

Federal Compliance Audit

Town of Old Orchard Beach, Maine

June 30, 2022



Proven Expertise & Integrity

TOWN OF OLD ORCHARD BEACH, MAINE

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JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Old Orchard Beach, Maine, as of and for the year ended June 30, 2022 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Old Orchard Beach, Maine as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Old Orchard Beach, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Old Orchard Beach, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Old Orchard Beach, Maine's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Old Orchard Beach, Maine's ability to continue as a going concern for a reasonable period of time.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB related information on pages 5 through 11 and 61 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Old Orchard Beach, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, 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 accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2023, on our consideration of the Town of Old Orchard Beach, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Old Orchard Beach, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Old Orchard Beach, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
August 29, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

(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, 2022. 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 regard to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

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

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

Both of the above-mentioned financial statements have 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: All 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, 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 regard 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 \$29,004,568 compared to \$25,273,604 in the prior year, an increase of \$3,730,964.

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 \$14,707,413 at the end of this year for governmental activities.

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

	Governmental Activities	
	2022	2021 (Restated)
Assets		
Current and Other Assets	\$ 21,560,298	\$ 18,393,252
Noncurrent Assets - Capital Assets	20,824,236	21,363,834
Total Assets	<u>42,384,534</u>	<u>39,757,086</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pension	1,560,041	893,767
Deferred Outflows Related to OPEB	184,059	224,260
Total Deferred Outflows of Resources	<u>1,744,100</u>	<u>1,118,027</u>
Liabilities		
Current Liabilities	3,960,406	3,133,702
Noncurrent Liabilities	7,542,987	12,244,251
Total Liabilities	<u>11,503,393</u>	<u>15,377,953</u>
Deferred Inflows of Resources		
Prepaid taxes	921	3,975
Deferred Inflows Related to Pension	3,423,802	84,561
Deferred Inflows Related to OPEB	195,950	135,020
Total Deferred Inflows of Resources	<u>3,620,673</u>	<u>223,556</u>
Net Position		
Net Investment in Capital Assets	13,419,547	12,843,850
Restricted	877,608	153,463
Unrestricted	14,707,413	12,276,291
Total Net Position	<u>\$ 29,004,568</u>	<u>\$ 25,273,604</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 13.08%, while total expenses increased by 8.01%. The biggest increases in revenues were in charges for services and operating grants and contributions while the biggest increases in expenses were in public works, public safety and program expenses and capital outlay.

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

	Governmental Activities	
	2022	2021
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 3,791,090	\$ 2,170,981
Operating grants and contributions	2,239,664	274,644
<i>General Revenues:</i>		
Taxes	31,356,754	30,550,199
Grants and contributions not restricted to specific programs	1,981,721	1,683,004
Investment income	61,631	112,038
Miscellaneous	107,303	172,601
Total Revenues	<u>39,538,163</u>	<u>34,963,467</u>
Expenses		
General government	4,545,626	5,562,030
Public works	2,883,309	2,445,665
Sanitation	2,197,756	2,317,923
Public safety	6,989,662	6,347,212
Recreation, culture and agencies	1,451,100	1,172,112
Health and welfare	113,316	122,193
Education	13,116,575	12,947,900
County tax	936,299	930,872
Tax abatements/overlay	20,683	38,569
Program expenses	1,373,154	787,955
Capital outlay	1,976,217	246,175
Interest on long-term debt	203,502	233,811
Total Expenses	<u>35,807,199</u>	<u>33,152,417</u>
Change in Net Position	3,730,964	1,811,050
Net Position - July 1, Restated	<u>25,273,604</u>	<u>23,462,554</u>
Net Position - June 30	<u>\$ 29,004,568</u>	<u>\$ 25,273,604</u>

Financial Analysis of the Town's Fund Statements

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

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

	<u>2022</u>	<u>2021 (Restated)</u>	<u>Increase (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 84,797	\$ 61,057	\$ 23,740
Committed	27,440	192,984	(165,544)
Assigned	-	-	-
Unassigned	13,467,104	12,281,849	1,185,255
Sewer Special Revenue Fund:			
Committed	963,038	508,287	454,751
CIP Public Works Fund			
Committed	3,043,646	2,791,970	251,676
Total Major Funds	<u>\$ 17,586,025</u>	<u>\$ 15,836,147</u>	<u>\$ 1,749,878</u>
Nonmajor Funds:			
Special revenue funds:			
Restricted	\$ 843,948	\$ 83,984	759,964
Committed	481,293	265,866	215,427
Unassigned	(339,551)	(618,961)	279,410
Capital projects funds:			
Restricted	33,660	104,487	\$ (70,827)
Committed	731,862	637,992	93,870
Assigned	2,526	2,526	-
Unassigned	(791,926)	-	(791,926)
Total Nonmajor Funds	<u>\$ 961,812</u>	<u>\$ 475,894</u>	<u>\$ 485,918</u>

The changes to total fund balances for the general fund, sewer special revenue fund, CIP public works fund and nonmajor funds occurred due to the regular activity of operations.

