefits Provided - The PLD Plan provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014).

The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions.

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. Required contributions were as follows:

	Employee Age 60	Employee Age 65	Employer All Plans
January to June	7.0%	6.25%	8.5%
July to December	6.9%	6.15%	8.9%

The employer contribution rate is 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. Contributions to the pension plan from the Town were \$52,006 for the year ended December 31, 2023.

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

At December 31, 2023, the Town reported a pension liability of \$179,721 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2023, the Town's proportion was 0.0563%.

For the year ended December 31, 2023, the Town recognized a net pension expense of \$68,758. At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF DURHAM, MAINE
Notes to Basic Financial Statements, continued

PENSION PLAN, CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 33,365	-
Net difference between projected and actual earnings on pension plan investments	-	30,498
Changes in proportion and differences between Town contributions and proportionate share of contributions	9,188	-
Change of assumptions	-	-
Town contributions subsequent to the measurement date	26,642	-
Total	\$ 69,195	\$30,498

An amount of \$26,642 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended December 31, 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:

<u>Year ended December 31:</u>	
2024	\$ (1,440)
2025	(18,855)
2026	30,933
2027	1,417

Actuarial Assumptions - The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	2.75% - 11.48%
Investment return	6.50%
Cost of living benefit increases	1.91%

Mortality rates were based on the 2010 Public Plan General Benefits Weighted Healthy Retiree Mortality table.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

TOWN OF DURHAM, MAINE
Notes to Basic Financial Statements, continued

PENSION PLAN, CONTINUED

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US government	10.0%	2.6%
Private equity	12.5%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	5.0%	3.2%
Alternative credit	10.0%	7.4%
Diversifiers	7.5%	5.0%

Discount Rate - The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$492,448	179,721	(78,254)

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

Payables to the Pension Plan - None

TOWN OF DURHAM, MAINE
Notes to Basic Financial Statements, continued

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters, for which the Town either carries commercial insurance or participates in a public entity risk pool. Currently, the Town participates in several public entity and self-insured pools sponsored by the Maine Municipal Association. Based on the coverage provided by the pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at December 31, 2023.

PRIOR PERIOD ADJUSTMENT

In 2023, the Town determined that it should have recognized in prior years an OPEB liability with related deferred inflows and outflows of resources related to its health insurance plan. Net position as of January 1, 2023 has been restated on Statement 2 for the amounts that should have been recognized in prior years and was reduced by \$91,657, from \$8,776,855 to \$8,685,198.

TOWN OF DURHAM, MAINE
Required Supplementary Information

**Schedule of Town's Proportionate Share of the Net Pension Liability (Asset)
and Schedule of Town Contributions
Maine Public Employees Retirement System Consolidated Plan (PLD)**

Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability (asset)	\$ 0.0563%	0.0471%	0.0553%	0.0598%	0.0580%	0.0572%	0.0545%	0.0471%	0.0374%
Town's proportionate share of the net pension liability (asset)	179,721	125,232	(17,777)	237,542	177,380	156,524	223,262	250,050	119,183
Town's covered payroll	596,754	535,489	500,078	523,493	486,281	453,563	430,673	386,029	281,807
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	30.12%	23.39%	-3.55%	45.38%	36.48%	34.51%	51.84%	64.77%	42.29%
Plan fiduciary net position as a percentage of the total pension liability	92.34%	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.60%	88.27%
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015***</u>
Contractually required contribution	\$ 52,006	43,471	37,321	39,691	37,006	34,077	28,212	26,046	18,264
Contributions in relation to the contractually required contribution	(52,006)	(43,471)	(37,321)	(39,691)	(37,006)	(34,077)	(28,212)	(26,046)	(18,264)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
Town's covered payroll	\$ 597,748	524,739	478,584	533,154	503,517	476,878	418,004	429,576	386,029
Contributions as a percentage of covered payroll	8.70%	8.28%	7.80%	7.44%	7.35%	7.15%	6.75%	6.06%	4.73%

* The amounts presented for each year were determined as of the prior June 30th.

