

Audited Financial Information and  
Other Supplementary Material

Town of Old Orchard Beach, Maine

June 30, 2016



*Proven Expertise and Integrity*

TOWN OF OLD ORCHARD BEACH, MAINE

CONTENTS

JUNE 30, 2016

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12
STATEMENT B - STATEMENT OF ACTIVITIES	13 - 14
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	15
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	16
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	17
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
STATEMENT G - BALANCE SHEET – PROPRIETARY FUNDS	19
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	20
STATEMENT I - STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	21
NOTES TO FINANCIAL STATEMENTS	22 - 49

## REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	50
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS – BUDGET AND ACTUAL – GENERAL FUND	51
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	52
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS	53
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	54

## OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	55
SCHEDULE A - SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND	56
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS	57 - 59
SCHEDULE C - COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	60
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	61
SPECIAL REVENUE FUNDS DESCRIPTION	62
SCHEDULE E - COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS	63 - 65
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS	66 - 68
CAPITAL PROJECTS FUNDS DESCRIPTION	69
SCHEDULE G - COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS	70 - 71
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS	72 - 73

GENERAL CAPITAL ASSETS DESCRIPTION	74
SCHEDULE I - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	75
SCHEDULE J - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	76

STATISTICAL SECTION

TABLE 1 - REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GENERAL FUND – GAAP BASIS - LAST TEN FISCAL YEARS	77
TABLE 2 - PROPERTY TAX LEVIES AND COLLECTIONS - LAST TEN FISCAL YEARS	78
TABLE 3 - ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY – LAST TEN FISCAL YEARS	79
TABLE 4 - PROPERTY TAX RATES – ALL OVERLAPPING GOVERNMENTS (PER \$1,000 OF ASSESSED VALUE) - LAST TEN FISCAL YEARS	80
TABLE 5 - RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND GENERAL BONDED DEBT PER CAPITA - LAST TEN FISCAL YEARS	81
TABLE 6 - RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES LAST TEN FISCAL YEARS	82
TABLE 7 - TEN LARGEST TAXPAYERS	83

FEDERAL COMPLIANCE

INDEPENDENT AUDITORS' REPORT OVER FINANCIAL REPORTING AND ON COMPLIANCE AND ON OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	84 - 85
---	---------



*Proven Expertise and Integrity*

## INDEPENDENT AUDITORS' REPORT

Town Council  
Town of Old Orchard Beach  
Old Orchard Beach, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Old Orchard Beach, Maine, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Old Orchard Beach, Maine's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

3 Old Orchard Road, Buxton, Maine 04093  
Tel: (800) 300-7708      (207) 929-4606      Fax: (207) 929-4609  
www.rhrsmith.com

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Old Orchard Beach, Maine as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension related information on pages 4 through 11 and 51 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Old Orchard Beach, Maine's basic financial statements. The Schedule of Revenues – Budget and Actual – General Fund, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues – Budget and Actual – General Fund, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues – Budget and Actual – General Fund, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2017, on our consideration of the Town of Old Orchard Beach, Maine’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Old Orchard Beach, Maine’s internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
January 3, 2017

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**(UNAUDITED)**

The following management's discussion and analysis of Town of Old Orchard Beach, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

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

**Basic Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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



Both of the above mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town of Old Orchard Beach are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public works, sanitation, recreation culture and agencies, education, health and welfare, other.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Old Orchard Beach include the Ballpark fund.

### **Fund Financial Statements**

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

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

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

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

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

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

### **Notes to the Financial Statements**

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

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions and Notes to Required Supplementary Information.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

## Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position for governmental funds was \$16.75 million compared to \$16.01 million in the prior year, an increase of \$744,450. For the business-type activities total net position was \$217,316 as compared to \$234,355 in the prior year, a decrease of \$17,039.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$5.5 million at the end of this year for governmental activities and a deficit of \$21,237 for the business-type activities.

**Table 1**  
**Town of Old Orchard Beach, Maine**  
**Net Position**  
**June 30,**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Assets:</b>				
Current and Other Assets	\$ 11,537,083	\$ 11,359,032	\$ (21,237)	\$ (21,237)
Capital Assets	20,725,386	18,797,147	238,553	255,592
Total Assets	<u>32,262,469</u>	<u>30,156,179</u>	<u>217,316</u>	<u>234,355</u>
<b>Deferred Outflows of Resources</b>	<u>1,591,717</u>	<u>525,508</u>	<u>-</u>	<u>-</u>
<b>Liabilities:</b>				
Current Liabilities	2,380,386	3,063,034	-	-
Long-Term Debt Outstanding	13,178,489	10,048,999	-	-
Total Liabilities	<u>15,558,875</u>	<u>13,112,033</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>	<u>1,542,110</u>	<u>1,560,903</u>	<u>-</u>	<u>-</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	10,668,609	9,208,293	238,553	255,592
Restricted	623,566	1,338,208	-	-
Unrestricted (deficit)	5,461,026	5,462,250	(21,237)	(21,237)
Total Net Position	<u>\$ 16,753,201</u>	<u>\$ 16,008,751</u>	<u>\$ 217,316</u>	<u>\$ 234,355</u>

**Table 2**  
**Town of Old Orchard Beach, Maine**  
**Change in Net Position**  
**For the Years Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 1,934,347	\$ 1,794,757	\$ -	\$ -
Operating grants and contributions	41,449	10,976	-	-
Capital grants and contributions	56,156	56,647	-	-
<i>General Revenues:</i>				
Taxes	25,049,925	24,356,850	-	-
Grants and contributions not restricted to specific programs	628,754	513,666	-	-
Investment income	39,695	41,675	-	-
Miscellaneous	46,292	163,440	-	-
<b>Total Revenues</b>	<u>27,796,618</u>	<u>26,938,011</u>	<u>-</u>	<u>-</u>
<b>Expenses</b>				
General government	4,415,884	4,013,621	-	-
Public works	1,860,541	1,814,192	-	-
Sanitation	2,044,377	2,027,900	-	-
Public safety	4,751,466	4,631,825	-	-
Recreation, culture and agencies	1,147,396	928,835	-	-
Health and welfare	61,277	71,013	-	-
Education	11,341,558	11,162,780	-	-
County tax	906,712	892,435	-	-
Tax abatements/overlay	33,084	22,239	-	-
Capital outlay	262,169	-	-	-
Interest on long-term debt	227,704	378,468	-	-
Enterprise funds	-	-	17,039	17,040
<b>Total Expenses</b>	<u>27,052,168</u>	<u>25,943,308</u>	<u>17,039</u>	<u>17,040</u>
<b>Change in Net Position</b>	744,450	994,703	(17,039)	(17,040)
<b>Net Position - July 1, as Restated</b>	<u>16,008,751</u>	<u>15,014,048</u>	<u>234,355</u>	<u>251,395</u>
<b>Net Position - June 30</b>	<u>\$ 16,753,201</u>	<u>\$ 16,008,751</u>	<u>\$ 217,316</u>	<u>\$ 234,355</u>

## Revenues and Expenses

Revenues for the Town's governmental activities increased by \$858,607, while total expenses increased by \$1,108,860. The biggest increases in expenses were in general government costs, education and capital outlay while the biggest increase in revenues was in tax revenue.

Expenses for the Town's proprietary funds were consistent, as the only item of expense was depreciation.

### Financial Analysis of the Town's Fund Statements

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

**Table 3**  
**Town of Old Orchard Beach, Maine**  
**Fund Balances - Governmental Funds**  
**June 30,**

	2016	2015
Major Funds:		
General Fund:		
Nonspendable	\$ 59,544	\$ 38,515
Assigned	550,000	43,572
Unassigned	5,172,555	4,903,961
Total Major Funds	\$ 5,782,099	\$ 4,986,048
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 12,206	\$ 25,227
Committed	1,040,507	1,193,483
Unassigned	(9,085)	-
Capital projects funds:		
Restricted	611,360	1,312,981
Committed	1,474,695	1,695,707
Assigned	2,526	2,526
Unassigned	(4,275)	-
Total Nonmajor Funds	\$ 3,127,934	\$ 4,229,924

The general fund total fund balance increased by \$796,051 from the prior fiscal year. The nonmajor funds total fund balances decreased by \$1,101,990 from the prior

fiscal year. The general fund increased due to certain revenue categories being over budget. The decrease in nonmajor funds was primarily due to capital outlay on various town construction projects.

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

The ballpark fund had an operating loss of \$17,039.

### **Budgetary Highlights**

There were significant differences between the original and final budget for the general fund. These differences were budget adjustments done by the Town for special town meetings or adjustments between departments as well as use of unassigned fund balance.

The general fund actual revenues exceeded budget by \$701,933. This was primarily due greater than expected revenues received on taxes and licenses and permits.

The general fund actual expenditures were under the budget by \$670,660. All expenditure categories finished within or were under budget.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

As of June 30, 2016, the net book value of capital assets recorded by the Town increased by \$1,911,200. The increase was due to capital additions of \$3,265,816, partially offset by current year depreciation of \$1,354,616. Refer to Note 4 of Notes to Financial Statements for additional information.

**Table 4  
Town of Old Orchard Beach, Maine  
Capital Assets (Net of Depreciation)  
June 30,**

	<b>2016</b>	<b>2015</b>
Land and improvements	\$ 873,957	\$ 890,996
Buildings and improvements	6,847,344	6,184,219
Machinery and equipment	1,407,203	1,418,671
Vehicles	2,582,820	1,319,464
Infrastructure	8,431,554	8,418,328
Construction in progress	821,061	821,061
 Total	 \$ 20,963,939	 \$ 19,052,739

## **Debt**

At June 30, 2016, the Town had \$9.7 million in bonds outstanding versus \$9.3 million last year, an increase of 4.5%. Other obligations include capital leases payable, accrued landfill costs, accrued vacation and sick time, net pension liability and accrued other post-employment benefits. Refer to Note 5 of Notes to Financial Statements for more detailed information.