Budgetary Highlights

The differences between the original and final budget for the general fund were budget adjustments done by the Town for special town meetings or adjustments between departments.

The general fund actual revenues exceeded budget by \$1,297,036. This was due to greater than expected revenues in all revenue categories.

The general fund actual expenditures were under the budget by \$889,085. All expenditure categories finished within or were under budget except for public works, sanitation, public safety and debt service - principal.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2022, the net book value of capital assets recorded by the Town decreased by \$539,598. The decrease was due to current year additions of \$1,340,196 less depreciation expense of \$1,879,794. Refer to Note 5 of Notes to Financial Statements for additional information.

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

	<u>2022</u>	<u>2021</u>
Land and construction in progress	\$ 2,416,870	\$ 2,416,870
Land improvements, buildings and improvements	7,080,491	7,295,236
Machinery, equipment and vehicles	2,542,991	3,060,088
Infrastructure	<u>8,783,884</u>	<u>8,591,640</u>
Total	<u>\$ 20,824,236</u>	<u>\$ 21,363,834</u>

Debt

At June 30, 2022, the Town had \$7,404,689 in bonds and notes from direct borrowings outstanding versus \$8,519,984 last year, a decrease of 13.09%. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately three 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, 2022

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 18,343,730
Investments	1,244,558
Accounts receivable (net of allowance for uncollectibles):	
Taxes	1,145,006
Tax liens	379,170
Other	363,037
Inventory	81,264
Prepaid items	3,533
Total current assets	<u>21,560,298</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	2,416,870
Buildings, vehicles, machinery and equipment and infrastructure, net of accumulated depreciation	<u>18,407,366</u>
Total noncurrent assets	<u>20,824,236</u>
TOTAL ASSETS	<u>42,384,534</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,560,041
Deferred outflows related to OPEB	<u>184,059</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,744,100</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 44,128,634</u></u>

STATEMENT A (CONTINUED)

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 1,549,254
Accrued expenses	220,091
Other liabilities	552,627
Current portion of long-term obligations	<u>1,638,434</u>
Total current liabilities	<u>3,960,406</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	5,391,335
Notes from direct borrowings payable	576,151
Accrued landfill costs	36,000
Accrued compensated absences	911,277
Net pension liability/(asset)	(241,236)
Net OPEB liability	<u>869,460</u>
Total noncurrent liabilities	<u>7,542,987</u>
TOTAL LIABILITIES	<u>11,503,393</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	921
Deferred inflows related to pensions	3,423,802
Deferred inflows related to OPEB	<u>195,950</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,620,673</u>
NET POSITION	
Net investment in capital assets	13,419,547
Restricted	877,608
Unrestricted	<u>14,707,413</u>
TOTAL NET POSITION	<u>29,004,568</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 44,128,634</u></u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 4,545,626	\$ 2,004,215	\$ -	\$ -	\$ (2,541,411)
Public works	2,883,309	-	57,848	-	(2,825,461)
Sanitation	2,197,756	413,306	-	-	(1,784,450)
Public safety	6,989,662	990,751	2,125,472	-	(3,873,439)
Recreation, culture and agencies	1,451,100	382,818	-	-	(1,068,282)
Health and welfare	113,316	-	56,344	-	(56,972)
Education	13,116,575	-	-	-	(13,116,575)
County tax	936,299	-	-	-	(936,299)
Tax abatements/overlay	20,683	-	-	-	(20,683)
Program expenses	1,373,154	-	-	-	(1,373,154)
Capital outlay	1,976,217	-	-	-	(1,976,217)
Interest on long-term debt	203,502	-	-	-	(203,502)
Total government	<u>\$ 35,807,199</u>	<u>\$ 3,791,090</u>	<u>\$ 2,239,664</u>	<u>\$ -</u>	<u>(29,776,445)</u>

