

Audited Financial Information and
Other Supplementary Material

Town of Old Orchard Beach, Maine

June 30, 2019



Proven Expertise & Integrity

TOWN OF OLD ORCHARD BEACH, MAINE

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JUNE 30, 2019

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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, 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, 2019, 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.

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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, each major fund and the aggregate remaining fund information of the Town of Old Orchard Beach, Maine as of June 30, 2019, 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 and OPEB related information on pages 4 through 11 and 58 through 64 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 December 11, 2019, 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
December 11, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

(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, 2019. Please read it in conjunction with the Town of Old Orchard Beach, Maine'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 and OPEB 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 one column for the town's activities. The type 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, public safety, recreation, culture and agencies, education, health and welfare and program expenses.

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 categorized as governmental 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 four 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 funds are the general fund, the sewer special revenue fund and the CIP public works 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.

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 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

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 - Pension, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB 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 \$21.12 million compared to \$17.95 million in the prior year, an increase of \$3,170,404.

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 \$9.13 million at the end of this year for governmental activities.

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

	Governmental Activities		Business-type Activities	
	2019	2018 (Restated)	2019	2018
Assets				
Current and Other Assets	\$ 14,987,416	\$ 13,207,653	\$ -	\$ -
Noncurrent Assets	21,284,543	21,317,726	-	-
Total Assets	36,271,959	34,525,379	-	-
Deferred Outflows of Resources	885,427	2,002,192	-	-
Liabilities				
Current Liabilities	3,133,593	2,397,504	-	-
Noncurrent Liabilities	12,237,970	14,622,907	-	-
Total Liabilities	15,371,563	17,020,411	-	-
Deferred Inflows of Resources	663,660	1,555,401	-	-
Net Position				
Net Investment in Capital Assets	11,858,629	10,870,828	-	-
Restricted	130,486	249,618	-	-
Unrestricted	9,133,048	6,831,313	-	-
Total Net Position	\$ 21,122,163	\$ 17,951,759	\$ -	\$ -

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

	Governmental Activities		Business-type Activities	
	2019	2018	2019	2018
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 2,268,456	\$ 2,033,521	\$ -	\$ -
Operating grants and contributions	116,177	224,855	-	-
Capital grants and contributions	-	57,036	-	-
<i>General Revenues:</i>				
Taxes	28,710,703	27,265,324	-	-
Grants and contributions not restricted to specific programs	842,395	705,706	-	-
Investment income	182,306	80,257	-	-
Miscellaneous	229,453	433,443	-	-
Total Revenues	32,349,490	30,800,142	-	-
Expenses				
General government	3,751,140	4,896,746	-	-
Public works	2,355,527	2,263,566	-	-
Sanitation	2,397,028	2,168,681	-	-
Public safety	5,821,678	5,576,164	-	-
Recreation, culture and agencies	1,191,229	1,045,829	-	-
Health and welfare	72,858	78,213	-	-
Education	12,244,147	12,170,868	-	-
County tax	890,601	961,670	-	-
Tax abatements/overlay	68,708	23,756	-	-
Program expenses	69,704	241,944	-	-
Capital outlay	55,157	1,046,101	-	-
Interest on long-term debt	261,309	278,950	-	-
Total Expenses	29,179,086	30,752,488	-	-
Transfers	-	200,276	-	(200,276)
Change in Net Position	3,170,404	247,930	-	(200,276)
Net Position - July 1, Restated	17,951,759	17,703,829	-	200,276
Net Position - June 30	\$ 21,122,163	\$ 17,951,759	\$ -	\$ -

Revenues and Expenses

Revenues for the Town's governmental activities increased by 5.03%, while total expenses decreased by 5.12%. The biggest increase in revenues was in tax revenue while the biggest decreases in expenses were in general government and capital outlay.

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,

	2019	2018
Major Funds:		
General Fund:		
Nonspendable	\$ 57,244	\$ 53,632
Assigned	524,096	600,000
Unassigned	7,619,363	6,398,377
Sewer Special Revenue Fund:		
Committed	910,213	894,484
CIP Public Works Fund		
Committed	1,777,307	1,729,622
Total Major Funds	\$ 10,888,223	\$ 9,676,115
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 38,748	\$ 44,921
Committed	350,632	308,063
Unassigned	(50,389)	(30,714)
Capital projects funds:		
Restricted	91,738	204,697
Committed	391,350	418,457
Assigned	2,526	2,526
Unassigned	(355)	-
Total Nonmajor Funds	\$ 824,250	\$ 947,950

The general fund total fund balance increased by \$1,148,694 from the prior fiscal year as a result of revenues in excess of expenditures and net transfers to other funds. The sewer special revenue funds total fund balance increased by \$15,729 as a result of revenues over expenditures. The CIP public works fund total fund balance increased by \$47,685 due to transfers from the general fund over expenditures. The nonmajor funds total fund balances decreased by \$123,700 from the prior fiscal year. The decrease in nonmajor funds was mainly due to expenditures in the nonmajor capital project funds in excess of net transfers in from other funds.

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.

The general fund actual revenues exceeded budget by \$611,409. This was due to greater than expected revenues in all revenue categories with the exception of unclassified.

The general fund actual expenditures were under the budget by \$1,137,285. All expenditure categories finished within or were under budget.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2019, the net book value of capital assets recorded by the Town decreased by \$33,183. The decrease was due to current year additions of \$1,999,454 less depreciation expense of \$2,032,637. 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,

	<u>2019</u>	<u>2018</u>
Land and improvements	\$ 848,833	\$ 839,878
Buildings and improvements	7,526,596	7,811,135
Machinery and equipment	1,740,624	1,630,781
Vehicles	1,874,178	2,631,995
Infrastructure	8,473,251	7,582,876
Construction in progress	<u>821,061</u>	<u>821,061</u>
Total	<u>\$ 21,284,543</u>	<u>\$ 21,317,726</u>

Debt

At June 30, 2019, the Town had \$9.43 million in bonds and notes from direct borrowings outstanding versus \$10.45 million last year, a decrease of 9.77%. 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, 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 Avenue, Old Orchard Beach, Maine 04064.

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 7,209,046
Investments	5,721,894
Accounts receivable (net of allowance for uncollectibles):	
Taxes	1,300,578
Tax liens	517,821
Other	180,833
Inventory	55,853
Prepaid items	1,391
Total current assets	<u>14,987,416</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	1,456,465
Buildings, vehicles, machinery and equipment and infrastructure, net of accumulated depreciation	<u>19,828,078</u>
Total noncurrent assets	<u>21,284,543</u>
TOTAL ASSETS	<u>36,271,959</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	864,685
Deferred outflows related to OPEB	20,742
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>885,427</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 37,157,386</u>

STATEMENT A (CONTINUED)

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 929,919
Accrued expenses	283,649
Other liabilities	428,924
Current portion of long-term obligations	1,491,101
Total current liabilities	<u>3,133,593</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	7,327,734
Notes from direct borrowings payable	806,318
Accrued landfill costs	54,000
Accrued compensated absences	1,095,021
Net pension liability	2,232,704
Net OPEB liability	722,193
Total noncurrent liabilities	<u>12,237,970</u>
TOTAL LIABILITIES	<u>15,371,563</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	629,847
Deferred inflows related to OPEB	33,813
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>663,660</u>
NET POSITION	
Net investment in capital assets	11,858,629
Restricted	130,486
Unrestricted	9,133,048
TOTAL NET POSITION	<u>21,122,163</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 37,157,386</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, 2019

Functions/Programs	Expenses	Program Revenues			Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 3,751,140	\$ 554,476	\$ -	\$ -	\$ (3,196,664)
Public works	2,355,527	-	56,772	-	(2,298,755)
Sanitation	2,397,028	294,520	-	-	(2,102,508)
Public safety	5,821,678	541,338	33,995	-	(5,246,345)
Recreation, culture and agencies	1,191,229	878,122	-	-	(313,107)
Health and welfare	72,858	-	25,410	-	(47,448)
Education	12,244,147	-	-	-	(12,244,147)
County tax	890,601	-	-	-	(890,601)
Tax abatements/overlay	68,708	-	-	-	(68,708)
Program expenses	69,704	-	-	-	(69,704)
Capital outlay	55,157	-	-	-	(55,157)
Interest on long-term debt	261,309	-	-	-	(261,309)
Total government	<u>\$ 29,179,086</u>	<u>\$ 2,268,456</u>	<u>\$ 116,177</u>	<u>\$ -</u>	<u>(26,794,453)</u>