** Only nine years of information available.

*** In 2015, employer contributions were offset by IUUAL credits.

TOWN OF DURHAM, MAINE
Required Supplementary Information

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 7,687	12,501	11,114	7,035	7,640	5,284
Interest	889	2,785	3,142	2,059	1,584	1,289
Changes of benefit terms	-	-	-	(2,156)	-	-
Differences between expected and actual experience	-	(87,802)	-	36,183	-	(256)
Changes of assumptions or other inputs	(4,340)	(7,777)	6,915	20,217	(4,295)	3,395
Benefit payments	(136)	(6,003)	(5,772)	(161)	(155)	(90)
Net change in total OPEB Liability	<u>4,100</u>	<u>(86,296)</u>	<u>15,399</u>	<u>63,177</u>	<u>4,774</u>	<u>9,622</u>
Total OPEB liability - beginning	<u>35,534</u>	<u>121,830</u>	<u>106,431</u>	<u>43,254</u>	<u>38,480</u>	<u>28,858</u>
Total OPEB liability - ending	<u>\$ 39,634</u>	<u>35,534</u>	<u>121,830</u>	<u>106,431</u>	<u>43,254</u>	<u>38,480</u>
Covered-employee payroll	\$ 332,439	332,439	445,166	445,166	413,007	413,007
Total OPEB liability as a percent of covered-employee payroll	11.92%	10.69%	27.37%	23.91%	10.47%	9.32%

*Only six years of information available.

TOWN OF DURHAM, MAINE
Notes to Required Supplementary Information

Net Pension Liabilities

Changes of Benefit Terms (Pension) - None

Changes of Assumptions (Pension) - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2020</u>	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate - PLD	6.500%	6.750%	6.875%	7.125%	7.250%
Inflation rate	2.75%	2.75%	2.75%	3.50%	3.50%
Salary increases - PLD	2.75-11.48%	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%
Cost of living increases - PLD	1.91%	1.91%	2.20%	2.55%	3.12%

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

In 2016 to 2020, mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table.

In 2020 and going forward, mortality rates were based on the 2010 Public Plan General Benefits - Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

Total OPEB Liabilities - Health Insurance

MMEHT Health Plan

Changes of Benefit Terms - None

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%	3.78%

2017 - 2021 Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.
 2022 and going forward, Mortality rates were based on the 2010 Public Plan General Benefits - Weighted Employee Mortality Table for males and females.

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

GENERAL FUND

TOWN OF DURHAM, MAINE
General Fund
Comparative Balance Sheets
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash	\$ 4,404,286	4,810,224
Receivables:		
Taxes and liens	442,001	348,094
Accounts receivable	12,808	-
Rescue receivables	54,017	39,215
Due from other governments	56,633	80,817
RSU #5 debt service payments	653,010	761,845
Total assets	5,622,755	6,040,195
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	116,429	144,060
Accrued wages and benefits	19,248	25,061
Interfund payables	782,929	-
Unearned revenues	-	348,024
Total liabilities	918,606	517,145
Deferred Inflows of Resources:		
Taxes paid in advance	13,171	12,044
Unavailable revenue - property taxes	354,500	314,000
Unavailable revenue - RSU #5 debt service payments	653,010	761,845
Total deferred inflows of resources	1,020,681	1,087,889
Fund Balances:		
Restricted	-	35,875
Committed	-	955,912
Assigned	668,000	2,518,574
Unassigned	3,015,468	924,800
Total fund balances	3,683,468	4,435,161
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,622,755	6,040,195

TOWN OF DURHAM, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
For the year ended December 31, 2023
(with comparative totals for year ended December 31, 2022)

	2023			Variance positive (negative)	2022 Actual
	Original budget	Final budget	Actual		
Revenues:					
Taxes:					
Property taxes	\$ 8,027,613	8,027,613	8,027,613	-	7,730,216
Supplemental taxes	-	-	18,435	18,435	10,284
Change in unavailable taxes	-	-	(40,467)	(40,467)	(17,000)
Excise taxes	1,034,097	1,034,097	1,078,472	44,375	1,034,097
Total taxes	9,061,710	9,061,710	9,084,053	22,343	8,757,597
Intergovernmental revenue:					
State Revenue Sharing	551,052	551,052	740,214	189,162	753,372
Homestead exemption	305,116	305,116	221,886	(83,230)	322,683
BETE	1,429	1,429	14	(1,415)	1,041
Public roads assistance (LRAP)	54,724	54,724	63,108	8,384	54,724
Grant revenues	-	-	-	-	74,190
Other intergovernmental	23,853	23,853	97,048	73,195	23,853
Total intergovernmental revenue	936,174	936,174	1,122,270	186,096	1,229,863
Charges for services:					
Permits and fees	75,847	75,847	76,067	220	79,047
Solid waste user fees	33,381	33,381	30,074	(3,307)	33,381
Fire and rescue services	68,471	68,471	107,414	38,943	82,278
Cable TV franchise fees	-	-	42,596	42,596	-
Other charges for services	4,836	4,836	2,660	(2,176)	-
Total charges for services	182,535	182,535	258,811	76,276	194,706
Other revenues:					
Donations	-	-	2,000	2,000	-
Other revenue	2,845	2,845	14,474	11,629	77,941
Total other revenues	2,845	2,845	16,474	13,629	77,941
Interest:					
Interest income	20,955	20,955	45,053	24,098	21,022
Total interest	20,955	20,955	45,053	24,098	21,022
Total revenues	10,204,219	10,204,219	10,526,661	322,442	10,281,129