## **Economic Factors and Next Year's Budgets and Rates**

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately two months, while also maintaining significant reserve accounts for future capital and program needs.

## **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Finance Department at 1 Portland Road, Old Orchard Beach, Maine 04064.

## TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 8,257,135	\$ -	\$ 8,257,135
Investments	1,425,120	-	1,425,120
uncollectibles):			
Taxes	1,011,264	-	1,011,264
Tax liens	674,346	-	674,346
Other	88,437	-	88,437
Inventory	58,236	-	58,236
Prepaid items	1,308	-	1,308
Internal balances	21,237	(21,237)	-
Total current assets	<u>11,537,083</u>	<u>(21,237)</u>	<u>11,515,846</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	1,456,465	-	1,456,465
Buildings, vehicles, machinery and equipment and infrastructure, net of accumulated depreciation	19,268,921	238,553	19,507,474
Total noncurrent assets	<u>20,725,386</u>	<u>238,553</u>	<u>20,963,939</u>
<b>TOTAL ASSETS</b>	<u><u>32,262,469</u></u>	<u><u>217,316</u></u>	<u><u>32,479,785</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	1,591,717	-	1,591,717
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,591,717</u>	<u>-</u>	<u>1,591,717</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 33,854,186</u></u>	<u><u>\$ 217,316</u></u>	<u><u>\$ 34,071,502</u></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 439,463	\$ -	\$ 439,463
Due to other governments	4,883	-	4,883
Accrued expenses	251,512	-	251,512
Other liabilities	658,546	-	658,546
Current portion of long-term obligations	1,025,982	-	1,025,982
Total current liabilities	<u>2,380,386</u>	<u>-</u>	<u>2,380,386</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	8,827,960	-	8,827,960
Capital leases	208,835	-	208,835
Accrued landfill costs	72,000	-	72,000
Net pension liability	2,758,806	-	2,758,806
Other postemployment benefits liability	227,227	-	227,227
Total noncurrent liabilities	<u>13,178,489</u>	<u>-</u>	<u>13,178,489</u>
<b>TOTAL LIABILITIES</b>	<u>15,558,875</u>	<u>-</u>	<u>15,558,875</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	1,542,110	-	1,542,110
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,542,110</u>	<u>-</u>	<u>1,542,110</u>
<b>NET POSITION</b>			
Net investment in capital assets	10,668,609	238,553	10,907,162
Restricted	623,566	-	623,566
Unrestricted (deficit)	5,461,026	(21,237)	5,439,789
<b>TOTAL NET POSITION</b>	<u>16,753,201</u>	<u>217,316</u>	<u>16,970,517</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 33,854,186</u></u>	<u><u>\$ 217,316</u></u>	<u><u>\$ 34,071,502</u></u>

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



## TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 4,415,884	\$ 471,677	\$ -	\$ -	\$ (3,944,207)	\$ -	\$ (3,944,207)
Public works	1,860,541	-	-	56,156	(1,804,385)	-	(1,804,385)
Sanitation	2,044,377	159,198	-	-	(1,885,179)	-	(1,885,179)
Public safety	4,751,466	413,868	41,449	-	(4,296,149)	-	(4,296,149)
Recreation, culture and agencies	1,147,396	889,604	-	-	(257,792)	-	(257,792)
Health and welfare	61,277	-	-	-	(61,277)	-	(61,277)
Education	11,341,558	-	-	-	(11,341,558)	-	(11,341,558)
County tax	906,712	-	-	-	(906,712)	-	(906,712)
Tax abatements/ overlay	33,084	-	-	-	(33,084)	-	(33,084)
Capital outlay	262,169	-	-	-	(262,169)	-	(262,169)
Interest on long-term debt	227,704	-	-	-	(227,704)	-	(227,704)
Total governmental activities	<u>27,052,168</u>	<u>1,934,347</u>	<u>41,449</u>	<u>56,156</u>	<u>(25,020,216)</u>	<u>-</u>	<u>(25,020,216)</u>
Business-type activities:							
Water department	17,039	-	-	-	-	(17,039)	(17,039)
Total business-type activities	<u>17,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,039)</u>	<u>(17,039)</u>
Total government	<u>\$ 27,069,207</u>	<u>\$ 1,934,347</u>	<u>\$ 41,449</u>	<u>\$ 56,156</u>	<u>(25,020,216)</u>	<u>(17,039)</u>	<u>(25,037,255)</u>

STATEMENT B (CONTINUED)  
TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(25,020,216)	(17,039)	(25,037,255)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	23,472,691	-	23,472,691
Excise taxes	1,577,234	-	1,577,234
Grants and contributions not restricted to specific programs	628,754	-	628,754
Investment income	39,695	-	39,695
Miscellaneous	46,292	-	46,292
Total general revenues	<u>25,764,666</u>	<u>-</u>	<u>25,764,666</u>
Change in net position	744,450	(17,039)	727,411
NET POSITION - JULY 1, AS RESTATED	<u>16,008,751</u>	<u>234,355</u>	<u>16,243,106</u>
NET POSITION - JUNE 30	<u>\$ 16,753,201</u>	<u>\$ 217,316</u>	<u>\$ 16,970,517</u>

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

## STATEMENT C

TOWN OF OLD ORCHARD BEACH, MAINE  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,257,135	\$ -	\$ 8,257,135
Investments	1,425,120	-	1,425,120
Accounts receivable (net of allowance for uncollectibles):			
Taxes	1,011,264	-	1,011,264
Tax liens	674,346	-	674,346
Other	48,066	40,371	88,437
Inventory	58,236	-	58,236
Prepaid items	1,308	-	1,308
Due from other funds	30,563	3,223,271	3,253,834
<b>TOTAL ASSETS</b>	<b>\$ 11,506,038</b>	<b>\$ 3,263,642</b>	<b>\$ 14,769,680</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 313,081	\$ 126,382	\$ 439,463
Accrued payroll and related liabilities	202,928	-	202,928
Due to other governments	4,883	-	4,883
Other liabilities	658,546	-	658,546
Due to other funds	3,223,271	9,326	3,232,597
<b>TOTAL LIABILITIES</b>	<b>4,402,709</b>	<b>135,708</b>	<b>4,538,417</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	1,321,230	-	1,321,230
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,321,230</b>	<b>-</b>	<b>1,321,230</b>
<b>FUND BALANCES</b>			
Nonspendable	59,544	-	59,544
Restricted	-	623,566	623,566
Committed	-	2,515,202	2,515,202
Assigned	550,000	2,526	552,526
Unassigned	5,172,555	(13,360)	5,159,195
<b>TOTAL FUND BALANCES</b>	<b>5,782,099</b>	<b>3,127,934</b>	<b>8,910,033</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 11,506,038</b>	<b>\$ 3,263,642</b>	<b>\$ 14,769,680</b>

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

## TOWN OF OLD ORCHARD BEACH, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 8,910,033
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	20,725,386
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	1,321,230
Deferred outflows of resources are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Deferred outflows related to pensions	1,591,717
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(9,716,550)
Capital leases	(340,227)
Accrued interest	(48,584)
Accrued landfill expenses	(78,000)
Accrued compensated absences	(1,083,661)
Net pension liability	(2,758,806)
Other post employment benefits	(227,227)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(1,542,110)</u>
Net position of governmental activities	<u><u>\$ 16,753,201</u></u>

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

## TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 25,155,228	\$ -	\$ 25,155,228
Licenses and permits	1,055,901	-	1,055,901
Intergovernmental	726,359	-	726,359
Other charges for services	-	878,446	878,446
Investment income	39,695	-	39,695
Unclassified	13,635	32,657	46,292
<b>TOTAL REVENUES</b>	<b>26,990,818</b>	<b>911,103</b>	<b>27,901,921</b>
<b>EXPENDITURES</b>			
Current:			
General government	4,071,562	250	4,071,812
Public works	1,483,057	-	1,483,057
Sanitation	1,601,385	-	1,601,385
Public safety	4,469,968	15,424	4,485,392
Recreation, culture and agencies	682,347	392,739	1,075,086
Health and welfare	61,277	-	61,277
Education	11,341,558	-	11,341,558
County tax	906,712	-	906,712
Tax abatements/ overlay	33,084	-	33,084
Debt service:			
Principal	786,330	-	786,330
Interest	227,704	-	227,704
Equipment replacement	251,783	-	251,783
Capital outlay	-	3,082,680	3,082,680
<b>TOTAL EXPENDITURES</b>	<b>25,916,767</b>	<b>3,491,093</b>	<b>29,407,860</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,074,051</b>	<b>(2,579,990)</b>	<b>(1,505,939)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from long term debt	-	1,200,000	1,200,000
Transfers in	1,012,000	1,290,000	2,302,000
Transfers (out)	(1,290,000)	(1,012,000)	(2,302,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(278,000)</b>	<b>1,478,000</b>	<b>1,200,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>796,051</b>	<b>(1,101,990)</b>	<b>(305,939)</b>
<b>FUND BALANCES - JULY 1, RESTATED</b>	<b>4,986,048</b>	<b>4,229,924</b>	<b>9,215,972</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 5,782,099</b>	<b>\$ 3,127,934</b>	<b>\$ 8,910,033</b>