STATEMENT B (CONTINUED)

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(26,794,453)</u>
General revenues and transfers:	
Taxes:	
Property taxes, levied for general purposes	26,887,753
Excise taxes	1,822,950
Grants and contributions not restricted to specific programs	842,395
Investment income	182,306
Miscellaneous	<u>229,453</u>
Total general revenues	<u>29,964,857</u>
Change in net position	3,170,404
NET POSITION - JULY 1, RESTATED	<u>17,951,759</u>
NET POSITION - JUNE 30	<u><u>\$ 21,122,163</u></u>

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

TOWN OF OLD ORCHARD BEACH, MAINE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Sewer Special Revenue	CIP Public Works	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 7,209,046	\$ -	\$ -	\$ -	\$ 7,209,046
Investments	5,721,894	-	-	-	5,721,894
Accounts receivable (net of allowance for uncollectibles):					
Taxes	1,300,578	-	-	-	1,300,578
Tax liens	517,821	-	-	-	517,821
Other	43,751	-	-	137,082	180,833
Inventory	55,853	-	-	-	55,853
Prepaid items	1,391	-	-	-	1,391
Due from other funds	46,423	1,088,311	2,160,043	773,376	4,068,153
TOTAL ASSETS	\$ 14,896,757	\$ 1,088,311	\$ 2,160,043	\$ 910,458	\$ 19,055,569
LIABILITIES					
Accounts payable	\$ 329,300	\$ 178,098	\$ 382,736	\$ 39,785	\$ 929,919
Accrued payroll and related liabilities	221,122	-	-	-	221,122
Other liabilities	428,924	-	-	-	428,924
Due to other funds	4,021,730	-	-	46,423	4,068,153
TOTAL LIABILITIES	5,001,076	178,098	382,736	86,208	5,648,118
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	1,694,978	-	-	-	1,694,978
TOTAL DEFERRED INFLOWS OF RESOURCES	1,694,978	-	-	-	1,694,978
FUND BALANCES					
Nonspendable	57,244	-	-	-	57,244
Restricted	-	-	-	130,486	130,486
Committed	-	910,213	1,777,307	741,982	3,429,502
Assigned	524,096	-	-	2,526	526,622
Unassigned	7,619,363	-	-	(50,744)	7,568,619
TOTAL FUND BALANCES	8,200,703	910,213	1,777,307	824,250	11,712,473
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,896,757	\$ 1,088,311	\$ 2,160,043	\$ 910,458	\$ 19,055,569

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, 2019

	Total Governmental Funds
	Funds
Total Fund Balances	\$ 11,712,473
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	21,284,543
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	1,694,978
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	864,685
Deferred outflows related to OPEB	20,742
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(8,259,867)
Notes from direct borrowings payable	(1,166,047)
Accrued interest	(62,527)
Accrued landfill expenses	(60,000)
Accrued compensated absences	(1,288,260)
Net pension liability	(2,232,704)
Net OPEB liability	(722,193)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds shown above:	
Deferred outflows related to pensions	(629,847)
Deferred outflows related to OPEB	(33,813)
	\$ 21,122,163

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, 2019

	General Fund	Sewer Special Revenue	CIP Public Works	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 28,564,444	\$ -	\$ -	\$ -	\$ 28,564,444
Licenses and permits	1,266,279	-	-	-	1,266,279
Intergovernmental	924,577	-	-	33,995	958,572
Other charges for services	-	217,615	-	784,562	1,002,177
Investment income	182,306	-	-	-	182,306
Unclassified	129,947	-	-	99,506	229,453
TOTAL REVENUES	31,067,553	217,615	-	918,063	32,203,231
EXPENDITURES					
Current:					
General government	4,638,273	-	-	-	4,638,273
Public works	1,589,519	-	-	-	1,589,519
Sanitation	1,706,729	201,886	-	-	1,908,615
Public safety	5,193,987	-	-	8,839	5,202,826
Recreation, culture and agencies	723,337	-	-	369,331	1,092,668
Health and welfare	72,858	-	-	-	72,858
Education	12,244,147	-	-	-	12,244,147
County tax	890,601	-	-	-	890,601
Tax abatements/ overlay	68,708	-	-	-	68,708
Program expenses	-	-	-	69,704	69,704
Debt service:					
Principal	994,513	-	-	-	994,513
Interest	261,309	-	-	-	261,309
Equipment replacement	415,201	-	-	-	415,201
Capital outlay	-	-	1,202,815	463,066	1,665,881
TOTAL EXPENDITURES	28,799,182	201,886	1,202,815	910,940	31,114,823
EXCESS REVENUES OVER (UNDER) EXPENDITURES					
	2,268,371	15,729	(1,202,815)	7,123	1,088,408
OTHER FINANCING SOURCES (USES)					
Transfers in	616,855	-	1,250,500	481,032	2,348,387
Transfers (out)	(1,736,532)	-	-	(611,855)	(2,348,387)
TOTAL OTHER FINANCING SOURCES (USES)	(1,119,677)	-	1,250,500	(130,823)	-
NET CHANGE IN FUND BALANCES	1,148,694	15,729	47,685	(123,700)	1,088,408
FUND BALANCES - JULY 1	7,052,009	894,484	1,729,622	947,950	10,624,065
FUND BALANCES - JUNE 30	\$ 8,200,703	\$ 910,213	\$ 1,777,307	\$ 824,250	\$ 11,712,473

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, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,088,408</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset acquisitions	1,999,454
Depreciation expense	<u>(2,032,637)</u>
	<u>(33,183)</u>
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported.</p>	
Taxes and liens receivable	<u>146,259</u>
<p>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.</p>	
	<u>(1,116,765)</u>
<p>Debt proceeds provide current financial resources to governmental funds, but long-term obligations in the Statement of Net Position.</p>	
	<u>(349,513)</u>
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.</p>	
	<u>1,370,497</u>
<p>Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.</p>	
	<u>891,741</u>
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>	
Accrued landfill costs	6,000
Accrued compensated absences	(15,709)
Net pension liability	1,150,954
Net OPEB liability	<u>31,715</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 3,170,404</u></u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, public works, sanitation, public safety, recreation, culture and agencies, health and welfare, 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 No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations." This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. 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. All 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 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.) except fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital)

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Sewer Special Revenue Fund is used to account for the proceeds of sewer revenue sources that are legally restricted to expenditures for the sewer.
- c. The CIP Public Works Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment in the public works department.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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".

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.

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$180,833 for the year ended June 30, 2019. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2019.

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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Long-term Obligations

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

All long-term obligations to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term obligations consist primarily of bonds payable, notes from direct borrowings payable, landfill closure costs, accrued 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.

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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB

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

Deferred Outflows and Inflows of Resources

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

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2018 on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Taxes were due in two installments on September 12, 2018 and March 13, 2019. Interest on unpaid taxes commenced on September 13, 2018 and March 14, 2019 at 8% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$345,376 for the year ended June 30, 2019.

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).

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

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, 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, 2019, the Town's cash balance of \$7,209,046 was comprised of deposits amounting to \$7,369,784. All of these bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 299,141
Sweep accounts	102,883
ICS statement savings	6,960,517
Cash equivalents	7,243
	<u>\$ 7,369,784</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, 2019, the Town had the following investments and maturities:

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>	<u>Over 5 Years</u>
Debt securities	<u>\$ 5,721,894</u>	<u>\$ -</u>	<u>\$ 5,721,894</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 \$5,721,894 were not exposed to custodial credit risk, \$5,721,894 were registered in the Town's name and fully covered by the Securities Investor Protection Corporation.