TOWN OF DURHAM, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis, Continued

	2023			Variance positive (negative)	2022 Actual
	Original budget	Final budget	Actual		
Expenditures:					
Current:					
General government:					
Administration expenses	\$ 535,924	535,924	504,721	31,203	423,034
Animal control	18,600	18,600	18,406	194	17,915
Assessing	21,000	21,000	20,525	475	18,000
Telecommunications	52,000	52,000	47,754	4,246	43,056
Planning board/appeals	56,420	56,420	44,546	11,874	35,749
Total general government	683,944	683,944	635,952	47,992	537,754
Public safety:					
Fire and rescue	522,470	522,470	522,286	184	499,388
Total public safety	522,470	522,470	522,286	184	499,388
Public works:					
Public works	1,338,920	1,338,920	1,275,799	63,121	1,210,165
Total public works	1,338,920	1,338,920	1,275,799	63,121	1,210,165
Solid waste disposal	384,540	384,540	374,150	10,390	299,732
Community services:					
Cemeteries	450	450	449	1	4,854
Conservation	-	-	-	-	300
Eureka Center	6,535	6,535	5,949	586	4,490
Parks and recreation	9,380	9,380	6,620	2,760	2,155
General assistance	600	600	-	600	-
Total community services	16,965	16,965	13,018	3,947	11,799
Education	5,716,356	5,716,356	5,716,355	1	5,537,963
County tax	677,388	677,388	677,388	-	600,886

TOWN OF DURHAM, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis, Continued

	2023			Variance positive (negative)	2022 Actual
	Original budget	Final budget	Actual		
Expenditures, continued:					
Current, continued:					
Unclassified:					
Overlay/abatements	\$ 35,246	35,246	8,386	26,860	16,703
Total unclassified	35,246	35,246	8,386	26,860	16,703
Debt service:					
Principal	848,060	848,060	848,060	-	
Interest	110,330	110,330	110,330	-	969,801
Total debt service	958,390	958,390	958,390	-	969,801
Capital outlay	-	-	-	-	91,040
Total expenditures	10,334,219	10,334,219	10,181,724	152,495	9,775,231
Excess (deficiency) of revenues over (under) expenditures	(130,000)	(130,000)	344,937	474,937	505,898
Other financing sources (uses):					
Transfers to other funds	(110,000)	(110,000)	(1,096,630)	(986,630)	-
Total other financing sources (uses)	(110,000)	(110,000)	(1,096,630)	(986,630)	-
Net change in fund balance -budgetary basis	(240,000)	(240,000)	(751,693)	(511,693)	505,898
Reconciliation to GAAP:					
Activity in committed reserves			-		(25,324)
Activity in restricted reserves			-		(4)
Net change in fund balance - GAAP basis			(751,693)		480,570
Fund balance, beginning of year			4,435,161		3,954,591
Fund balance, end of year	\$		3,683,468		4,435,161

OTHER GOVERNMENTAL FUNDS

TOWN OF DURHAM, MAINE
All Other Governmental Funds
Combining Balance Sheet
December 31, 2023

	Special Revenue Funds	Capital Projects	Permanent Funds (Cemetery)	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 22,818	21,632	7,733	52,183
Interfund loans receivable	225,889	389,410	-	615,299
Total assets	248,707	411,042	7,733	667,482
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	(14,073)	-	(14,073)
Interfund loans payable	2,000	-	-	2,000
Total liabilities	2,000	(14,073)	-	(12,073)
Fund balances:				
Nonspendable	-	-	3,450	3,450
Restricted	40,111	-	4,283	44,394
Committed	206,596	396,969	-	603,565
Total fund balances	246,707	396,969	7,733	651,409
Total liabilities and fund balances	\$ 248,707	382,896	7,733	639,336

TOWN OF DURHAM, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended December 31, 2023

	Special Revenue Funds	Capital Projects	Permanent Funds (Cemetery)	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 5,000	144,330	-	149,330
Donations	1,540	1,000	-	2,540
Interest	185	175	62	422
Total revenues	6,725	145,505	62	152,292
Expenditures:				
Current:				
Education	2,000	-	-	2,000
Health and public assistance	489	-	-	489
Capital outlay	-	602,695	-	602,695
Total expenditures	2,489	602,695	-	605,184
Excess (deficiency) of revenues over (under) expenditures	4,236	(457,190)	62	(452,892)
Other financing sources (uses):				
Transfers to other funds	(47,754)	-	-	(47,754)
Transfers from other funds	290,225	854,159	-	1,144,384
Total other financing sources (uses)	242,471	854,159	-	1,096,630
Net change in fund balances	246,707	396,969	62	643,738
Fund balances, beginning of year	-	-	7,671	7,671
Fund balances, end of year	\$ 246,707	396,969	7,733	651,409