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

## TOWN OF OLD ORCHARD BEACH, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (305,939)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset purchases	3,265,816
Depreciation expense	<u>(1,337,577)</u>
	<u>1,928,239</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(105,303)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>1,066,209</u>
Debt proceeds provide current financial resources to governmental funds, but long-term liabilities in the Statement of Net Position.	
	<u>(1,441,309)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
	<u>973,386</u>
Deferred inflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>18,793</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued landfill costs	6,000
Accrued compensated absences	(6,958)
Net pension liability	<u>(1,388,668)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 744,450</u>

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

## TOWN OF OLD ORCHARD BEACH, MAINE

BALANCE SHEET – PROPRIETARY FUNDS  
JUNE 30, 2016

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable (net of allowance for uncollectibles)	-
Total current assets	<u>-</u>
Noncurrent assets:	
Capital assets:	
Land improvements	992,050
Machinery and equipment	1,200
Less: accumulated depreciation	<u>(754,697)</u>
Net capital assets	<u>238,553</u>
Total noncurrent assets	<u>238,553</u>
TOTAL ASSETS	<u>\$ 238,553</u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	\$ -
Due to other funds	<u>21,237</u>
Total current liabilities	<u>21,237</u>
TOTAL LIABILITIES	<u>21,237</u>
NET POSITION	
Net investment in capital assets	238,553
Unrestricted	<u>(21,237)</u>
TOTAL NET POSITION	<u>217,316</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 238,553</u>

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

## TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Fund
OPERATING REVENUES	
Charges for services	\$ -
Other	-
TOTAL OPERATING REVENUES	<u>-</u>
OPERATING EXPENSES	
Depreciation	17,039
Other	-
TOTAL OPERATING EXPENSES	<u>17,039</u>
OPERATING INCOME (LOSS)	<u>(17,039)</u>
NON-OPERATING INCOME (EXPENSE)	
Investment income	-
Interest expense	-
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>-</u>
CHANGE IN NET POSITION	(17,039)
NET POSITION - JULY 1	<u>234,355</u>
NET POSITION - JUNE 30	<u><u>\$ 217,316</u></u>

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



## TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ -
Other receipts	-
Payments to employees	-
Payments to suppliers	-
Net cash provided (used) by operating activities	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest payments on bond payable	-
Payments for purchases of capital assets	-
Principal payments on bond payable	-
Proceeds from new bond	-
Net cash provided (used) by capital and related financing activities	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>-</u>
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss) and other financing	\$ (17,039)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	17,039
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	-
(Increase) in amortization	-
(Decrease) increase in deferred revenue	-
(Decrease) increase in accounts payable	-
(Decrease) increase in accrued interest	-
(Decrease) increase in other liabilities	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ -</u></u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Reporting Entity***

The Town of Old Orchard Beach was incorporated under the laws of the State of Maine. The Town operates under the council-manager form of government and provides the following services: general government services, town services and public safety, public works, health and welfare, community services, planning and development, insurance and employee benefits, waste management, education, and other.

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

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

***Implementation of New Accounting Standards***

During the year ended June 30, 2016, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 72, "*Fair Value Measurement and Application*". The objective of the Statement is to expand comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will improve fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 79, "*Certain External Investment Pools and Pool Participants*". This Statement establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. Management has determined the impact of this Statement is not material to the financial statements.

***Government-Wide and Fund Financial Statements***

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

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

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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

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

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

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

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

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

The following fund types are used by the Town:

1. Governmental Funds:

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

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

Nonmajor Funds

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

2. Proprietary Funds

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

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

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

**Budget**

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Town Council was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the Town Council.
4. The Town does not adopt budgets for Special Revenue Funds.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Deposits and Investments**

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

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

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

The Town of Old Orchard Beach adopted a formal investment policy on June 17, 2015.

**Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption and are valued at cost. Under the consumption method, the costs of inventory items are recognized as expenditures when used. In the general fund, inventory consists of vehicle fuel and trash bags.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Interfund Receivables and Payables**

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Transactions Between Funds**

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

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is estimated to be \$0 in the Ballpark Fund as of June 30, 2016. The Rescue Fees fund has an allowance amount of \$70,921. The General fund accounts receivable have been deferred and hence do not have an allowance account.

**Capital Assets**

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

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

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

Estimated useful lives are as follows:

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



TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Long-term Obligations**

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable, capital leases payable, landfill closure costs, compensated absences, net pension liability and other post-employment benefits costs.

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

**Compensated Absences**

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation time. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2016, the Town's liability for compensated absences is \$1,083,661.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated 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.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one type of item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Deferred inflows related to pensions also qualifies for reporting in this category. Deferred inflows related to pensions is only reported in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Net Position**

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

**Fund Balance**

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

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Town Council and/or management.

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

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

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied August 12, 2015 on the assessed value listed as of April 1, 2015, for all real and personal property located in the Town. Taxes were due in two installments on September 16, 2015 and March 16, 2016. Interest on unpaid taxes commenced on September 18, 2015 and March 18, 2016 at 7% per annum.

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$71,377 for the year ended June 30, 2016.

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

**Program Revenues**

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

**Operating/Non-Operating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

**Encumbrance Accounting**

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

**Use of Estimates**

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

NOTE 2 - CASH AND INVESTMENTS

**Deposits:**

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines,

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

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

At June 30, 2016, the Town's cash balance of \$8,257,135 was comprised of deposits amounting to \$7,843,980. Of this amount, none was exposed to custodial credit risk and was fully insured by federal depository insurance.

<u>Account Type</u>	<u>Bank Balance</u>
CDARS	\$ 1,253,295
Sweep accounts	5,084,141
ICS statement savings	<u>1,506,544</u>
	<u>\$ 7,843,980</u>

**Investments:**

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

At June 30, 2016, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>	<u>Over 5 Years</u>
Certificates of deposit	\$ 428,939	\$ -	\$ 428,939	\$ -
Fixed income	996,181	996,181	-	-
	<u>\$ 1,425,120</u>	<u>\$ 996,181</u>	<u>\$ 428,939</u>	<u>\$ -</u>

The Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. As such, the Town's investments of \$1,425,120 were not exposed to custodial credit risk, as \$428,939 were fully insured by federal depository insurance and \$996,181 were registered in the Town's name and fully covered by the Securities Investor Protection Corporation.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2016 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
	<u>          </u>	<u>          </u>
General fund	\$ 30,563	\$ 3,223,271
Special revenue fund	1,031,220	5,051
Capital project fund	2,192,051	4,275
Ballpark fund	-	21,237
	<u>\$ 3,253,834</u>	<u>\$ 3,253,834</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2016:

	Balance 7/1/2015	Additions	Disposals	Balance 06/30/16
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 635,404	\$ -	\$ -	\$ 635,404
Construction in progress	821,061	-	-	821,061
	<u>1,456,465</u>	<u>-</u>	<u>-</u>	<u>1,456,465</u>
Depreciated assets:				
Buildings and improvements	9,967,283	948,210	-	10,915,493
Furniture & fixtures	85,502	8,308	-	93,810
Machinery & equipment	3,971,816	196,093	-	4,167,909
Vehicles	5,278,683	1,522,378	-	6,801,061
Infrastructure	23,206,009	590,827	-	23,796,836
	42,509,293	3,265,816	-	45,775,109
Less: accumulated depreciation	(25,168,611)	(1,337,577)	-	(26,506,188)
	<u>17,340,682</u>	<u>1,928,239</u>	<u>-</u>	<u>19,268,921</u>
Net capital assets	<u>\$ 18,797,147</u>	<u>\$ 1,928,239</u>	<u>\$ -</u>	<u>\$ 20,725,386</u>
	Balance 7/1/2015	Additions	Disposals	Balance 06/30/16
<u>Business-type activities:</u>				
Non-depreciated assets:				
Land	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
Depreciated assets:				
Land improvements	992,050	-	-	992,050
Machinery & equipment	1,200	-	-	1,200
	993,250	-	-	993,250
Less: accumulated depreciation	(737,658)	(17,039)	-	(754,697)
	<u>255,592</u>	<u>(17,039)</u>	<u>-</u>	<u>238,553</u>
Net capital assets	<u>\$ 255,592</u>	<u>\$ (17,039)</u>	<u>\$ -</u>	<u>\$ 238,553</u>
<u>Current year depreciation:</u>				
Town hall				\$ 33,448
Public safety				266,074
Public works				516,753
Transfer station				3,807
Library				71,910
Historical society				400
Comfort station				3,514
Treatment plant				441,671
				<u>1,337,577</u>
Ballpark				17,039
Total depreciation expense				<u>\$ 1,354,616</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 5 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2016:

	Balance, 7/1/15	Additions	Deletions	Balance, 6/30/16	Due Within One Year
<u>Governmental activities:</u>					
Bonds payable	\$ 9,302,880	\$ 1,200,000	\$ (786,330)	\$ 9,716,550	\$ 888,590
Capital leases	285,974	241,309	(187,056)	340,227	131,392
Accrued landfill closure	84,000	-	(6,000)	78,000	6,000
Accrued compensated absences	1,076,703	6,958	-	1,083,661	-
Net pension liability	1,370,138	1,388,668	-	2,758,806	-
Other post-employment benefits	227,227	-	-	227,227	-
Total governmental activities	<u>\$ 12,346,922</u>	<u>\$ 2,836,935</u>	<u>\$ (979,386)</u>	<u>\$ 14,204,471</u>	<u>\$ 1,025,982</u>

Payments under landfill closure costs have been made by the general fund. Accrued compensated absences typically have been liquidated in the general and other governmental funds.