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2019:

	June 30, 2019 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
Corporate bonds	\$ 5,721,894	\$ -	\$ 5,721,894	\$ -
Total debt securities	<u>5,721,894</u>	<u>-</u>	<u>5,721,894</u>	<u>-</u>
Total investments by fair value level	<u>5,721,894</u>	<u>\$ -</u>	<u>\$ 5,721,894</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	7,243			
Total cash equivalents measured at the NAV	<u>7,243</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 5,729,137</u>			

Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 1 or 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2019 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS 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, 2019 consisted of the following individual fund receivables and payables:

	<u>Receivables</u> <u>(Due from)</u>	<u>Payables</u> <u>(Due to)</u>
General fund	\$ 46,423	\$ 4,021,730
Sewer special revenue fund	1,088,311	-
CIP public works fund	2,160,043	-
Special revenue fund	263,399	46,068
Capital project fund	509,977	355
	<u>\$ 4,068,153</u>	<u>\$ 4,068,153</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance 7/1/18 (Restated)	Additions	Disposals	Balance 6/30/19
<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:				
Land improvements	992,050	25,995	-	1,018,045
Buildings and improvements	12,352,080	181,564	-	12,533,644
Furniture and fixtures	93,810	-	-	93,810
Machinery and equipment	4,941,001	562,984	(287,292)	5,216,693
Vehicles	7,867,779	93,338	(1,186,538)	6,774,579
Infrastructure	24,618,738	1,135,573	-	25,754,311
	<u>50,865,458</u>	<u>1,999,454</u>	<u>(1,473,830)</u>	<u>51,391,082</u>
Less: accumulated depreciation	(31,004,197)	(2,032,637)	1,473,830	(31,563,004)
	<u>19,861,261</u>	<u>(33,183)</u>	<u>-</u>	<u>19,828,078</u>
Net capital assets	<u>\$ 21,317,726</u>	<u>\$ (33,183)</u>	<u>\$ -</u>	<u>\$ 21,284,543</u>
<u>Current year depreciation:</u>				
Town hall				\$ 54,803
Public safety				618,852
Public works				766,008
Transfer station				3,807
Library				78,828
Historical society				758
Comfort station				3,514
Treatment plant				487,092
Ballpark				18,975
Total depreciation expense				<u>\$ 2,032,637</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19	Due Within One Year
Bonds payable	\$ 9,254,380	\$ -	\$ (994,513)	\$ 8,259,867	\$ 932,133
Notes from direct borrowings payable	1,192,518	349,513	(375,984)	1,166,047	359,729
	<u>\$ 10,446,898</u>	<u>\$ 349,513</u>	<u>\$ (1,370,497)</u>	<u>\$ 9,425,914</u>	<u>\$ 1,291,862</u>

The following is a summary of outstanding bonds payable:

Bonds Payable:

\$4,100,000, 2009 General Obligation Bond financed with Maine Municipal Bond Bank, due in varying annual principal installments. Interest is fixed at a rate ranging from 2.165% to 5.575%. Maturity in November of 2028.	\$ 1,800,000
\$1,200,000, 2009 Sewer Revolving Loan Fund financed with Maine Municipal Bond Bank, due in annual principal installments of \$60,000. Interest is fixed at 1.320% per annum. Maturity in November of 2028.	600,000
\$1,625,000, 2010 General Obligation Bond financed with Maine Municipal Bond Bank, due in annual principal installments of \$125,000. Interest is fixed at a rate ranging from 4.47% to 5.75%. Maturity in November of 2030.	1,500,000
\$2,000,000, 2014 General Obligation Bond Fund financed with U.S. Bank, due in varying annual principal installments. Interest is fixed at a rate ranging from 2.0% to 3.5%. Maturity in September of 2027.	1,325,000
\$1,700,000, 2014, General Obligation Bond Fund financed with U.S. Bank, due in varying annual principal installments. Interest is fixed at a rate ranging from 2.0% to 3.0%. Maturity in September of 2023.	915,000
\$1,200,000, 2016, General Obligation Bond Fund financed with Maine Municipal Bond Bank, due in varying annual principal installments. Interest is fixed at a rate ranging from 0.250% to 2.754%. Maturity in May of 2029.	1,000,000

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - LONG TERM DEBT (CONTINUED)

\$400,000, 2016, General Obligation Bond Fund financed with Maine Municipal Bond Bank, due in annual principal installments of \$40,000. Interest is fixed at a rate ranging from 1.16% to 2.13%. Maturity in November of 2026.	320,000
\$857,000, 2017, General Obligation Bond Fund financed with Maine Municipal Bond Bank, due in annual principal installments of \$57,133. Interest is fixed at a rate ranging from 1.34% to 3.59%. Maturity in November of 2032.	<u>799,867</u>
Total Bonds Payable	<u>\$ 8,259,867</u>

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

Notes from Direct Borrowings Payable:

The Town leases a 2016 Case loader under a non-cancellable lease agreement. The term of the lease is for a six year period expiring in September of 2021. Annual payments are \$31,430.	\$ 88,943
The Town leases an International truck under a non-cancellable lease agreement. The term of the lease is for a seven year period expiring in February of 2022. Annual payments are \$26,309.	73,848
The Town leases a fire truck under a non-cancellable lease agreement. The term of the lease is for a seven year period expiring in December of 2022. Annual payments are \$57,769.	213,455
The Town leases a Truck under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in January of 2021. Annual payments are \$20,072.	38,185
The Town leases air pacs under a non-cancellable lease agreement. The term of the lease is for a three year period expiring in July of 2019. Annual payments are \$36,700.	35,010
The Town leases a sweeper under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in September of 2021. Annual payments are \$37,947.	107,233
The Town leases an ambulance under a non-cancellable lease agreement. The term of the lease is for a six year period expiring in September of 2022. Annual payments are \$40,149.	148,776
The Town leases five police vehicles under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in September of 2021. Annual payments are \$50,430.	142,620

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - LONG TERM DEBT (CONTINUED)

The Town leases a mini loader under a non-cancellable lease agreement. The term of the lease is for a four year period expiring in October of 2020. Annual payments are \$22,867.	43,747
The Town leases a dump truck under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in July of 2022. Annual payments are \$37,885.	138,365
The Town leases a sidewalk tractor under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in September of 2022. Annual payments are \$28,922.	105,083
The Town leases a mini loader under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in September of 2022. Annual payments are \$8,476.	<u>30,782</u>
Total Notes from Direct Borrowings Payable	<u><u>\$ 1,166,047</u></u>

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

	<u>Bonds Payable</u>		<u>Notes from Direct Borrowings Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 932,133	\$ 273,377	\$ 359,729	\$ 37,537
2021	937,133	248,074	335,385	26,870
2022	937,133	218,498	303,560	15,936
2023	862,133	188,919	167,373	5,832
2024	872,133	159,469	-	-
2025-2029	3,240,665	417,996	-	-
2030-2034	478,537	30,197	-	-
	<u>\$ 8,259,867</u>	<u>\$ 1,536,530</u>	<u>\$ 1,166,047</u>	<u>\$ 86,175</u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19	Due Within One Year
Accrued landfill closure	\$ 66,000	\$ -	\$ (6,000)	\$ 60,000	\$ 6,000
Accrued compensated absences	1,272,551	15,709	-	1,288,260	193,239
Net pension liability	3,383,658	-	(1,150,954)	2,232,704	-
Net OPEB liability	753,908	-	(31,715)	722,193	-
	<u>\$ 5,476,117</u>	<u>\$ 15,709</u>	<u>\$ (1,188,669)</u>	<u>\$ 4,303,157</u>	<u>\$ 199,239</u>

Please see Notes 7, 15 and 16 for detailed information on each of the other long-term obligations.

NOTE 7 - ACCRUED 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 obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2019, the Town's liability for compensated absences is \$1,288,260.