NONMAJOR SPECIAL REVENUE FUNDS

TOWN OF DURHAM, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
For the year ended December 31, 2023

	Zoning Compliance	River Park Donations	School Scholarships	Heating Assistance	Giving Tree	Historic District Commission	Jackson- Tupper Memorial	Emergency Reserve	Grants Matching	Recreation	Telecoms	Revaluation	Totals
ASSETS													
Cash and cash equivalents	\$ -	8,021	14,797	-	-	-	-	-	-	-	-	-	22,818
Interfund loans receivable	5,000	-	-	10,956	1,884	1,330	123	16,953	27,077	23,742	78,824	60,000	225,889
Total assets	5,000	8,021	14,797	10,956	1,884	1,330	123	16,953	27,077	23,742	78,824	60,000	248,707
LIABILITIES AND FUND BALANCES													
Liabilities:													
Interfund loans payable	-	-	(2,000)	-	-	-	-	-	-	-	-	-	(2,000)
Total expenditures	-	-	(2,000)	-	-	-	-	-	-	-	-	-	(2,000)
Fund balances:													
Restricted	5,000	8,021	12,797	10,956	1,884	1,330	123	-	-	-	-	-	40,111
Committed	-	-	-	-	-	-	-	16,953	27,077	23,742	78,824	60,000	206,596
Total fund balances	5,000	8,021	12,797	10,956	1,884	1,330	123	16,953	27,077	23,742	78,824	60,000	246,707
Total liabilities and fund balances	\$ 5,000	8,021	10,797	10,956	1,884	1,330	123	16,953	27,077	23,742	78,824	60,000	244,707

TOWN OF DURHAM, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended December 31, 2023

	Zoning Compliance	River Park Donations	School Scholarships	Heating Assistance	Giving Tree	Historic District Commission	Jackson- Tupper Memorial	Emergency Reserve	Grants Matching	Recreation	Telecoms	Revaluation	Totals
Revenues:													
Intergovernmental	\$ 5,000	-	-	-	-	-	-	-	-	-	-	-	5,000
Donations and local grants	-	-	-	200	1,340	-	-	-	-	-	-	-	1,540
Investment income	-	65	120	-	-	-	-	-	-	-	-	-	185
Total revenues	5,000	65	120	200	1,340	-	-	-	-	-	-	-	6,725
Expenditures:													
Current:													
Education	-	-	2,000	-	-	-	-	-	-	-	-	-	2,000
Health and public assistance	-	-	-	489	-	-	-	-	-	-	-	-	489
Total expenditures	-	-	2,000	489	-	-	-	-	-	-	-	-	2,489
Excess (deficiency) of revenues over (under) expenditures	5,000	65	(1,880)	(289)	1,340	-	-	-	-	-	-	-	4,236
Other financing sources (uses):													
Transfers to other funds	-	-	-	-	-	-	-	-	-	-	(47,754)	-	(47,754)
Transfers from other funds	-	7,956	14,677	11,245	544	1,330	123	16,953	27,077	23,742	126,578	60,000	290,225
Total other financing sources (uses)	-	7,956	14,677	11,245	544	1,330	123	16,953	27,077	23,742	78,824	60,000	242,471
Net change in fund balances	5,000	8,021	12,797	10,956	1,884	1,330	123	16,953	27,077	23,742	78,824	60,000	246,707
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ 5,000	8,021	12,797	10,956	1,884	1,330	123	16,953	27,077	23,742	78,824	60,000	246,707

NONMAJOR CAPITAL PROJECT FUNDS

TOWN OF DURHAM, MAINE
Nonmajor Capital Project Funds
Combining Balance Sheet
For the year ended December 31, 2023

	Eureka Center	Fire and Rescue	Buildings	Public Works	Church Restoration	Totals
ASSETS						
Cash and cash equivalents	\$ -	-	-	-	21,632	21,632
Interfund loans receivable	3,719	142,091	90,512	153,088	-	389,410
Total assets	3,719	142,091	90,512	153,088	21,632	411,042
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	-	-	-	(14,073)	-	(14,073)
Total expenditures	-	-	-	(14,073)	-	(14,073)
Fund balances:						
Committed	3,719	142,091	90,512	139,015	21,632	396,969
Total fund balances	3,719	142,091	90,512	139,015	21,632	396,969
Total liabilities and fund balances	\$ 3,719	142,091	90,512	124,942	21,632	382,896