The following is a summary of outstanding governmental funds bonds payable:

Bonds Payable:	<u>Governmental Activities</u>
\$4,100,000, 2009 General Obligation Bond financed with Maine Municipal Bond Bank, due in varying annual principal installments. Interest varies from 2.165% to 5.575%. Maturity in November, 2028.	\$ 2,520,000
\$1,200,000, 2009 Sewer Revolving Loan Fund financed with Maine Municipal Bond Bank, due in annual principal installments of \$60,000. Interest is stated at 1.320% per annum. Maturity in November, 2028.	780,000
\$1,625,000, 2010 General Obligation Bond financed with Maine Municipal Bond Bank, due in annual principal installments of \$125,000. Interest varies from 4.470% to 5.750%. Maturity in November, 2030.	1,625,000



TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 5 - LONG TERM DEBT (CONTINUED)

\$875,000, 2010 General Obligation Bond Fund financed with Maine Municipal Bond Bank, due in annual principal installments of \$125,000. Interest is stated at 2.060% to 5.560%. Maturity in November, 2017.	250,000
\$955,000, 2011 General Obligation Bond Fund financed with Maine Municipal Bond Bank, due in varying annual principal installments. Interest is stated at 0.501% to 3.400%. Maturity in November, 2018.	186,550
\$2,000,000, 2014 General Obligation Bond Fund financed with U.S. Bank, due in varying annual principal installments. Interest is stated at 2.000% to 3.500%. Maturity in September, 2027.	1,730,000
\$1,700,000, 2014, General Obligation Bond Fund financed with U.S. Bank, due in varying annual principal installments. Interest is stated at 2.000% to 3.000%. Maturity in September, 2023.	1,425,000
\$1,200,000, 2016, General Obligation Bond Fund financed with Maine Municipal Bond Bank, due in varying annual principal installments. Interest is stated at .250% to 2.754%. Maturity in May, 2029.	1,200,000
Total Bonds Payable	<u><u>\$ 9,716,550</u></u>

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

	Governmental Activities		
	Principal	Interest	Total Debt Service
2017	\$ 888,590	\$ 312,231	\$ 1,200,821
2018	890,580	290,132	1,180,712
2019	897,380	268,644	1,166,024
2020	835,000	249,134	1,084,134
2021	840,000	225,217	1,065,217
2022-2026	3,530,000	718,779	4,248,779
2027-2031	1,835,000	160,964	1,995,964
	<u><u>\$ 9,716,550</u></u>	<u><u>\$ 2,225,101</u></u>	<u><u>\$ 11,941,651</u></u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding governmental capital leases payable:

The Town leases a public works truck under a non-cancelable lease agreement. The term of the lease is for a five year period expiring in January of 2017. Annual payments are \$29,460.	\$ 28,624
The Town leases IT virtual computer equipment under a non-cancellable lease agreement. The term of the lease is for a four year period expiring in April of 2018. Annual payments are \$19,756.	37,996
The Town leases a Freightliner passenger bus under a non-cancellable lease agreement. The term of the lease is for a four year period expiring in April of 2018. Annual payments are \$23,283.	44,713
The Town leases a 2015 Chevrolet pickup truck with snow plow under a non-cancellable lease agreement. The term of the lease is for a three year period expiring in May of 2017. Annual payments are \$12,638.	12,344
The Town leases copiers under a non-cancelable lease agreement. The term of the lease is for a five year period expiring in August of 2017. Annual payments are \$10,791.	20,745
The Town leases a Sidewalk Tractor under a non-cancellable lease agreement. The term of the lease is for a three year period expiring in September of 2018. Annual payments are \$19,470.	55,157
The Town leases an International Truck under a non-cancelable lease agreement. The term of the lease is for a seven year period expiring in February of 2022. Annual payments are \$26,309.	140,648
Total Capital Lease Payable	<u>\$ 340,227</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding capital lease requirements for the following fiscal years ending June 30:

2017	\$ 141,707
2018	99,609
2019	45,778
2020	26,309
2021	26,309
2022	26,309
Total minimum lease payments	<u>366,021</u>
Less: Amount representing interest	<u>(25,794)</u>
Present value of future minimum lease payments	<u><u>\$ 340,227</u></u>

All bonds payable and capital leases payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town. No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended June 30, 2016 was \$227,704.

NOTE 6 – OVERLAPPING DEBT

The Town is responsible for its proportionate share of debt for the Regional School Unit, County and Transit Committee it belongs to. As of June 30, 2016, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
RSU #23	\$ 2,448,752	100.00%	\$ 2,448,752
County of York	5,900,000	4.33%	255,470
Transit Committee	125,586	33.33%	41,862
			<u><u>\$ 2,746,084</u></u>

The Town's proportionate share of the County and School Unit debt is paid through annual assessments.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 7 – NONSPENDABLE FUND BALANCES

The Town has the following nonspendable fund balances at June 30, 2016:

General fund:	
Inventory	\$ 58,236
Prepaid items	<u>1,308</u>
	<u>\$ 59,544</u>

NOTE 8 – RESTRICTED FUND BALANCES

The Town has the following restricted fund balances at June 30, 2016:

Nonmajor special revenue funds (Schedule E)	\$ 12,206
Nonmajor capital projects funds (Schedule G)	<u>611,360</u>
	<u>\$ 623,566</u>

NOTE 9 – COMMITTED FUND BALANCES

The Town has the following committed fund balances at June 30, 2016:

Nonmajor special revenue funds (Schedule E)	\$ 1,040,507
Nonmajor capital projects funds (Schedule G)	<u>1,474,695</u>
	<u>\$ 2,515,202</u>

NOTE 10 – ASSIGNED FUND BALANCES

The Town has the following assigned fund balances at June 30, 2016:

General fund:	
Utilization of fund balance 2017 budget	\$ 550,000
Nonmajor capital projects funds (Schedule G)	<u>2,526</u>
	<u>\$ 552,526</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 11 – JOINT VENTURES

The Town is a member of the Biddeford - Old Orchard Beach – Saco Transit Committee. This was established in March of 1978. The purpose of the committee is to provide assistance to public mass transportation. The committee is authorized to enter into contracts and receive grants. The member towns pay an equal proportionate share of any needed funds in each budget year, after being approved by the majority of each Town Council. The Committee’s fiscal year is January 1 through December 31. All property acquired and any related obligations will be allocated equally for each member Town.

NOTE 12 – 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, participates in a public entity risk pool, or is effectively self-insured. Currently the Town participates in a public-entity and self-insured risk pool sponsored by the Maine Municipal Association.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2016. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 13 – DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Plan Description**

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan’s advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 5.0%.

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's police department employees hired before October 12, 1992 are part of the PLD's special plan "1C" and are required to contribute 7.5% of their annual salary, police department employees hired on or after October 12, 1992 are part of the PLD's special plan "3C" and are required to contribute 9.0% of their annual salary, fire department employees are part of the PLD's special plan "2C" and are required to contribute 7.5% of their annual salary, while all other employees are part of the PLD's plan "AC" and are required to contribute 7.5% of their annual salary. The Town is required to contribute 14.0% of special plan "1C" members' covered payroll, 11.4% of special plan "3C" members' covered payroll, 8.9% of special plan "2C" members' covered payroll and 8.9% of the plan "AC" members' covered payroll annually to the system along with a predetermined initial unpoolled unfunded actuarial liability (IUUAL) rate set by the system. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2016 was \$385,052.

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

At June 30, 2016, the Town reported a liability of \$2,758,806 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2015, the Town's proportion was 0.864703%, which was a decrease of 0.025684% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized total pension expense of \$688,719. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 111,391	\$ 354,322
Changes of assumptions	243,805	-
Net difference between projected and actual earnings on pension plan investments	851,469	1,059,899
Changes in proportion and differences between contributions and proportionate share of contributions	-	127,889
Contributions subsequent to the measurement date	385,052	-
Total	<u>\$ 1,591,717</u>	<u>\$ 1,542,110</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$385,052 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Year ended June 30:	
2017	\$ (175,953)
2018	(175,953)
2019	(196,405)
2020	363,793
2021	212,867
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2015, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

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

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

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



TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Actuarial Methods and Assumptions (Continued)**

*Asset Valuation Method*

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

*Amortization*

*The net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of fifteen years.*

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2015 are as follows:

*Investment Rate of Return* - For the PLD Plan, 7.125% per annum, compounded annually.

*Salary Increases, Merit and Inflation* - Members of the consolidated plan for PLDs, 3.50% to 9.50% per year.

*Mortality Rates* - For participating local districts, the RP2000 Tables projected forward to 2015 using Scale AA are used; for all recipients of disability benefits, the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females is used.

*Cost of Living Benefit Increases* - 2.55% for participating local districts.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2015 are summarized in the following table:

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Actuarial Methods and Assumptions (Continued)**

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real assets:		
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%

*Discount Rate*

The discount rate used to measure the collective total pension liability was 7.125% for 2015. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2015 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 7.125% for the PLD Consolidated Plan.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	6.125%	7.125%	8.125%
Town's proportionate share of the net pension liability	\$ 5,496,360	\$ 2,758,806	\$ 163,437

**Changes in Net Pension Liability**

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2015 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2015, this was 4 years for the PLD Consolidated Plan.

*Differences between Projected and Actual Investment Earnings*

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan.

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Changes in Net Pension Liability (Continued)**

active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2015 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

NOTE 14 – DEFICIT FUND BALANCES

The following fund have deficit fund balances as of June 30, 2016:

Nonmajor funds:	
Special revenue funds:	
Ball park restoration	\$ 9,051
Memorial Day Parade	34
Capital project funds:	
New police station	8
Summit Street sewer	4,267
	<u>\$ 13,360</u>

NOTE 15 - EXPENDITURES OVER APPROPRIATIONS

No warrant article lines were exceeded by actual expenditures for the year ended June 30, 2016.