NOTE 8 - 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, 2019, the Town's share was as follows:

	Outstanding Debt	Town's Percentage	Total Share
County of York	\$ 2,900,000	5.26%	\$ 152,540
			<u>\$ 152,540</u>

The Town's proportionate share of the County and School Unit debt is paid through annual assessments. The Regional School Unit and the Transit Committee do not currently have any debt.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - NONSPENDABLE FUND BALANCES

The Town has the following nonspendable fund balances at June 30, 2019:

General fund:	
Inventory	\$ 55,853
Prepaid items	1,391
	<u>\$ 57,244</u>

NOTE 10 - RESTRICTED FUND BALANCES

The Town has the following restricted fund balances at June 30, 2019:

Nonmajor special revenue funds (Schedule E)	\$ 38,748
Nonmajor capital projects funds (Schedule G)	91,738
	<u>\$ 130,486</u>

NOTE 11 - COMMITTED FUND BALANCES

The Town has the following committed fund balances at June 30, 2019:

Sewer special revenue fund	\$ 910,213
CIP public works fund	1,777,307
Nonmajor special revenue funds (Schedule E)	350,632
Nonmajor capital projects funds (Schedule G)	391,350
	<u>\$ 3,429,502</u>

NOTE 12 - ASSIGNED FUND BALANCES

The Town has the following assigned fund balances at June 30, 2019:

General fund:	
Utilization of fund balance 2020 budget	\$ 500,000
Police carryforward	24,096
Nonmajor capital projects funds (Schedule G)	2,526
	<u>\$ 526,622</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - 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 14 - 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 participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2019.

The Town is a member of the Maine Municipal Association - Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a "claims made" form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

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, 2019. 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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - 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 or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The 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 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2018 there were 304 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.4%.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 8.0% 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 9.5% of their annual salary, fire department employees are part of the PLD's special plan "2C" and are required to contribute 8.0% of their annual salary, while all other employees are part of the PLD's plan "AC" and are required to contribute 8.0% of their annual salary. The Town is required to contribute 14.2% of special plan "1C" members' covered payroll, 11.4% of special plan "3C" members' covered payroll, 9.1% of special plan "2C" members' covered payroll and 9.5% 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. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2019 was \$494,223.

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

At June 30, 2019, the Town reported a liability of \$2,232,704 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2018, 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, 2018, the Town's proportion was 0.815816%, which was a decrease of 0.0106% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized total pension revenue of \$980,538. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,990	\$ 24,522
Changes of assumptions	356,354	-
Net difference between projected and actual earnings on pension plan investments	7,118	539,109
Changes in proportion and differences between contributions and proportionate share of contributions	-	66,216
Contributions subsequent to the measurement date	494,223	-
Total	\$ 864,685	\$ 629,847

\$494,223 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, 2020. 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
Plan year ended June 30:	
2019	\$ 248,179
2020	(1,474)
2021	(366,753)
2022	(139,336)
2023	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2018, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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 a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 are as follows:

Investment Rate of Return - 6.75% per annum for the year ended June 30, 2018; the rate was 6.875% in 2017, compounded annually.

Salary Increases, Merit and Inflation - 2.75% to 9.00% per year

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Mortality Rates - For participating local districts, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases - 1.91%; in 2017 the rate was 2.20%

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, 2018 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2018. 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,

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2018 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.875% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 5,262,186	\$ 2,232,704	\$ (599,031)

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2018 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2018 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2018, this was three years; prior to 2018, this was four years for the PLD Consolidated Plan.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Differences between Projected and Actual Investment Earnings on Pension Plan Investments

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

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2018 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in 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 active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2018 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - OTHER POSTEMPLOYMENT BENEFITS

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

Employees Covered by Benefit Terms

At January 1, 2019, the following employees were covered by the benefit terms:

Active members	71
Retirees and spouses	<u>5</u>
Total	<u><u>76</u></u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

Retiree Premium Amounts:

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

	2018 - 2019	
	Pre 65	
	Single	Two Person
<u>Pre-Medicare</u>		
MME Health Trust - POS C	\$ 899.84	\$ 2,018.42
<u>Medicare</u>		
Medicare-Eligible Retirees	\$ 528.27	\$ 1,056.54

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

At June 30, 2019, the Town reported a liability of \$722,193 for its total OPEB liability for this Plan. The total OPEB liability was measured as of July 1, 2018 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2019, the Town recognized OPEB expense of \$22,893. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 33,813
Changes of assumptions	9,925	-
Contributions subsequent to the measurement date	10,817	-
Total	<u>\$ 20,742</u>	<u>\$ 33,813</u>

\$10,817 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended June 30:	
2020	\$ (2,565)
2021	(2,565)
2022	(2,565)
2023	(2,565)
2024	(2,565)
Thereafter	(11,063)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2019. The discount rate determination is based on the high quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 4.10% per annum for December 31, 2019 was based upon a measurement date of December 31, 2018. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

	1% Decrease	Discount Rate	1% Increase
	3.10%	4.10%	5.10%
Total OPEB liability	\$ 828,989	\$ 722,193	\$ 634,948
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 828,989</u>	<u>\$ 722,193</u>	<u>\$ 634,948</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 625,462	\$ 722,193	\$ 843,185
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 625,462</u>	<u>\$ 722,193</u>	<u>\$ 843,185</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2018, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2018. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Amortization

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

Assumptions

The actuarial assumptions used in the January 1, 2019 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2018 and December 31, 2019.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2017 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2019, they are as follows:

Discount Rate - 4.10% per annum.

Trend Assumptions:

Pre-Medicare Medical - Initial trend of 8.20% applied in 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug - Initial trend of 9.60% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Medical - Initial trend of 4.93% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Drug - Initial trend of 9.60% applied in 2017 grading over 14 years to 4.00% per annum.

Administrative and claims expense - 3% per annum.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2017 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2019, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2017.

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

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

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

Administrative expenses - Included in the per capita claims cost.

Rates of Turnover - Termination rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2017.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

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

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2018.

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected.

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

Significant actuarial assumptions employed by the actuary for Claim and Expense Assumptions as of January 1, 2019 are as follows

Monthly Per Capita Claims and Expense Cost - For all medical and prescription drug benefits for the year 2019 is expressed per adult covered beneficiary.

Claims reflect all medical and prescription plans offered based on completed incurred experience through June 30, 2018 and projected to 2019 and associate enrollment in the various programs options offered.

Annual administrative and claims adjudication expenses are assumed to be \$430 per period for the year 2019.

Claims below age 65 have been loaded 4.3% for medical and 2.8% for drugs for the cost of children enrolled as dependent of eligible retirees. This figure is based on the expected cost for children of the current retirees. This assumption implicitly assumes that future retirees will have the same child distribution as current retirees.

No covered persons under 65 are assumed to be on Medicare and participants age 65 or older are assumed to be enrolled in Medicare.

Affordable Care Act (ACA) and Healthcare Marketplace - A 2.5% load has been built in to reflect the potential impact of changes from the ACA and its impact on the marketplace and program costs. Some key items are PCORI fees, the extra government

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

subsidies for Medicare Part D that can be enrolled in through an Employer Group Waiver Program, minimum loss ratio requirements that impacted some fully insured programs, federal premium taxes, taxes and requirements on providers in the healthcare system, dynamics of the marketplace with Exchanges, Accountable Care Organizations, etc, and the potential impact of the Excise Tax associated with high-costs employer sponsored health plans.

Medical Plan Election - employees will continue in their current medical plan for their entire career.

Second-to-Die Spousal Life Insurance - not explicitly valued and was estimated to impact roughly 0.2% of the Plan's total liability.

Dependent Children - no liability assumed for dependent children's benefits.

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2019 was \$(33,813).

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2018 and June 30, 2017 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2017 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

years for 2019. For the fiscal year ended June 30, 2019, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at 1 Portland Avenue, Old Orchard Beach, Maine 04064.

NOTE 17 - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2019:

Nonmajor funds:	
Special revenue funds:	
Public Safety Grant	\$ 3,388
Ballpark Restoration	43,346
Memorial Day Parade	3,655
Capital project funds:	
2018 Bond WWT Process	355
	<u>\$ 50,744</u>

NOTE 18 - 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, 2019 are \$72,000, 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, 2019

NOTE 18 - 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 19 - 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.

The rescue and police departments both have significant receivables for ambulance fees and parking tickets that have not been recorded on the Town's books. Management believes that the majority of both of these balances are not considered to be collectable.

NOTE 20 - RESTATEMENT OF FUND BALANCE/NET POSITION

The net position of the governmental activities has been restated as of July 1, 2018 to correct the capital assets balances. The beginning balances were restated by \$626,500, increasing beginning net position from \$17,325,259 to \$17,951,759.