TOWN OF DURHAM, MAINE
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended December 31, 2023

	Eureka Center	Fire and Rescue	Buildings	Public Works	Church Restoration	Totals
Revenues:						
Intergovernmental	\$ -	-	-	144,330	-	144,330
Other revenues	1,000	-	-	-	-	1,000
Interest income	-	-	-	-	175	175
Total revenues	1,000	-	-	144,330	175	145,505
Expenditures:						
Capital outlay	-	79,310	7,120	516,265	-	602,695
Total expenditures	-	79,310	7,120	516,265	-	602,695
Excess (deficiency) of revenues over (under) expenditures	1,000	(79,310)	(7,120)	(371,935)	175	(457,190)
Other financing sources (uses):						
Transfers from other funds	2,719	221,401	97,632	510,950	21,457	854,159
Total other financing sources (uses)	2,719	221,401	97,632	510,950	21,457	854,159
Net change in fund balances	3,719	142,091	90,512	139,015	21,632	396,969
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	\$ 3,719	142,091	90,512	139,015	21,632	396,969

Town of Durham

FINANCIAL OVERVIEW

Presented By: Jennifer Conners

RUNYON KERSTEEN OUELLETTE

INSIDE

2. Summary of Audit Results
3. General Fund Fund Balance
4. General Fund Revenues
5. General Fund Expenditures
6. General Fund Expenditures Pie Chart 2024
7. General Fund Expenditures Pie Chart 2023
8. Committed Fund Balances – Other Funds
9. Operating Cash Analysis

About this presentation

This presentation is intended as a tool to assist the Town Board of Selectboard and management in understanding its financial operating results. The information contained in this publication should be read in conjunction with the audited financial statements and related disclosures and should not be used for any other purposes without the expressed consent of *RUNYON KERSTEEN OUELLETTE*.

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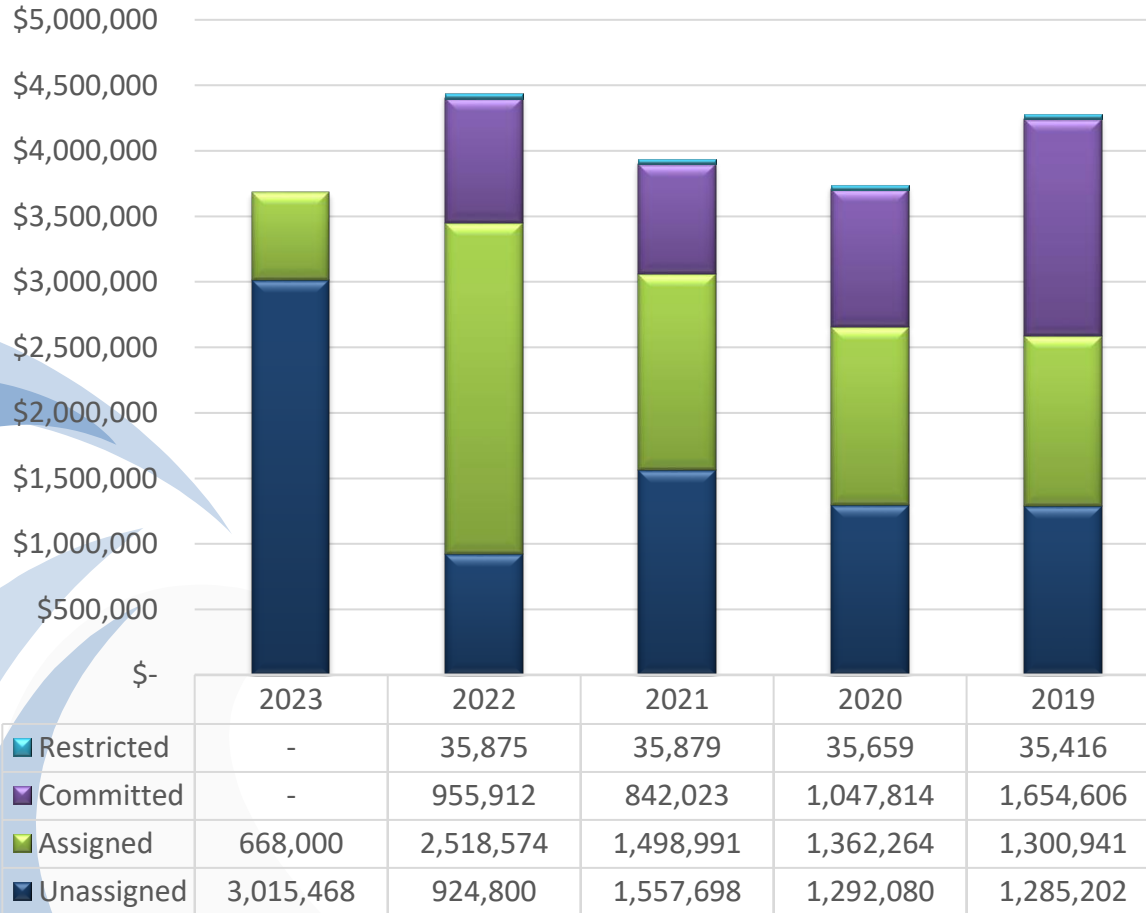
Town of Durham