NOTE 16 – LANDFILL CLOSURE AND POSTCARE COSTS

Under existing state law, Maine communities are required to close existing landfills under a state approved plan and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town presently has two landfills that have been closed under an approved plan and one additional landfill whose closure was completed during fiscal year 1998. The only additional costs that remain are post-closure care costs on all three landfills. The estimated remaining post-closure care costs at June 30, 2016 are \$78,000, which would include two mowings of each site during the year and well monitoring. The amount has been accrued in the entity-wide financial statements and is being amortized over 30 years at \$6,000 per year, as it is not expected that any of these

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 16 – LANDFILL CLOSURE AND POSTCARE COSTS (CONTINUED)

costs will be funded with current financial resources. The actual cost of post-closure care may be higher due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

NOTE 17 – CONTINGENCIES AND COMMITMENTS

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

On March 5, 2014, the Town contracted for the construction of an expansion to Libby Memorial Library. The contract amounts including approved changes total \$1,736,976. As of June 30, 2016, \$1,364,402 had been spent excluding retainage and the remaining balance of the contract was \$372,574.

NOTE 18 – RESTATEMENT OF FUND BALANCE/NET POSITION

The net position of the governmental activities has been restated at July 1, 2015 to reclassify accruals:

	<u>Governmental Activities</u>
Net position as previously reported	\$ 16,124,789
Reclassification of accruals	<u>(116,038)</u>
As restated, July 1, 2015	<u><u>\$ 16,008,751</u></u>

## Required Supplementary Information

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

- Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information

## TOWN OF OLD ORCHARD BEACH, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 4,986,048	\$ 4,986,048	\$ 4,986,048	\$ -
Resources (Inflows):				
Taxes	24,802,351	24,802,351	25,155,228	352,877
Licenses and permits	824,500	824,500	1,055,901	231,401
Intergovernmental	642,034	642,034	726,359	84,325
Unclassified	5,000	5,000	13,635	8,635
Interest earned	15,000	15,000	39,695	24,695
Transfers in	1,012,000	1,012,000	1,012,000	-
Amounts Available for Appropriation	<u>32,286,933</u>	<u>32,286,933</u>	<u>32,988,866</u>	<u>701,933</u>
Charges to Appropriations (Outflows):				
General government	4,415,691	4,362,004	4,071,562	290,442
Public works	1,487,466	1,520,366	1,483,057	37,309
Sanitation	1,694,591	1,694,591	1,601,385	93,206
Public safety	4,575,054	4,605,133	4,469,968	135,165
Recreation, culture and agencies	692,664	709,914	682,347	27,567
Health and welfare	78,861	78,861	61,277	17,584
Education	11,341,558	11,341,558	11,341,558	-
County tax	906,764	906,764	906,712	52
Tax abatements/overlay	96,377	96,377	33,084	63,293
Debt service:				
Principal	786,330	786,330	786,330	-
Interest	290,891	233,746	227,704	6,042
Equipment replacement	194,638	251,783	251,783	-
Transfers out	1,290,000	1,290,000	1,290,000	-
Total Charges to Appropriations	<u>27,850,885</u>	<u>27,877,427</u>	<u>27,206,767</u>	<u>670,660</u>
Budgetary Fund Balance, June 30	<u>\$ 4,436,048</u>	<u>\$ 4,409,506</u>	<u>\$ 5,782,099</u>	<u>\$ 1,372,593</u>
Utilization of assigned fund balance	\$ -	\$ 26,542	\$ -	\$ (26,542)
Utilization of unassigned fund balance	550,000	550,000	-	(550,000)
	<u>\$ 550,000</u>	<u>\$ 576,542</u>	<u>\$ -</u>	<u>\$ (576,542)</u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>			
Proportion of the net pension liability	0.864703%	0.890387%	0.936119%
Proportionate share of the net pension liability	\$ 2,758,806	\$ 1,370,138	\$ 2,885,673
Covered-employee payroll	\$ 3,788,020	\$ 3,645,778	\$ 3,245,914
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.83%	37.58%	88.90%
Plan fiduciary net position as a percentage of the total pension liability	81.20%	94.10%	87.50%

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



TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>			
Contractually required contribution	\$ 385,052	\$ 353,460	\$ 308,665
Contributions in relation to the contractually required contribution	<u>(385,052)</u>	<u>(353,460)</u>	<u>(308,665)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,788,020	\$ 3,645,778	\$ 3,245,914
Contributions as a percentage of covered-employee payroll	10.16%	9.70%	9.51%

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016

**Changes of Assumptions**

There was a change in the investment rate of return assumption this year from 7.25% to 7.125%. This change was made in the other MainePERS Programs with the 2014 valuation, but is first being recognized in the PLD Consolidated Plan in 2015. In addition to this change, the cost of living benefit increase assumption was changed from 3.12% to 2.55%. Further, those PLDs who had an IUUAL Surplus account received a refund of that account. As a result, there will be no more IUUAL surplus payments reflected beginning with the 2015 valuation. Finally, the amortization methodology for the Pooled Unfunded Actuarial Liability (PUAL) was changed from a fifteen-year open level dollar method to a method where a separate twenty-year closed period is established annually for the gain or loss in that year with these amortizations being developed as a level percentage of payroll and amortizing the existing PUAL at the time of this change, July 1, 2015, over a closed fifteen-year period beginning on this date.

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

## Other Supplementary Information

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

- Schedule of Revenues - Budget and Actual – General Fund
- Schedule of Departmental Operations – General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet – Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

## TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
REVENUES					
General tax revenues:					
Property taxes	\$ 23,144,351	\$ -	\$ 23,144,351	\$ 23,233,482	\$ 89,131
Excise taxes	1,303,000	-	1,303,000	1,577,234	274,234
Franchise taxes	200,000	-	200,000	202,840	2,840
Interest and penalties	130,000	-	130,000	114,161	(15,839)
Payments in lieu of taxes	25,000	-	25,000	27,511	2,511
Intergovernmental revenues:					
Municipal revenue sharing	341,535	-	341,535	357,903	16,368
Homestead exemption	137,050	-	137,050	140,422	3,372
DOT block grant	56,000	-	56,000	56,156	156
BETE reimbursement	13,249	-	13,249	15,085	1,836
Health/welfare intergovernmental	27,500	-	27,500	27,907	407
Grant income	2,700	-	2,700	41,449	38,749
Other intergovernmental	64,000	-	64,000	87,437	23,437
Licenses, permits and fees:					
Parking meters and fines	426,000	-	426,000	504,501	78,501
Parking fees	20,000	-	20,000	20,840	840
Business licenses	165,000	-	165,000	225,645	60,645
Building, plumbing, electrical permits	126,000	-	126,000	193,395	67,395
Town agent fees	25,000	-	25,000	25,884	884
Town clerk fees	17,500	-	17,500	19,753	2,253
Tipping fee	-	-	-	14,904	14,904
Trash bag/septic	31,000	-	31,000	35,269	4,269
Planner fees	9,000	-	9,000	8,710	(290)
Other licenses, permits and fees	5,000	-	5,000	7,000	2,000
Investment income:					
Investment income	15,000	-	15,000	39,695	24,695
Unclassified:					
Refunds/reimbursements	-	-	-	2,511	2,511
Other revenue	5,000	-	5,000	11,124	6,124
Transfers from other funds					
Special revenue funds	1,012,000	-	1,012,000	1,012,000	-
Total revenues	<u>\$ 27,300,885</u>	<u>\$ -</u>	<u>\$ 27,300,885</u>	<u>\$ 28,002,818</u>	<u>\$ 701,933</u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Town council	\$ 43,320	\$ -	\$ 43,320	\$ 41,725	\$ 1,595
Administration	692,643	71,250	763,893	710,928	52,965
Tax collector	102,269	-	102,269	101,201	1,068
Finance director/treasurer	178,782	2,213	180,995	165,778	15,217
Assessor	121,610	-	121,610	116,119	5,491
Town clerk	139,692	4,550	144,242	142,412	1,830
Elections	23,600	-	23,600	16,315	7,285
Planning	117,237	-	117,237	113,765	3,472
Code enforcement	209,959	-	209,959	180,565	29,394
Building maintenance	78,815	18,000	96,815	87,716	9,099
Planning, zoning, registration boards	2,850	-	2,850	1,240	1,610
Contingency	200,000	(142,700)	57,300	1,527	55,773
Insurance	2,504,914	(7,000)	2,497,914	2,392,271	105,643
	<u>4,415,691</u>	<u>(53,687)</u>	<u>4,362,004</u>	<u>4,071,562</u>	<u>290,442</u>
Public works					
General	<u>1,487,466</u>	<u>32,900</u>	<u>1,520,366</u>	<u>1,483,057</u>	<u>37,309</u>
	<u>1,487,466</u>	<u>32,900</u>	<u>1,520,366</u>	<u>1,483,057</u>	<u>37,309</u>
Sanitation					
Treatment plant	1,082,591	(20,500)	1,062,091	962,670	99,421
Solid waste	<u>612,000</u>	<u>20,500</u>	<u>632,500</u>	<u>638,715</u>	<u>(6,215)</u>
	<u>1,694,591</u>	<u>-</u>	<u>1,694,591</u>	<u>1,601,385</u>	<u>93,206</u>

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public safety					
Police department	2,410,584	6,829	2,417,413	2,343,794	73,619
Parking Enforcement	78,125	-	78,125	70,929	7,196
Fire/rescue department	1,683,845	23,250	1,707,095	1,686,943	20,152
Street lights and traffic light expense	255,000	-	255,000	233,232	21,768
Lifeguards	147,500	-	147,500	135,070	12,430
	<u>4,575,054</u>	<u>30,079</u>	<u>4,605,133</u>	<u>4,469,968</u>	<u>135,165</u>
Recreation, culture and agencies					
Recreation	216,092	4,500	220,592	210,788	9,804
Libby Memorial Library	245,000	-	245,000	245,000	-
Transit District subsidy	115,000	-	115,000	115,000	-
Service agencies	12,500	750	13,250	13,250	-
Historical society	17,622	-	17,622	15,962	1,660
Parks maintenance expense	74,060	12,000	86,060	70,633	15,427
Conservation commission	12,390	-	12,390	11,714	676
	<u>692,664</u>	<u>17,250</u>	<u>709,914</u>	<u>682,347</u>	<u>27,567</u>
Health and welfare					
General assistance	78,861	-	78,861	61,277	17,584
	<u>78,861</u>	<u>-</u>	<u>78,861</u>	<u>61,277</u>	<u>17,584</u>