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 - Pension
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB
- 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, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,052,009	\$ 7,052,009	\$ 7,052,009	\$ -
Resources (Inflows):				
Taxes	27,861,030	28,282,476	28,564,444	281,968
Licenses and permits	1,074,000	1,074,000	1,266,279	192,279
Intergovernmental	814,500	860,164	924,577	64,413
Unclassified	179,505	179,505	129,947	(49,558)
Interest earned	65,000	65,000	182,306	117,306
Transfers in	611,854	611,854	616,855	5,001
Amounts Available for Appropriation	<u>37,657,898</u>	<u>38,125,008</u>	<u>38,736,417</u>	<u>611,409</u>
Charges to Appropriations (Outflows):				
General government	5,009,910	5,009,910	4,638,273	371,637
Public works	1,728,662	1,728,662	1,589,519	139,143
Sanitation	1,768,988	1,768,988	1,706,729	62,259
Public safety	5,286,406	5,286,406	5,193,987	92,419
Recreation, culture and agencies	755,500	755,500	723,337	32,163
Health and welfare	85,140	85,140	72,858	12,282
Education	12,170,868	12,244,148	12,244,147	1
County tax	906,100	890,601	890,601	-
Tax abatements/overlay	60,000	405,376	68,708	336,668
Debt service:				
Principal	994,515	994,515	994,513	2
Interest	318,000	318,000	261,309	56,691
Equipment replacement	439,800	439,800	415,201	24,599
Transfers out	1,682,000	1,745,953	1,736,532	9,421
Total Charges to Appropriations	<u>31,205,889</u>	<u>31,672,999</u>	<u>30,535,714</u>	<u>1,137,285</u>
Budgetary Fund Balance, June 30	<u>\$ 6,452,009</u>	<u>\$ 6,452,009</u>	<u>\$ 8,200,703</u>	<u>\$ 1,748,694</u>
Utilization of unassigned fund balance	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ (600,000)</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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>						
Proportion of the net pension liability	0.82%	0.83%	0.82%	0.86%	0.89%	0.94%
Proportionate share of the net pension liability	\$ 2,232,704	\$ 3,383,658	\$ 4,361,763	\$ 2,758,806	\$ 1,370,138	\$ 2,885,673
Covered payroll	\$ 4,162,344	\$ 4,104,773	\$ 3,788,020	\$ 3,645,778	\$ 3,245,914	\$ 2,790,243
Proportionate share of the net pension liability as a percentage of its covered payroll	53.64%	82.43%	115.15%	75.67%	42.21%	103.42%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	86.43%	86.40%	81.61%	88.30%	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.

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

TOWN OF OLD ORCHARD BEACH, MAINE
 SCHEDULE OF CONTRIBUTIONS - PENSION
 LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>						
Contractually required contribution	\$ 494,223	\$ 452,937	\$ 423,575	\$ 385,052	\$ 353,460	\$ 308,665
Contributions in relation to the contractually required contribution	<u>(494,223)</u>	<u>(452,937)</u>	<u>(423,575)</u>	<u>(385,052)</u>	<u>(353,460)</u>	<u>(308,665)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,350,490	\$ 4,162,344	\$ 4,104,773	\$ 3,788,020	\$ 3,645,778	\$ 3,245,914
Contributions as a percentage of covered payroll	11.36%	10.88%	10.32%	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

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/18 (Reporting June 30, 2018)	\$ 753,908	\$ -	\$ 753,908
Changes for the year:			
Service cost	31,267	-	31,267
Interest	26,641	-	26,641
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(67,990)	-	(67,990)
Contributions - employer	-	21,633	(21,633)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(21,633)	(21,633)	-
Administrative expense	-	-	-
Net changes	<u>(31,715)</u>	<u>-</u>	<u>(31,715)</u>
Balances at 1/1/19 (Reporting June 30, 2019)	<u>\$ 722,193</u>	<u>\$ -</u>	<u>\$ 722,193</u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

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

	2019	2018
<u>Total OPEB liability</u>		
Service cost (BOY)	31,267	26,239
Interest (includes interest on service cost)	26,641	26,037
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(45,085)
Changes of assumptions	(67,990)	92,556
Benefit payments, including refunds of member contributions	(21,633)	(16,647)
Net change in total OPEB liability	\$ (31,715)	\$ 83,100
Total OPEB liability - beginning	\$ 753,908	\$ 670,808
Total OPEB liability - ending	\$ 722,193	\$ 753,908
<u>Plan fiduciary net position</u>		
Contributions - employer	21,633	16,647
Contributions - member	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	(21,633)	(16,647)
Administrative expense	-	-
Net change in fiduciary net position	-	-
Plan fiduciary net position - beginning	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -
Net OPEB liability - ending	\$ 722,193	\$ 753,908
Plan fiduciary net position as a percentage of the total OPEB liability	-	-
Covered payroll	\$ 3,778,198	\$ 4,104,773
Net OPEB liability as a percentage of covered payroll	19.1%	18.4%

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

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

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>		
Employer contributions	\$ 21,633	\$ 16,647
Benefit payments	(21,633)	(16,647)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,778,198	\$ 4,162,344
Contributions as a percentage of covered payroll	0.00%	0.00%

* 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, 2019

Changes of Assumptions

For the PLD Consolidated Plan, the discount rate was reduced from 6.875% to 6.75%. In addition, the cost of living benefit increases for the PLD Plan decreased from 2.20% to 1.91%.

There was a change in the discount rate in the MMEHT OPEB Plan from 3.58% to 4.10% per GASB 75 discount rate selection.

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.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
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TOWN OF OLD ORCHARD BEACH, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
REVENUES					
General tax revenues:					
Property taxes	\$ 26,137,030	\$ 421,446	\$ 26,558,476	\$ 26,383,591	\$ (174,885)
Excise taxes	1,404,000	-	1,404,000	1,822,950	418,950
Franchise taxes	200,000	-	200,000	227,015	27,015
Interest and penalties	120,000	-	120,000	130,888	10,888
Intergovernmental revenues:					
Municipal revenue sharing	367,500	-	367,500	403,936	36,436
Homestead exemption	336,000	21,965	357,965	339,352	(18,613)
DOT block grant	56,000	-	56,000	56,772	772
BETE reimbursement	3,000	23,699	26,699	26,731	32
Health/welfare intergovernmental	42,000	-	42,000	25,410	(16,590)
Other intergovernmental	10,000	-	10,000	72,376	62,376
Licenses, permits and fees:					
Parking meters	350,000	-	350,000	413,626	63,626
Parking fines/ordinance violations	143,000	-	143,000	152,072	9,072
Business licenses	225,000	-	225,000	197,203	(27,797)
Building, plumbing, electrical permits	211,000	-	211,000	304,073	93,073
Town agent fees	25,000	-	25,000	25,570	570
Town clerk fees	16,000	-	16,000	16,215	215
Trash bag/septic	57,000	-	57,000	76,905	19,905
Parking lot permits	30,000	-	30,000	69,200	39,200
Planner fee	9,000	-	9,000	9,215	215
Street opening permits	8,000	-	8,000	2,200	(5,800)
Investment income:					
Investment income	65,000	-	65,000	182,306	117,306
Unclassified:					
Sale of town owned property	30,000	-	30,000	-	(30,000)
Refunds/reimbursements	139,505	-	139,505	110,939	(28,566)
Other revenue	10,000	-	10,000	19,008	9,008
Transfers from other funds					
Special revenue funds	611,854	-	611,854	616,855	5,001
Total revenues	<u>\$ 30,605,889</u>	<u>\$ 467,110</u>	<u>\$ 31,072,999</u>	<u>\$ 31,684,408</u>	<u>\$ 611,409</u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Town council	\$ 51,820	\$ -	\$ 51,820	\$ 43,444	\$ 8,376
Administration	805,829	-	805,829	696,414	109,415
Tax collector	113,177	-	113,177	112,652	525
Finance director/treasurer	183,320	-	183,320	164,764	18,556
Assessor	138,762	-	138,762	146,809	(8,047)
Town clerk	149,548	-	149,548	146,331	3,217
Elections	26,589	-	26,589	26,611	(22)
Planning	163,097	-	163,097	165,835	(2,738)
Code enforcement	230,793	-	230,793	223,618	7,175
Building maintenance	80,500	-	80,500	79,324	1,176
Planning, zoning, registration boards	3,825	-	3,825	911	2,914
Contingency	170,000	-	170,000	24,589	145,411
Insurance	2,892,650	-	2,892,650	2,806,971	85,679
	<u>5,009,910</u>	<u>-</u>	<u>5,009,910</u>	<u>4,638,273</u>	<u>371,637</u>
Public works					
General	1,728,662	-	1,728,662	1,589,519	139,143
	<u>1,728,662</u>	<u>-</u>	<u>1,728,662</u>	<u>1,589,519</u>	<u>139,143</u>
Sanitation					
Treatment plant	1,056,488	-	1,056,488	1,036,352	20,136
Solid waste	712,500	-	712,500	670,377	42,123
	<u>1,768,988</u>	<u>-</u>	<u>1,768,988</u>	<u>1,706,729</u>	<u>62,259</u>