SUMMARY OF AUDIT RESULTS

- Timing of Audit
 - Audit performed the week of March 25, 2024
 - Reports issued September 9, 2024
 - Financial Statement Opinion – Unmodified
- Report on Internal Controls and Compliance
 - No material weaknesses
 - Significant deficiency related to purchase card disbursements

Town of Durham

General Fund – Fund Balance



- **General Fund** - Fund Balance changed significantly in 2023 as amounts that were restricted or committed were moved to new funds.
- **Restricted fund balance** in prior years included unspent grant, donation, and scholarship funds. These amounts are now reported in special revenue or permanent funds.
- **Committed fund balance** included balances that were set aside for specific uses and are non-lapsing per town vote. These amounts are now reported in either special revenue or capital projects funds.
- **Assigned fund balance** includes approved budgeted use of fund balance.
- **Unassigned fund balance** represents the remaining fund balance not restricted or assigned for specific purposes.
- **Total fund balance** - before transfers to other funds increased by \$334,937. After transfers of balances to other funds, total fund balance decreased by 751,693.00 from 2022 to 2023.



Town of Durham

GENERAL FUND - REVENUES

	Budget	Actual	Variance
Taxes	\$9,061,710	9,084,053	22,343
State Revenue Sharing	551,052	740,214	189,162
Homestead Exemption	305,116	221,886	(83,230)
Other Intergovernmental	80,006	160,170	80,164
Charges for Services	182,535	258,811	76,276
Investment income	20,955	45,053	24,098
Other revenues	2,845	16,474	13,629
Total revenues	10,204,219	10,526,661	322,442

- **Taxes** were higher than budgeted due to higher than anticipated vehicle excise taxes.
- **State Revenue Sharing** was higher than anticipated as the budgeted amount was based on 2022 revenues.
- **Charges for Services** were higher than anticipated due to unbudgeted cable franchise fees and higher than expected rescue billing revenues.
- **Total revenues** were higher than the budget by 3%.