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education	11,341,558	-	11,341,558	11,341,558	-
County tax	906,764	-	906,764	906,712	52
Tax abatements/overlay	96,377	-	96,377	33,084	63,293
Debt service					
Equipment replacement	194,638	57,145	251,783	251,783	-
Principal	786,330	-	786,330	786,330	-
Interest	290,891	(57,145)	233,746	227,704	6,042
	1,271,859	-	1,271,859	1,265,817	6,042
Transfers out					
Special revenue funds	8,000	-	8,000	8,000	-
Capital projects funds	1,282,000	-	1,282,000	1,282,000	-
	1,290,000	-	1,290,000	1,290,000	-
Total	\$ 27,850,885	\$ 26,542	\$ 27,877,427	\$ 27,206,767	\$ 670,660

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

## TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	40,371	-	40,371
Due from other funds	1,031,220	2,192,051	3,223,271
TOTAL ASSETS	<u>\$ 1,071,591</u>	<u>\$ 2,192,051</u>	<u>\$ 3,263,642</u>
LIABILITIES			
Accounts payable	\$ 22,912	\$ 103,470	\$ 126,382
Due to other funds	5,051	4,275	9,326
TOTAL LIABILITIES	<u>27,963</u>	<u>107,745</u>	<u>135,708</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	12,206	611,360	623,566
Committed	1,040,507	1,474,695	2,515,202
Assigned	-	2,526	2,526
Unassigned	(9,085)	(4,275)	(13,360)
TOTAL FUND BALANCES	<u>1,043,628</u>	<u>2,084,306</u>	<u>3,127,934</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,071,591</u>	<u>\$ 2,192,051</u>	<u>\$ 3,263,642</u>

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



SCHEDULE D

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Intergovernmental revenue	\$ -	\$ -	\$ -
Charges for services	878,446	-	878,446
Other income	32,657	-	32,657
<b>TOTAL REVENUES</b>	<b>911,103</b>	<b>-</b>	<b>911,103</b>
<b>EXPENDITURES</b>			
Administration	250	-	250
Public safety	15,424	-	15,424
Recreation, culture and agencies	392,739	-	392,739
Capital outlay	57,772	3,024,908	3,082,680
<b>TOTAL EXPENDITURES</b>	<b>466,185</b>	<b>3,024,908</b>	<b>3,491,093</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>444,918</b>	<b>(3,024,908)</b>	<b>(2,579,990)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from long term debt	-	1,200,000	1,200,000
Transfers in	8,000	1,282,000	1,290,000
Transfers (out)	(628,000)	(384,000)	(1,012,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(620,000)</b>	<b>2,098,000</b>	<b>1,478,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(175,082)</b>	<b>(926,908)</b>	<b>(1,101,990)</b>
<b>FUND BALANCES, JULY 1</b>	<b>1,218,710</b>	<b>3,011,214</b>	<b>4,229,924</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 1,043,628</b>	<b>\$ 2,084,306</b>	<b>\$ 3,127,934</b>

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

## Special Revenue Funds

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

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2016

	Rescue Fees	Recreation Programs	Special Dog	Police Grants	Sewer Special Revenue	Smithwheel Impact Fees
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	39,415	-	-	-	-	-
Due from other funds	183,021	75,288	11,367	6,760	721,240	527
<b>TOTAL ASSETS</b>	<b>\$ 222,436</b>	<b>\$ 75,288</b>	<b>\$ 11,367</b>	<b>\$ 6,760</b>	<b>\$ 721,240</b>	<b>\$ 527</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 7,954	\$ 2,144	\$ 6,200	\$ 1,191	\$ -
Due to other funds	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>7,954</b>	<b>2,144</b>	<b>6,200</b>	<b>1,191</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	560	-	527
Committed	222,436	67,334	9,223	-	720,049	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>222,436</b>	<b>67,334</b>	<b>9,223</b>	<b>560</b>	<b>720,049</b>	<b>527</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 222,436</b>	<b>\$ 75,288</b>	<b>\$ 11,367</b>	<b>\$ 6,760</b>	<b>\$ 721,240</b>	<b>\$ 527</b>

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2016

	Conservation Tree Grant	Memorial Park Improvements	CDBG Business Facade Grant	Ballpark Restoration	Memorial Day Parade
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	956	-
Due from other funds	10,678	16,405	545	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 10,678</u></b>	<b><u>\$ 16,405</u></b>	<b><u>\$ 545</u></b>	<b><u>\$ 956</u></b>	<b><u>\$ -</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ 104	\$ 86	\$ -	\$ 4,990	\$ -
Due to other funds	-	-	-	5,017	34
<b>TOTAL LIABILITIES</b>	<b><u>104</u></b>	<b><u>86</u></b>	<b><u>-</u></b>	<b><u>10,007</u></b>	<b><u>34</u></b>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	10,574	-	545	-	-
Committed	-	16,319	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	(9,051)	(34)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b><u>10,574</u></b>	<b><u>16,319</u></b>	<b><u>545</u></b>	<b><u>(9,051)</u></b>	<b><u>(34)</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b><u>\$ 10,678</u></b>	<b><u>\$ 16,405</u></b>	<b><u>\$ 545</u></b>	<b><u>\$ 956</u></b>	<b><u>\$ -</u></b>

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

	Community Garden	Veterans Memorial Monument	General Assistance	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	40,371
Due from other funds	2,687	1,189	1,513	1,031,220
<b>TOTAL ASSETS</b>	<u>2,687</u>	<u>1,189</u>	<u>1,513</u>	<u>1,071,591</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 243	\$ -	\$ -	\$ 22,912
Due to other funds	-	-	-	5,051
<b>TOTAL LIABILITIES</b>	<u>243</u>	<u>-</u>	<u>-</u>	<u>27,963</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	12,206
Committed	2,444	1,189	1,513	1,040,507
Assigned	-	-	-	-
Unassigned	-	-	-	(9,085)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>2,444</u>	<u>1,189</u>	<u>1,513</u>	<u>1,043,628</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 2,687</u>	<u>\$ 1,189</u>	<u>\$ 1,513</u>	<u>\$ 1,071,591</u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Rescue Fees	Recreation Programs	Special Dog	Police Grants	Sewer Special Revenue	Smithwheel Impact Fees
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	413,868	277,667	-	-	100,315	-
Other income	20	625	17,194	1,767	-	-
TOTAL REVENUES	<u>413,888</u>	<u>278,292</u>	<u>17,194</u>	<u>1,767</u>	<u>100,315</u>	<u>-</u>
EXPENDITURES						
Administration	-	-	-	-	-	-
Public safety	-	-	-	15,424	-	-
Recreation, culture and agencies	-	267,234	12,062	-	-	-
Capital outlay	-	-	-	-	57,772	-
TOTAL EXPENDITURES	<u>-</u>	<u>267,234</u>	<u>12,062</u>	<u>15,424</u>	<u>57,772</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>413,888</u>	<u>11,058</u>	<u>5,132</u>	<u>(13,657)</u>	<u>42,543</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	(625,000)	-	(3,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(625,000)</u>	<u>-</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(211,112)	11,058	2,132	(13,657)	42,543	-
FUND BALANCES, JULY 1	<u>433,548</u>	<u>56,276</u>	<u>7,091</u>	<u>14,217</u>	<u>677,506</u>	<u>527</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 222,436</u>	<u>\$ 67,334</u>	<u>\$ 9,223</u>	<u>\$ 560</u>	<u>\$ 720,049</u>	<u>\$ 527</u>

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Conservation Tree Grant	Memorial Park Improvements	CDBG Business Facade Grant	Ballpark Restoration	Memorial Day Parade
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	85,471	-
Other income	1,000	8,000	-	-	2,000
<b>TOTAL REVENUES</b>	<b>1,000</b>	<b>8,000</b>	<b>-</b>	<b>85,471</b>	<b>2,000</b>
EXPENDITURES					
Administration	-	-	-	-	-
Public safety	-	-	-	-	-
Recreation, culture and agencies	364	6,864	-	100,750	4,900
Capital outlay	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>364</b>	<b>6,864</b>	<b>-</b>	<b>100,750</b>	<b>4,900</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	636	1,136	-	(15,279)	(2,900)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	8,000	-
Transfers (out)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,000</b>	<b>-</b>
NET CHANGE IN FUND BALANCES	636	1,136	-	(7,279)	(2,900)
FUND BALANCES, JULY 1	9,938	15,183	545	(1,772)	2,866
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	<b>\$ 10,574</b>	<b>\$ 16,319</b>	<b>\$ 545</b>	<b>\$ (9,051)</b>	<b>\$ (34)</b>