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public safety					
Police department	2,645,963	-	2,645,963	2,646,295	(332)
Parking enforcement	107,300	-	107,300	99,092	8,208
Fire/rescue department	2,135,383	-	2,135,383	2,097,350	38,033
Street lights and traffic light expense	242,000	-	242,000	211,293	30,707
Lifeguards	155,760	-	155,760	139,957	15,803
	<u>5,286,406</u>	<u>-</u>	<u>5,286,406</u>	<u>5,193,987</u>	<u>92,419</u>
Recreation, culture and agencies					
Recreation	235,707	-	235,707	238,534	(2,827)
Libby Memorial Library	288,455	-	288,455	288,455	-
Transit District subsidy	140,000	-	140,000	140,000	-
Service agencies	12,500	-	12,500	12,500	-
Historical society	17,938	-	17,938	12,968	4,970
Parks maintenance expense	48,000	-	48,000	30,493	17,507
Conservation commission	12,900	-	12,900	387	12,513
	<u>755,500</u>	<u>-</u>	<u>755,500</u>	<u>723,337</u>	<u>32,163</u>
Health and welfare					
General assistance	85,140	-	85,140	72,858	12,282
	<u>85,140</u>	<u>-</u>	<u>85,140</u>	<u>72,858</u>	<u>12,282</u>

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education	12,170,868	73,280	12,244,148	12,244,147	1
County tax	906,100	(15,499)	890,601	890,601	-
Tax abatements/overlay	60,000	345,376	405,376	68,708	336,668
Debt service					
Equipment replacement	439,800	-	439,800	415,201	24,599
Principal	994,515	-	994,515	994,513	2
Interest	318,000	-	318,000	261,309	56,691
	1,752,315	-	1,752,315	1,671,023	81,292
Transfers out					
Special revenue funds	-	63,953	63,953	54,532	9,421
Capital projects funds	1,682,000	-	1,682,000	1,682,000	-
	1,682,000	63,953	1,745,953	1,736,532	9,421
Total	\$ 31,205,889	\$ 467,110	\$ 31,672,999	\$ 30,535,714	\$ 1,137,285

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, 2019

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Accounts receivable (net of allowance for uncollectibles)	\$ 137,082	\$ -	\$ 137,082
Due from other funds	263,399	509,977	773,376
TOTAL ASSETS	<u>\$ 400,481</u>	<u>\$ 509,977</u>	<u>\$ 910,458</u>
LIABILITIES			
Accounts payable	\$ 15,422	\$ 24,363	\$ 39,785
Due to other funds	46,068	355	46,423
TOTAL LIABILITIES	<u>61,490</u>	<u>24,718</u>	<u>86,208</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	38,748	91,738	130,486
Committed	350,632	391,350	741,982
Assigned	-	2,526	2,526
Unassigned	(50,389)	(355)	(50,744)
TOTAL FUND BALANCES	<u>338,991</u>	<u>485,259</u>	<u>824,250</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 400,481</u>	<u>\$ 509,977</u>	<u>\$ 910,458</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 GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenue	\$ 33,995	\$ -	\$ 33,995
Charges for services	784,562	-	784,562
Other income	99,506	-	99,506
TOTAL REVENUES	918,063	-	918,063
EXPENDITURES			
Public safety	8,839	-	8,839
Recreation, culture and agencies	369,331	-	369,331
Program expenses	69,704	-	69,704
Capital outlay	-	463,066	463,066
TOTAL EXPENDITURES	447,874	463,066	910,940
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	470,189	(463,066)	7,123
OTHER FINANCING SOURCES (USES)			
Transfers in	49,532	431,500	481,032
Transfers (out)	(503,000)	(108,855)	(611,855)
TOTAL OTHER FINANCING SOURCES (USES)	(453,468)	322,645	(130,823)
NET CHANGE IN FUND BALANCES	16,721	(140,421)	(123,700)
FUND BALANCES - JULY 1	322,270	625,680	947,950
FUND BALANCES - JUNE 30	\$ 338,991	\$ 485,259	\$ 824,250

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, 2019

	Rescue Fees	Recreation Programs	Special Dog	Police Grants	Smithwheel Impact Fees	Public Safety Grant
ASSETS						
Accounts receivable (net of allowance for uncollectibles)	\$ 137,082	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	88,533	92,225	15,859	7,961	527	-
TOTAL ASSETS	\$ 225,615	\$ 92,225	\$ 15,859	\$ 7,961	\$ 527	-
LIABILITIES						
Accounts payable	\$ -	\$ 9,356	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	3,388
TOTAL LIABILITIES	-	9,356	-	-	-	3,388
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	7,961	527	-
Committed	225,615	82,869	15,859	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(3,388)
TOTAL FUND BALANCES (DEFICITS)	225,615	82,869	15,859	7,961	527	(3,388)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 225,615	\$ 92,225	\$ 15,859	\$ 7,961	\$ 527	\$ -

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Conservation Tree Grant	Memorial Park Improvements	CDBG Business Facade Grant	Ballpark Restoration	Museum In the Street	Memorial Day Parade
ASSETS						
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	13,389	10,568	11,558	-	5,313	-
TOTAL ASSETS	\$ 13,389	\$ 10,568	\$ 11,558	\$ -	\$ 5,313	\$ -
LIABILITIES						
Accounts payable	\$ -	\$ 1,342	\$ -	\$ 4,121	\$ -	\$ 200
Due to other funds	-	-	-	39,225	-	3,455
TOTAL LIABILITIES	-	1,342	-	43,346	-	3,655
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	13,389	-	11,558	-	5,313	-
Committed	-	9,226	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(43,346)	-	(3,655)
TOTAL FUND BALANCES (DEFICITS)	13,389	9,226	11,558	(43,346)	5,313	(3,655)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 13,389	\$ 10,568	\$ 11,558	\$ -	\$ 5,313	\$ -

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2019

	Community Garden	Veterans Memorial Monument	General Assistance	Canopy Grant	TIF Pines at Ocean Park	Property Tax Assistance	Total
ASSETS							
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,082
Due from other funds	3,506	3,613	1,061	7,754	-	1,532	263,399
TOTAL ASSETS	<u>\$ 3,506</u>	<u>\$ 3,613</u>	<u>\$ 1,061</u>	<u>\$ 7,754</u>	<u>\$ -</u>	<u>\$ 1,532</u>	<u>\$ 400,481</u>
LIABILITIES							
Accounts payable	\$ 403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,422
Due to other funds	-	-	-	-	-	-	46,068
TOTAL LIABILITIES	<u>403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,087</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	38,748
Committed	3,103	3,613	1,061	7,754	-	1,532	350,632
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(50,389)
TOTAL FUND BALANCES (DEFICITS)	<u>3,103</u>	<u>3,613</u>	<u>1,061</u>	<u>7,754</u>	<u>-</u>	<u>1,532</u>	<u>338,991</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 3,506</u>	<u>\$ 3,613</u>	<u>\$ 1,061</u>	<u>\$ 7,754</u>	<u>\$ -</u>	<u>\$ 1,532</u>	<u>\$ 400,481</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, 2019