Town of Durham

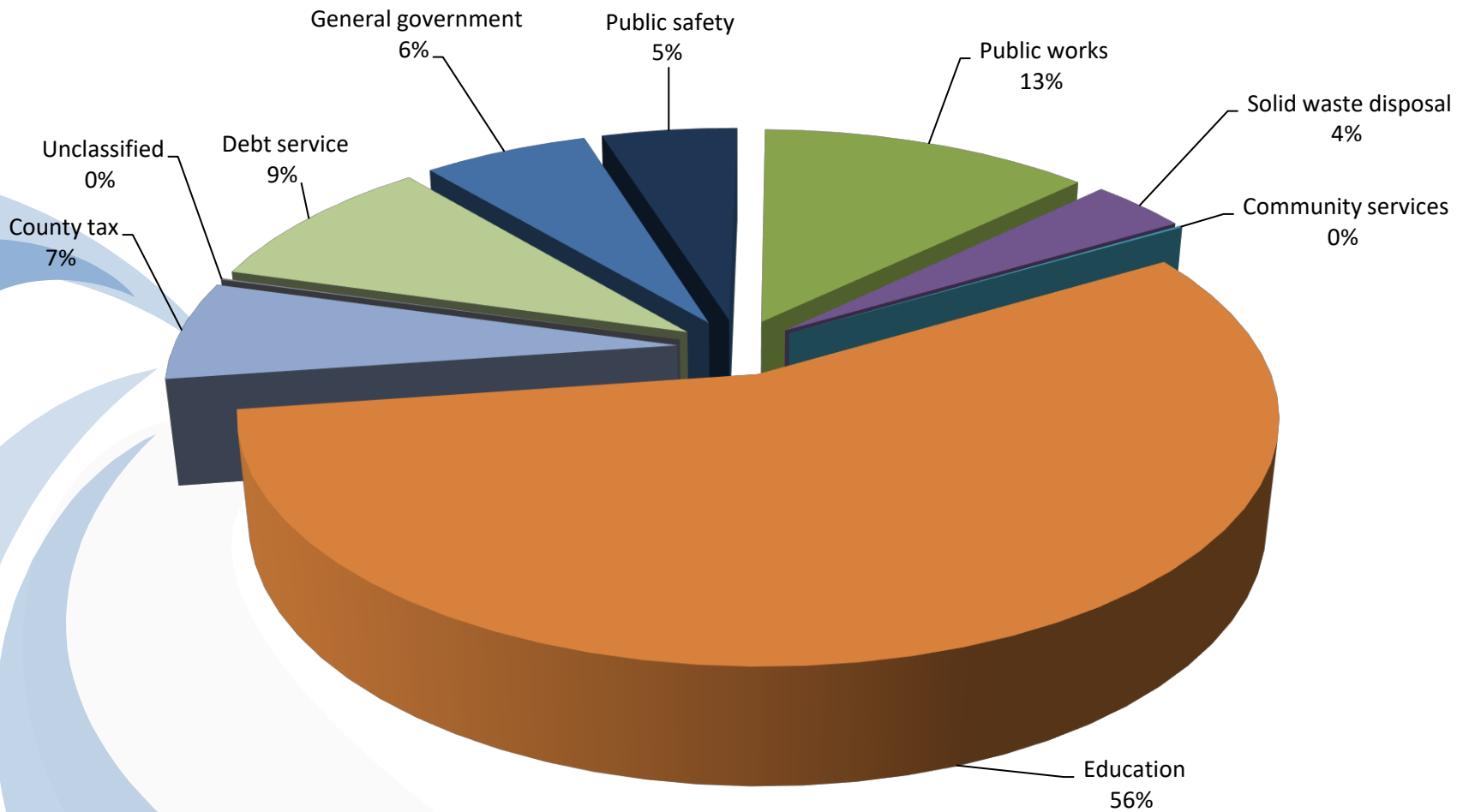
GENERAL FUND - EXPENDITURES

	Budget	Actual	Variance
General government	\$683,944	635,952	47,992
Public safety	522,470	522,286	184
Public works	1,338,920	1,275,799	63,121
Solid waste disposal	384,540	374,150	10,390
Community services	16,965	13,018	3,947
Education	5,716,356	5,716,355	1
County tax	677,388	677,388	-
Unclassified	35,246	8,386	26,860
Debt service	958,390	958,390	-
Total expenditures	10,334,219	10,181,724	152,495
Transfers to other funds	110,000	1,096,630	(986,630)
Total expenditures and transfers out	\$10,444,219	\$11,278,354	\$(834,135)

- **General government expenditures** were under budget as consulting services were budgeted for the entire year but only started in May. In addition, there were changes in staffing and related benefits.
- **Public works expenditures** were under budget due to lower than anticipated paving and fuel costs.
- **Unclassified expenditures** were under budget as the budget includes the amount raised in overlay that was only used to offset \$8,386 in abatements.
- **Total expenditures** before transfers out were 1% under budget.