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Community Garden	Veterans Memorial Monument	General Assistance	Totals
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Charges for services	1,125	-	-	878,446
Other income	-	288	1,763	32,657
TOTAL REVENUES	<u>1,125</u>	<u>288</u>	<u>1,763</u>	<u>911,103</u>
EXPENDITURES				
Administration	-	-	250	250
Public safety	-	-	-	15,424
Recreation, culture and agencies	565	-	-	392,739
Capital outlay	-	-	-	57,772
TOTAL EXPENDITURES	<u>565</u>	<u>-</u>	<u>250</u>	<u>466,185</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>560</u>	<u>288</u>	<u>1,513</u>	<u>444,918</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	8,000
Transfers (out)	-	-	-	(628,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(620,000)</u>
NET CHANGE IN FUND BALANCES	560	288	1,513	(175,082)
FUND BALANCES, JULY 1	<u>1,884</u>	<u>901</u>	<u>-</u>	<u>1,218,710</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 2,444</u>	<u>\$ 1,189</u>	<u>\$ 1,513</u>	<u>\$ 1,043,628</u>

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



## Capital Projects Funds

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

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2016

	Landfill Closure	New Police Station	West Grand Stormwater	Summit Street Sewer	FY 2016 Bond Fund	Library Expansion
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	2,526	-	442,166	-	5,290	177,405
<b>TOTAL ASSETS</b>	<b>\$ 2,526</b>	<b>\$ -</b>	<b>\$ 442,166</b>	<b>\$ -</b>	<b>\$ 5,290</b>	<b>\$ 177,405</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 13,501	\$ -	\$ -	\$ -
Due to other funds	-	8	-	4,267	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>8</b>	<b>13,501</b>	<b>4,267</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	428,665	-	5,290	177,405
Committed	-	-	-	-	-	-
Assigned	2,526	-	-	-	-	-
Unassigned	-	(8)	-	(4,267)	-	-
<b>TOTAL FUND BALANCES</b>	<b>2,526</b>	<b>(8)</b>	<b>428,665</b>	<b>(4,267)</b>	<b>5,290</b>	<b>177,405</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,526</b>	<b>\$ -</b>	<b>\$ 442,166</b>	<b>\$ -</b>	<b>\$ 5,290</b>	<b>\$ 177,405</b>

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2016

	Halfway Roundabout	CIP Public Works	CIP Administration	CIP Public Safety	CIP Wastewater	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	1,313,720	45,429	103,117	102,398	2,192,051
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 1,313,720</u>	<u>\$ 45,429</u>	<u>\$ 103,117</u>	<u>\$ 102,398</u>	<u>\$ 2,192,051</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 34,642	\$ -	\$ 25,827	\$ 29,500	\$ 103,470
Due to other funds	-	-	-	-	-	4,275
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>34,642</u>	<u>-</u>	<u>25,827</u>	<u>29,500</u>	<u>107,745</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	611,360
Committed	-	1,279,078	45,429	77,290	72,898	1,474,695
Assigned	-	-	-	-	-	2,526
Unassigned	-	-	-	-	-	(4,275)
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>1,279,078</u>	<u>45,429</u>	<u>77,290</u>	<u>72,898</u>	<u>2,084,306</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 1,313,720</u>	<u>\$ 45,429</u>	<u>\$ 103,117</u>	<u>\$ 102,398</u>	<u>\$ 2,192,051</u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Landfill Closure	New Police Station	West Grand Stormwater	Summit Street Sewer	FY 2016 Bond Fund	Library Expansion
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
Capital outlay	-	40,397	-	184,457	1,194,710	102,332
Program expenses	-	-	-	-	-	-
TOTAL EXPENDITURES	-	40,397	-	184,457	1,194,710	102,332
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(40,397)	-	(184,457)	(1,194,710)	(102,332)
OTHER FINANCING SOURCES (USES)						
Proceeds from long term debt	-	-	-	-	1,200,000	-
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	(384,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(384,000)	1,200,000	-
NET CHANGE IN FUND BALANCES	-	(40,397)	-	(568,457)	5,290	(102,332)
FUND BALANCES, JULY 1	2,526	40,389	428,665	564,190	-	279,737
FUND BALANCES, JUNE 30	\$ 2,526	\$ (8)	\$ 428,665	\$ (4,267)	\$ 5,290	\$ 177,405

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Halfway Roundabout	CIP Public Works	CIP Administration	CIP Public Safety	CIP Wastewater	Totals
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
EXPENDITURES						
Capital outlay	-	661,434	321,887	310,536	209,155	3,024,908
Program expenses	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>661,434</b>	<b>321,887</b>	<b>310,536</b>	<b>209,155</b>	<b>3,024,908</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(661,434)	(321,887)	(310,536)	(209,155)	(3,024,908)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	-	1,200,000
Transfers in	-	786,282	140,000	325,718	30,000	1,282,000
Transfers (out)	-	-	-	-	-	(384,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>786,282</b>	<b>140,000</b>	<b>325,718</b>	<b>30,000</b>	<b>2,098,000</b>
NET CHANGE IN FUND BALANCES	-	124,848	(181,887)	15,182	(179,155)	(926,908)
FUND BALANCES, JULY 1	-	1,154,230	227,316	62,108	252,053	3,011,214
FUND BALANCES, JUNE 30	\$ -	\$ 1,279,078	\$ 45,429	\$ 77,290	\$ 72,898	\$ 2,084,306

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

## General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2016

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
Town hall	\$ 191,910	\$ 1,149,799	\$ 403,208	\$ -	\$ 1,744,917
Public safety	146,817	2,887,459	5,112,466	-	8,146,742
Public works	62,217	1,313,734	3,111,640	11,865,992	16,353,583
Transfer station	152,275	152,274	-	-	304,549
Comfort station	26,708	140,569	-	-	167,277
Animal control	-	826	-	-	826
Train platform	-	306,853	-	-	306,853
Tidal gates	-	54,394	-	-	54,394
Ballpark	-	992,050	1,200	-	993,250
Library	-	1,628,815	93,810	-	1,722,625
Historical society	-	10,000	-	-	10,000
Treatment plant	876,538	3,172,079	2,440,347	11,930,844	18,419,808
Total General Capital Assets	1,456,465	11,808,852	11,162,671	23,796,836	48,224,824
Less: Accumulated Depreciation	-	(4,821,646)	(7,073,957)	(15,365,282)	(27,260,885)
Net General Capital Assets	\$ 1,456,465	\$ 6,987,206	\$ 4,088,714	\$ 8,431,554	\$ 20,963,939

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

## TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2016

	General Capital Assets 7/1/15	Additions	Deletions	General Capital Assets 6/30/16
Town hall	\$ 1,423,430	\$ 321,487	\$ -	\$ 1,744,917
Public safety	6,601,099	1,545,643	-	8,146,742
Public works	15,450,840	902,743	-	16,353,583
Transfer station	304,549	-	-	304,549
Comfort station	167,277	-	-	167,277
Animal control	826	-	-	826
Train platform	306,853	-	-	306,853
Tidal gates	54,394	-	-	54,394
Ballpark	993,250	-	-	993,250
Library	1,620,294	102,331	-	1,722,625
Historical society	10,000	-	-	10,000
Treatment plant	18,026,196	393,612	-	18,419,808
Total General Capital Assets	44,959,008	3,265,816	-	48,224,824
Less: Accumulated Depreciation	<u>(25,906,269)</u>	<u>(1,354,616)</u>	-	<u>(27,260,885)</u>
Net General Capital Assets	<u>\$ 19,052,739</u>	<u>\$ 1,911,200</u>	<u>\$ -</u>	<u>\$ 20,963,939</u>

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



## TOWN OF OLD ORCHARD BEACH, MAINE

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GENERAL FUND – GAAP BASIS  
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Property taxes	\$ 17,208,689	\$ 17,749,257	\$ 18,682,705	\$ 19,102,512	\$ 19,799,945	\$ 19,855,105	\$ 20,035,807	\$ 20,646,069	\$ 22,407,751	\$ 23,233,482
Other taxes	1,684,326	1,691,863	1,687,245	1,600,567	1,612,199	1,556,265	1,672,781	1,760,752	1,885,245	1,921,746
Licenses and permits	1,132,286	940,062	963,141	1,165,597	920,275	959,908	868,970	871,142	888,279	1,055,901
Intergovernmental revenues	2,174,858	2,210,043	1,486,209	843,641	835,118	846,777	818,032	668,856	581,289	726,359
Investment income	343,844	352,740	150,912	104,417	20,662	7,097	11,889	18,634	41,675	39,695
Other revenues	195,742	134,061	354,015	38,687	50,654	471,893	280,210	26,128	143,022	13,635
Total revenues	<u>22,739,745</u>	<u>23,078,026</u>	<u>23,324,227</u>	<u>22,855,421</u>	<u>23,238,853</u>	<u>23,697,045</u>	<u>23,687,689</u>	<u>23,991,581</u>	<u>25,947,261</u>	<u>26,990,818</u>
Expenditures:										
General government	1,761,598	1,913,524	1,851,871	2,021,057	1,964,273	2,080,171	2,118,590	3,702,730	3,992,765	4,071,562
Public works	1,482,509	1,618,224	1,696,363	1,547,039	1,455,600	1,531,962	1,691,255	1,423,516	1,451,379	1,483,057
Sanitation	1,496,170	1,542,780	1,644,676	1,661,658	1,707,176	1,704,040	1,702,547	1,526,315	1,584,908	1,601,385
Public safety	4,044,087	4,178,862	4,429,964	4,439,462	4,528,474	4,781,266	4,817,067	4,045,878	4,362,626	4,469,968
Recreation, culture and agencies	471,937	505,462	686,550	642,190	625,376	750,599	692,975	681,016	655,844	682,347
Health and welfare	76,463	74,298	101,475	107,822	106,693	103,328	64,810	69,483	71,013	61,277
Education	9,212,617	9,632,841	9,973,975	9,561,944	9,399,388	8,451,151	9,070,942	9,470,881	11,162,780	11,341,558
Debt service (excluding education)	1,543,678	1,521,034	1,726,929	2,127,481	2,154,389	3,212,770	1,532,701	1,119,688	1,205,829	1,265,817
Capital outlay	2,242,068	1,914,839	1,228,471	1,147,808	1,218,334	968,066	6,180	-	202,349	-
Other	621,893	646,342	789,444	804,360	803,521	820,827	851,764	913,327	914,674	939,796
Total expenditures	<u>22,953,020</u>	<u>23,548,206</u>	<u>24,129,718</u>	<u>24,060,821</u>	<u>23,963,224</u>	<u>24,404,180</u>	<u>22,548,831</u>	<u>22,952,834</u>	<u>25,604,167</u>	<u>25,916,767</u>
Other financing sources	434,334	459,334	434,334	328,000	522,000	1,203,000	253,000	463,000	1,089,349	1,012,000
Other financing (uses)	(65,680)	(74,180)	(88,620)	-	(25,000)	(34,907)	(1,689,082)	(1,206,431)	(1,214,008)	(1,290,000)
Net change in fund balances	155,379	(85,026)	(459,777)	(877,400)	(227,371)	460,958	(297,224)	295,316	218,435	796,051
Special item - transfer to RSU #23	-	-	-	110,720	-	-	-	-	-	-
Fund balances - beginning, restated	5,810,605	5,965,984	5,880,958	5,421,181	4,654,501	4,427,130	4,888,088	4,559,004	4,883,651	4,986,048
Fund balances - ending	<u>\$ 5,965,984</u>	<u>\$ 5,880,958</u>	<u>\$ 5,421,181</u>	<u>\$ 4,654,501</u>	<u>\$ 4,427,130</u>	<u>\$ 4,888,088</u>	<u>\$ 4,590,864</u>	<u>\$ 4,854,320</u>	<u>\$ 5,102,086</u>	<u>\$ 5,782,099</u>