	Rescue Fees	Recreation Programs	Special Dog	Police Grants	Smithwheel Impact Fees	Public Safety Grant
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 4,792	\$ -	\$ 3,690
Charges for services	541,338	238,443	3,831	-	-	-
Other income	-	250	15,795	1,000	-	-
TOTAL REVENUES	<u>541,338</u>	<u>238,693</u>	<u>19,626</u>	<u>5,792</u>	<u>-</u>	<u>3,690</u>
EXPENDITURES						
Public safety	-	-	-	2,230	-	6,609
Recreation, culture and agencies	-	239,626	-	-	-	-
Other	-	-	13,106	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>239,626</u>	<u>13,106</u>	<u>2,230</u>	<u>-</u>	<u>6,609</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>541,338</u>	<u>(933)</u>	<u>6,520</u>	<u>3,562</u>	<u>-</u>	<u>(2,919)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	(500,000)	-	(3,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(500,000)</u>	<u>-</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	41,338	(933)	3,520	3,562	-	(2,919)
FUND BALANCES (DEFICITS) - JULY 1	<u>184,277</u>	<u>83,802</u>	<u>12,339</u>	<u>4,399</u>	<u>527</u>	<u>(469)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 225,615</u>	<u>\$ 82,869</u>	<u>\$ 15,859</u>	<u>\$ 7,961</u>	<u>\$ 527</u>	<u>\$ (3,388)</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, 2019

	Conservation Tree Grant	Memorial Park Improvements	CDBG Business Facade Grant	Ballpark Restoration	Museum In the Street	Memorial Day Parade
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ 25,513	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	11,525	-	66,744	535	2,000
TOTAL REVENUES	-	11,525	25,513	66,744	535	2,000
EXPENDITURES						
Public safety	-	-	-	-	-	-
Recreation, culture and agencies	-	-	-	128,081	-	-
Other	210	14,560	25,513	-	10,060	4,950
TOTAL EXPENDITURES	210	14,560	25,513	128,081	10,060	4,950
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(210)	(3,035)	-	(61,337)	(9,525)	(2,950)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	48,000	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	48,000	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(210)	(3,035)	-	(13,337)	(9,525)	(2,950)
FUND BALANCES (DEFICITS) - JULY 1	13,599	12,261	11,558	(30,009)	14,838	(705)
FUND BALANCES (DEFICITS) - JUNE 30	\$ 13,389	\$ 9,226	\$ 11,558	\$ (43,346)	\$ 5,313	\$ (3,655)

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, 2019

	Community Garden	Veterans Memorial Monument	General Assistance	Canopy Grant	TIF Pines at Ocean Park	Property Tax Assistance	Total
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,995
Charges for services	950	-	-	-	-	-	784,562
Other income	-	907	750	-	-	-	99,506
TOTAL REVENUES	<u>950</u>	<u>907</u>	<u>750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>918,063</u>
EXPENDITURES							
Public safety	-	-	-	-	-	-	8,839
Recreation, culture and agencies	-	-	1,624	-	-	-	369,331
Other	1,305	-	-	-	-	-	69,704
TOTAL EXPENDITURES	<u>1,305</u>	<u>-</u>	<u>1,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>447,874</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(355)</u>	<u>907</u>	<u>(874)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>470,189</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	1,532	49,532
Transfers (out)	-	-	-	-	-	-	(503,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,532</u>	<u>(453,468)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(355)</u>	<u>907</u>	<u>(874)</u>	<u>-</u>	<u>-</u>	<u>1,532</u>	<u>16,721</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>3,458</u>	<u>2,706</u>	<u>1,935</u>	<u>7,754</u>	<u>-</u>	<u>-</u>	<u>322,270</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 3,103</u>	<u>\$ 3,613</u>	<u>\$ 1,061</u>	<u>\$ 7,754</u>	<u>\$ -</u>	<u>\$ 1,532</u>	<u>\$ 338,991</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, 2019

	Landfill Closure	2018 Bond WWT Process	West Grand Stormwater	FY 2016 Bond Ladder Truck	FY 2017 Bond WWT Storage
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	2,526	-	-	5,282	11,393
TOTAL ASSETS	<u>\$ 2,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,282</u>	<u>\$ 11,393</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	355	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>355</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	5,282	11,393
Committed	-	-	-	-	-
Assigned	2,526	-	-	-	-
Unassigned	-	(355)	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>2,526</u>	<u>(355)</u>	<u>-</u>	<u>5,282</u>	<u>11,393</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 2,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,282</u>	<u>\$ 11,393</u>

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2019

	Library Expansion	CIP Administration	CIP Public Safety	CIP Wastewater	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	75,063	233,438	89,960	92,315	509,977
TOTAL ASSETS	<u>\$ 75,063</u>	<u>\$ 233,438</u>	<u>\$ 89,960</u>	<u>\$ 92,315</u>	<u>\$ 509,977</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 23,505	\$ 858	\$ 24,363
Due to other funds	-	-	-	-	355
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>23,505</u>	<u>858</u>	<u>24,718</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	75,063	-	-	-	91,738
Committed	-	233,438	66,455	91,457	391,350
Assigned	-	-	-	-	2,526
Unassigned	-	-	-	-	(355)
TOTAL FUND BALANCES (DEFICITS)	<u>75,063</u>	<u>233,438</u>	<u>66,455</u>	<u>91,457</u>	<u>485,259</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 75,063</u>	<u>\$ 233,438</u>	<u>\$ 89,960</u>	<u>\$ 92,315</u>	<u>\$ 509,977</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, 2019

	Landfill Closure	2018 Bond WWT Process	West Grand Stormwater	FY 2016 Bond Ladder Truck	FY 2017 Bond WWT Storage
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-	-
EXPENDITURES					
Capital outlay	-	355	-	-	-
TOTAL EXPENDITURES	-	355	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(355)	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	(108,855)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(108,855)	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(355)	(108,855)	-	-
FUND BALANCES (DEFICITS) - JULY 1	2,526	-	108,855	5,282	11,393
FUND BALANCES (DEFICITS) - JUNE 30	\$ 2,526	\$ (355)	\$ -	\$ 5,282	\$ 11,393

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, 2019

	Library Expansion	CIP Administration	CIP Public Safety	CIP Wastewater	Total
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Capital outlay	4,104	70,716	201,398	186,493	463,066
TOTAL EXPENDITURES	<u>4,104</u>	<u>70,716</u>	<u>201,398</u>	<u>186,493</u>	<u>463,066</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,104)</u>	<u>(70,716)</u>	<u>(201,398)</u>	<u>(186,493)</u>	<u>(463,066)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	75,200	241,300	115,000	431,500
Transfers (out)	-	-	-	-	(108,855)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>75,200</u>	<u>241,300</u>	<u>115,000</u>	<u>322,645</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(4,104)	4,484	39,902	(71,493)	(140,421)
FUND BALANCES (DEFICITS) - JULY 1	<u>79,167</u>	<u>228,954</u>	<u>26,553</u>	<u>162,950</u>	<u>625,680</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 75,063</u>	<u>\$ 233,438</u>	<u>\$ 66,455</u>	<u>\$ 91,457</u>	<u>\$ 485,259</u>

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, 2019

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Town hall	\$ 191,910	\$ 1,174,334	\$ 476,208	\$ -	\$ 1,842,452
Public safety	146,817	3,158,419	4,938,613	-	8,243,849
Public works	62,217	1,358,676	4,061,196	13,787,614	19,269,703
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	-	995,368	20,550	-	1,015,918
Library	-	1,696,447	97,073	-	1,793,520
Historical society	-	17,160	-	-	17,160
Treatment plant	876,538	4,496,370	2,491,440	11,966,698	19,831,046
Total General Capital Assets	1,456,465	13,551,690	12,085,080	25,754,312	52,847,547
Less: Accumulated Depreciation	-	(5,853,082)	(8,428,861)	(17,281,061)	(31,563,004)
Net General Capital Assets	\$ 1,456,465	\$ 7,698,608	\$ 3,656,219	\$ 8,473,251	\$ 21,284,543