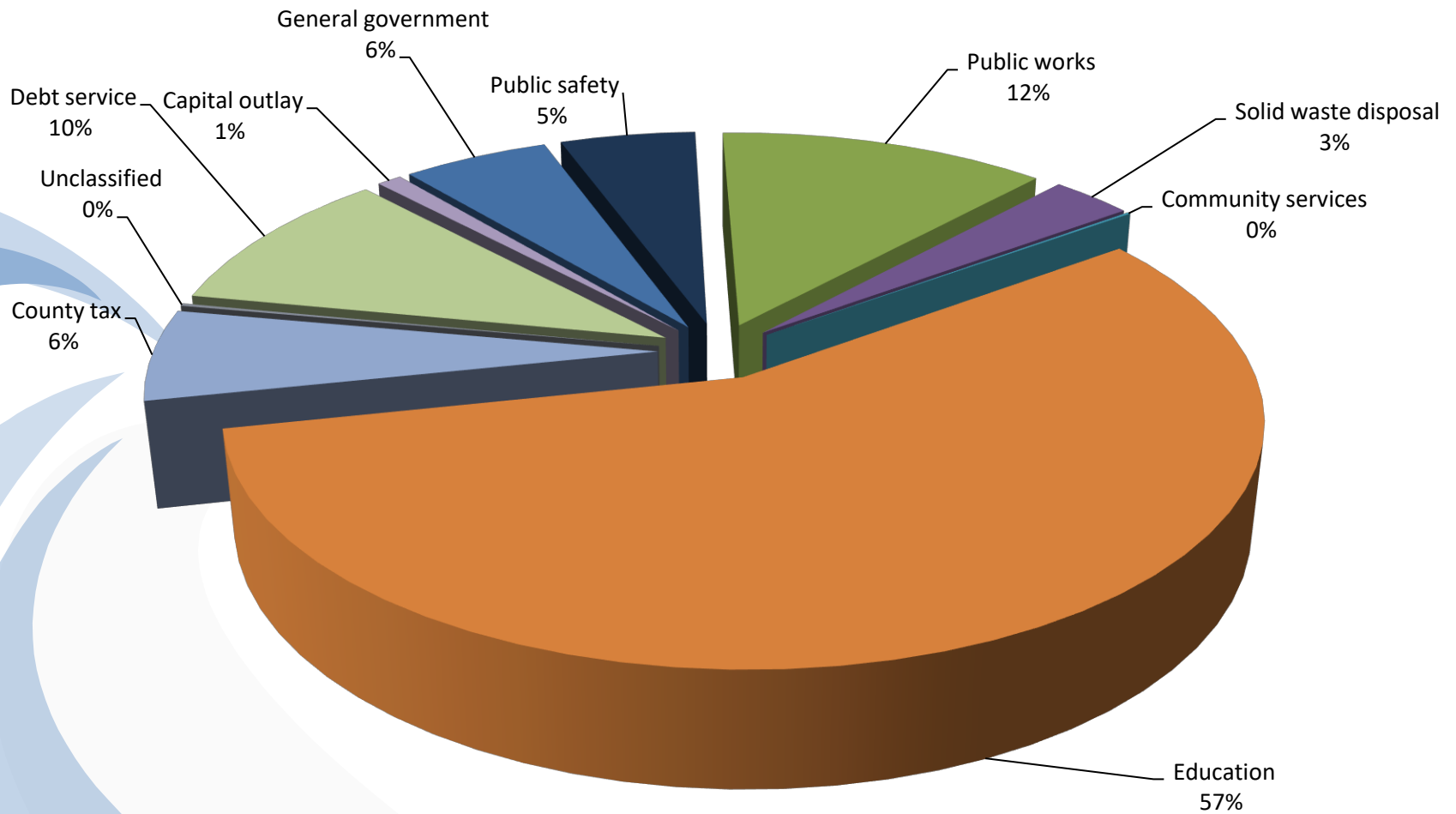
Town of Durham

General Fund – 2023 Expenditure Distribution



Town of Durham

General Fund – 2022 Expenditure Distribution



Town of Durham

Committed Fund Balances – Other Funds

Funds	Balance Transfer 1/1/2023	Receipts	Disbursements/ Transfers Out	Balance 12/31/2023
Emergency fund	\$ 16,953	-	-	16,953
Grant match	27,077	-	-	27,077
Recreation	23,742	-	-	23,742
Telecommunication	126,578	-	47,754	78,824
Revaluation	60,000	-	-	60,000
Subtotal Special Revenue Funds	254,350	-	47,754	206,596
Eureka capital	2,719	1,000	-	3,719
Fire rescue capital	221,401	-	79,310	142,091
Buildings capital	97,632	-	7,120	90,512
Public works capital	510,950	144,330	516,265	139,015
Union church restoration	21,457	175	-	21,632
Subtotal Capital Projects Funds	\$ 854,159	145,505	602,695	396,969

Town of Durham

Operating Cash Analysis

Available Funds	12/31/2023	12/31/2022	Change	
Total operating cash 12/31	4,391,696.04	4,765,522.00	(373,825.96)	
Estimated non-tax revenues (first 7 1/4 months)	1,523,152.50 **	1,466,986.60	56,165.90	Excludes grants
Estimated expenditures (until next taxes are raised)	(6,151,458.25)	(5,850,865.40)	(300,592.85)	
Net available funds	(236,609.71)	381,643.20	(618,252.91)	
Operating cash balance 12/31	4,391,696.04	4,765,522.00		
Restricted balances held in operating cash (1)	(19,293.00)	(13,242.00)	(6,051.00)	Restricted in purpose
Committed balances held in operating cash (2)	(596,006.00)	(955,912.00)	359,906.00	Can only be used for capital/other
Available for expenditures	3,776,397.04 4	3,796,368.00 5	353,855.00	
Actual expenditures through 12/31	10,181,724.00 *	9,684,191.00	497,533.00	
One month's worth of expenditures	848,477.00	807,015.92	41,461.08	

Note: 7 and 1/4 months used as taxes are committed in August

*Excludes capital expenditures

**Excludes property and supplemental taxes

*-See Exhibits C-1 and D-1 for amounts held in separate cash accounts.