TABLE 2

TOWN OF OLD ORCHARD BEACH, MAINE  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Years Ended	Current Year's Tax Levy	Current Year's Tax Collections	Prior Year's Collection to June 30	Total Collections	Total Current Year Collections as Percent Of Each Year's Levy	Total Collections as Percent of Each Year's Levy	Total Outstanding	Percent of Delinquent Taxes And Liens to Levy
2007	\$ 17,503,035	\$ 16,997,147	\$ 455,329	\$ 17,452,476	97.11	99.71	\$ 1,016,033	5.80
2008	18,118,387	17,505,853	391,071	17,896,924	96.62	98.78	1,237,496	6.83
2009	18,959,656	18,453,482	338,884	18,792,366	97.33	99.12	1,188,126	6.27
2010	19,151,900	18,452,763	375,569	18,828,332	96.35	98.31	1,511,694	7.89
2011	19,987,575	19,277,170	593,827	19,870,997	96.45	99.42	1,628,272	8.15
2012	19,855,105	19,138,213	577,625	19,715,838	96.39	99.30	1,767,539	8.90
2013	19,912,599	19,328,189	557,838	19,886,027	97.07	99.87	1,655,020	8.31
2014	20,624,523	20,036,111	664,806	20,700,917	97.15	100.37	1,578,626	7.65
2015	22,471,605	21,894,481	502,738	22,397,219	97.43	99.67	577,124	2.57
2016	23,144,351	22,552,544	568,990	23,121,534	97.44	99.90	591,807	2.56

TABLE 3

## TOWN OF OLD ORCHARD BEACH, MAINE

ASSESSSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Years Ended	Assessed Value - Real Estate	Assessed Value - Personal Property	Total Assessed Value	Estimated Actual Valuation	Ratio	State Equalized Valuation	Ratio
2007	\$ 1,289,869,400	\$ 23,392,100	\$ 1,313,261,500	\$ 1,313,261,500	100.0	\$ 1,368,350,000	95.97
2008	1,418,164,600	23,691,240	1,441,855,840	1,441,855,840	100.0	1,565,250,000	92.12
2009	1,439,858,170	25,294,968	1,465,153,138	1,465,153,138	100.0	1,575,350,000	93.00
2010	1,452,628,540	25,890,720	1,478,519,260	1,478,519,260	104.0	1,533,750,000	96.40
2011	1,465,055,000	26,354,500	1,491,409,500	1,491,409,500	101.9	1,531,150,000	97.40
2012	1,462,394,400	25,894,370	1,488,288,770	1,488,288,770	100.0	1,508,700,000	98.65
2013	1,456,932,300	24,658,400	1,481,590,700	1,481,590,700	100.0	1,457,100,000	101.68
2014	1,469,603,400	24,927,250	1,494,530,650	1,494,530,650	100.0	1,455,600,000	102.67
2015	1,483,197,090	27,051,400	1,510,248,490	1,510,248,490	100.0	1,494,200,000	101.07
2016	1,497,609,370	27,051,400	1,524,660,770	1,524,660,770	100.0	1,494,200,000	102.04

NOTE: The Town did a revaluation that became effective in 2006.

TOWN OF OLD ORCHARD BEACH, MAINE

PROPERTY TAX RATED – ALL OVERLAPPING GOVERNMENTS  
(PER \$1,000 OF ASSESSED VALUE)  
LAST TEN FISCAL YEARS

Years Ended	Town	County	School	Water Quality Control	Total
2007	\$ 5.20	\$ 0.44	\$ 6.09	\$ 1.59	\$ 13.32
2008	4.73	0.43	5.94	1.46	12.56
2009	4.85	0.40	6.40	1.29	12.94
2010	4.45	0.51	6.76	1.22	12.94
2011	5.10	0.52	6.24	1.54	13.40
2012	5.70	0.53	5.63	1.54	13.40
2013	5.24	0.54	6.18	1.48	13.44
2014	5.81	0.60	6.34	1.05	13.80
2015	5.95	0.59	7.29	1.05	14.88
2016	5.83	0.60	7.44	1.31	15.18

## TOWN OF OLD ORCHARD BEACH, MAINE

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND  
GENERAL BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS

Years Ended	Estimated Population	Assessed Value (in thousands)	Gross Bonded Debt *	Ratio of Bonded Debt to Assessed Value	Gross Bonded Debt Per Capita	Estimated Average Population **	Gross Bonded Debt Per Estimated Average Population
2007	8,800	\$ 1,313,262	\$ 9,430,000	0.72	\$ 1,072	25,467	370
2008	8,800	1,441,856	8,280,000	0.57	941	25,467	325
2009	8,800	1,465,153	12,290,000	0.84	1,397	25,467	483
2010	8,800	1,478,519	13,200,000	0.89	1,500	25,467	518
2011	8,624	1,491,410	11,605,000	0.78	1,346	25,291	459
2012	8,624	1,488,289	9,840,000	0.66	1,141	25,291	389
2013	8,624	1,481,591	8,688,200	0.59	1,007	25,291	344
2014	8,624	1,494,531	10,060,160	0.67	1,167	25,291	398
2015	8,624	1,510,188	9,302,880	0.62	1,079	25,291	368
2016	8,624	1,524,661	9,716,550	0.64	1,127	25,291	384

\* Includes all long term general obligation debt excluding accrued vacation and sick leave. Certain school debt is reimbursed by the State of Maine.

\*\* Includes estimated population for twelve months plus 100,000 seasonal population for two months.

## TOWN OF OLD ORCHARD BEACH, MAINE

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED  
DEBT TO TOTAL GENERAL FUND EXPENDITURES  
LAST TEN FISCAL YEARS

Years Ended	Municipal		Total	Total General Expenditures and Transfers	Ratio
	Principal	Interest			
2007	\$ 1,135,000	\$ 408,678	\$ 1,543,678	\$ 22,850,277	6.76
2008	1,150,000	371,034	1,521,034	23,512,985	6.47
2009	1,299,946	426,983	1,726,929	24,106,607	7.16
2010	1,636,683	490,798	2,127,481	24,066,937	8.84
2011	1,653,861	500,529	2,154,390	23,986,218	8.98
2012 *	2,759,715	453,055	3,212,770	24,439,087	13.15
2013	1,151,800	380,901	1,532,701	24,237,913	6.32
2014 **	2,358,040	373,452	2,731,492	27,206,767	10.04
2015	757,280	318,831	1,076,111	26,818,175	4.01
2016	786,330	227,704	1,014,034	27,239,942	3.72

\* Includes early payoff of 1998 bond issuance.

\*\* Includes early payoff of 2003 bond issuance.

## TOWN OF OLD ORCHARD BEACH, MAINE

TEN LARGEST TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2016

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxes</u>	<u>% of Net Tax Levy</u>
Central Maine Power	Utility	\$ 252,457	1.09
Sun Wild Acres	Resort	153,241	0.66
Palace Playland Associates	Amusements	108,346	0.47
Lafayette Old Orchard LLC	Resort	102,105	0.44
MHC Pinehurst LLC	Resort	99,534	0.43
Seagate Limited Partnership	Mobil Home Park	93,753	0.41
Powderhorn Family Camping Resort, Inc.	Resort	92,083	0.40
Alouette Atlantic Resorts LLC	Resort	87,607	0.38
Sun Wagon Wheel RV LLC	Resort	74,914	0.32
Birch Ridge Limited	Apartments	74,371	0.32



*Proven Expertise and Integrity*

INDEPENDENT AUDITORS' 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

January 3, 2017

Town Council  
Town of Old Orchard Beach  
Old Orchard Beach, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Old Orchard Beach, Maine, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Old Orchard Beach, Maine's basic financial statements and have issued our report thereon January 3, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of North Berwick's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Old Orchard Beach's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Old Orchard Beach's internal control.

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

3 Old Orchard Road, Buxton, Maine 04093  
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609  
www.rhrsmith.com



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

#### Compliance and Other Matters

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

#### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
January 3, 2017