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, 2019

	General Capital Assets 7/1/18 (Restated)	Additions	Deletions	General Capital Assets 6/30/19
Town hall	\$ 1,783,097	\$ 109,896	\$ (50,541)	\$ 1,842,452
Public safety	8,918,022	198,121	(872,294)	8,243,849
Public works	18,240,736	1,505,377	(476,410)	19,269,703
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	1,015,918	-	-	1,015,918
Library	1,793,520	-	-	1,793,520
Historical society	17,160	-	-	17,160
Treatment plant	19,719,571	186,060	(74,585)	19,831,046
Total General Capital Assets	52,321,923	1,999,454	(1,473,830)	52,847,547
Less: Accumulated Depreciation	(31,004,197)	(2,032,637)	1,473,830	(31,563,004)
Net General Capital Assets	<u>\$ 21,317,726</u>	<u>\$ (33,183)</u>	<u>\$ -</u>	<u>\$ 21,284,543</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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Property taxes	\$ 19,102,512	\$ 19,799,945	\$ 19,855,105	\$ 20,035,807	\$ 20,646,069	\$ 22,407,751	\$ 26,558,476	\$ 24,060,744	\$ 25,131,052	\$ 26,383,591
Other taxes	1,600,567	1,612,199	1,556,265	1,672,781	1,760,752	1,885,245	1,724,000	2,072,112	1,981,023	2,180,853
Licenses and permits	1,165,597	920,275	959,908	868,970	871,142	888,279	1,074,000	1,013,177	1,130,491	1,266,279
Intergovernmental revenues	843,641	835,118	846,777	818,032	668,856	581,289	814,500	1,092,769	762,742	924,577
Investment income	104,417	20,662	7,097	11,889	18,634	41,675	65,000	48,449	80,257	182,306
Other revenues	38,687	50,654	471,893	280,210	26,128	143,022	179,505	20,151	318,783	129,947
Total revenues	<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>30,415,481</u>	<u>28,307,402</u>	<u>29,404,348</u>	<u>31,067,553</u>
Expenditures:										
General government	2,021,057	1,964,273	2,080,171	2,118,590	3,702,730	3,992,765	5,009,910	4,183,561	4,494,925	4,638,273
Public works	1,547,039	1,455,600	1,531,962	1,691,255	1,423,516	1,451,379	1,728,662	1,442,199	1,555,768	1,589,519
Sanitation	1,661,658	1,707,176	1,704,040	1,702,547	1,526,315	1,584,908	1,768,988	1,743,000	1,707,716	1,706,729
Public safety	4,439,462	4,528,474	4,781,266	4,817,067	4,045,878	4,362,626	5,286,406	4,823,825	4,988,436	5,193,987
Recreation, culture and agencies	642,190	625,376	750,599	692,975	681,016	655,844	755,500	683,842	712,943	723,337
Health and welfare	107,822	106,693	103,328	64,810	69,483	71,013	85,140	77,962	78,213	72,858
Education	9,561,944	9,399,388	8,451,151	9,070,942	9,470,881	11,162,780	12,170,868	11,871,271	12,170,868	12,244,147
Debt service (excluding education)	2,127,481	2,154,389	3,212,770	1,532,701	1,119,688	1,205,829	1,752,315	1,085,447	1,209,530	1,255,822
Capital outlay	1,147,808	1,218,334	968,066	6,180	-	202,349	-	252,652	394,726	415,201
Other	804,360	803,521	820,827	851,764	913,327	914,674	966,100	936,884	985,426	959,309
Total expenditures	<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>29,523,889</u>	<u>27,100,643</u>	<u>28,298,551</u>	<u>28,799,182</u>
Other financing sources	328,000	522,000	1,203,000	253,000	463,000	1,089,349	611,854	833,000	703,000	616,855
Other financing (uses)	-	(25,000)	(34,907)	(1,689,082)	(1,206,431)	(1,214,008)	(1,682,000)	(1,161,836)	(1,349,937)	(1,736,532)
Net change in fund balances	(877,400)	(227,371)	460,958	(297,224)	295,316	218,435	(178,554)	877,923	458,860	1,148,694
Special item - transfer to RSU #23	110,720	-	-	-	-	-	-	-	-	-
Fund balances - beginning, restated	5,942,932	5,176,252	4,948,881	5,409,839	4,559,004	4,883,651	4,986,048	5,782,099	6,593,149	7,052,009
Fund balances - ending	<u>\$ 5,176,252</u>	<u>\$ 4,948,881</u>	<u>\$ 5,409,839</u>	<u>\$ 5,112,615</u>	<u>\$ 4,854,320</u>	<u>\$ 5,102,086</u>	<u>\$ 4,807,494</u>	<u>\$ 6,660,022</u>	<u>\$ 7,052,009</u>	<u>\$ 8,200,703</u>

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
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%
2017	24,162,398	23,668,350	558,846	24,227,196	97.96%	100.27%	494,048	2.04%
2018	25,223,008	25,188,256	377,082	25,565,338	99.86%	101.36%	469,809	1.86%
2019	26,537,476	25,802,697	499,205	26,301,902	97.23%	99.11%	734,779	2.77%

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
2010	1,452,628,540	25,890,720	1,478,519,260	1,478,519,260	100.00%	1,533,750,000	96.40%
2011	1,465,055,000	26,354,500	1,491,409,500	1,491,409,500	100.00%	1,531,150,000	97.40%
2012	1,462,394,400	25,894,370	1,488,288,770	1,488,288,770	100.00%	1,508,700,000	98.65%
2013	1,456,932,300	24,658,400	1,481,590,700	1,481,590,700	100.00%	1,457,100,000	101.68%
2014	1,469,603,400	24,927,250	1,494,530,650	1,494,530,650	100.00%	1,455,600,000	102.67%
2015	1,483,197,090	27,051,400	1,510,248,490	1,510,248,490	100.00%	1,494,200,000	101.07%
2016	1,497,609,370	27,051,400	1,524,660,770	1,524,660,770	100.00%	1,554,450,000	98.08%
2017	1,531,444,770	31,453,520	1,562,897,690	1,562,897,690	100.00%	1,611,300,000	97.00%
2018	1,573,769,900	32,791,120	1,606,561,020	1,606,561,020	100.00%	1,669,300,000	96.24%
2019	1,700,305,000	34,170,500	1,734,475,500	1,734,475,500	100.00%	1,750,600,000	99.08%

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
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
2017	6.16	0.60	7.60	1.10	15.46
2018	5.92	0.60	7.58	1.60	15.70
2019	6.65	0.51	7.06	1.08	15.30

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
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
2017	8,624	1,562,898	9,327,960	0.60	1,082	25,291	369
2018	8,624	1,606,561	9,254,380	0.58	1,073	25,291	366
2019	8,908	1,734,475	8,259,867	0.48	927	25,575	323

* 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 50,000 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 General Expenditures and Transfers	Ratio
	Principal	Interest	Total		
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
2017	788,590	296,857	1,085,447	27,100,643	4.01
2018	930,580	278,950	1,209,530	29,648,488	4.08
2019	994,513	261,309	1,255,822	30,535,714	4.11

* Includes early payoff of 1998 bond issuance.

** Includes early payoff of 2003 bond issuance.

TABLE 7

TOWN OF OLD ORCHARD BEACH, MAINE

TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxes</u>	<u>% of Net Tax Levy</u>
Central Maine Power	Utility	\$ 258,729	0.97
Sun Wild Acres	Resort	150,521	0.57
Palace Playland Associates	Amusements	132,267	0.50
Lafayette Old Orchard LLC	Resort	115,162	0.43
Alouette Atlantic Resorts LLC	Resort	101,846	0.38
MHC Pinehurst LLC	Resort	100,394	0.38
Seagate Limited Partnership	Mobile Home Park	97,885	0.37
Taurus Capital Group	Investments	93,895	0.35
Birch Ridge Limited	Apartments	89,035	0.34
Portland Avenue Associates	Resort	75,039	0.28



Proven Expertise & 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

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, 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, 2019 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 December 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Old Orchard Beach'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.

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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
December 11, 2019