STATEMENT B (CONTINUED)

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(29,776,445)
General revenues and transfers:	
Taxes:	
Property taxes, levied for general purposes	29,394,336
Excise taxes	1,962,418
Grants and contributions not restricted to specific programs	1,981,721
Investment income	61,631
Miscellaneous	107,303
Total general revenues	33,507,409
Change in net position	3,730,964
NET POSITION - JULY 1, RESTATED	25,273,604
NET POSITION - JUNE 30	\$ 29,004,568

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

TOWN OF OLD ORCHARD BEACH, MAINE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Sewer Special Revenue	CIP Public Works	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 18,343,730	\$ -	\$ -	\$ -	\$ 18,343,730
Investments	1,244,558	-	-	-	1,244,558
Accounts receivable (net of allowance for uncollectibles):					
Taxes	1,145,006	-	-	-	1,145,006
Tax liens	379,170	-	-	-	379,170
Other	33,452	-	-	329,585	363,037
Inventory	81,264	-	-	-	81,264
Prepaid items	3,533	-	-	-	3,533
Due from other funds	1,285,729	963,038	3,049,446	1,927,873	7,226,086
TOTAL ASSETS	\$ 22,516,442	\$ 963,038	\$ 3,049,446	\$ 2,257,458	\$ 28,786,384
LIABILITIES					
Accounts payable	\$ 1,543,454	\$ -	\$ 5,800	\$ -	\$ 1,549,254
Accrued payroll and related liabilities	147,647	-	-	9,917	157,564
Other liabilities	552,627	-	-	-	552,627
Due to other funds	5,940,357	-	-	1,285,729	7,226,086
TOTAL LIABILITIES	8,184,085	-	5,800	1,295,646	9,485,531
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	921	-	-	-	921
Deferred revenue - property taxes	752,095	-	-	-	752,095
TOTAL DEFERRED INFLOWS OF RESOURCES	753,016	-	-	-	753,016
FUND BALANCES					
Nonspendable	84,797	-	-	-	84,797
Restricted	-	-	-	877,608	877,608
Committed	27,440	963,038	3,043,646	1,213,155	5,247,279
Assigned	-	-	-	2,526	2,526
Unassigned	13,467,104	-	-	(1,131,477)	12,335,627
TOTAL FUND BALANCES	13,579,341	963,038	3,043,646	961,812	18,547,837
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 22,516,442	\$ 963,038	\$ 3,049,446	\$ 2,257,458	\$ 28,786,384

See accompanying independent auditor's 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, 2022

Total Fund Balances	\$ 18,547,837
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	20,824,236
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	752,095
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 pension	1,560,041
Deferred outflows related to OPEB	184,059
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(6,353,468)
Notes from direct borrowings payable	(1,051,221)
Accrued interest	(62,527)
Accrued landfill expenses	(42,000)
Accrued compensated absences	(1,106,508)
Net pension (liability)/asset	241,236
Net OPEB liability	(869,460)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds shown above:	
Deferred inflows related to pension	(3,423,802)
Deferred inflows related to OPEB	<u>(195,950)</u>
Net position of governmental activities	<u><u>\$ 29,004,568</u></u>

See accompanying independent auditor's 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, 2022

	General Fund	Sewer Special Revenue	CIP Public Works	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 31,394,725	\$ -	\$ -	\$ -	\$ 31,394,725
Licenses and permits	1,944,190	-	-	-	1,944,190
Intergovernmental	2,025,913	70,000	-	2,125,472	4,221,385
Other charges for services	-	355,505	-	1,491,395	1,846,900
Investment income	61,631	-	-	-	61,631
Unclassified	83,414	-	-	23,889	107,303
TOTAL REVENUES	35,509,873	425,505	-	3,640,756	39,576,134
EXPENDITURES					
Current:					
General government	5,505,281	-	-	-	5,505,281
Public works	2,021,908	-	-	-	2,021,908
Sanitation	1,935,479	5,762	-	-	1,941,241
Public safety	6,292,883	-	-	120,074	6,412,957
Recreation, culture and agencies	946,239	-	-	392,727	1,338,966
Health and welfare	113,316	-	-	-	113,316
Education	13,116,575	-	-	-	13,116,575
County tax	936,299	-	-	-	936,299
Tax abatements/ overlay	20,683	-	-	-	20,683
Program expenses	-	-	-	1,373,154	1,373,154
Debt service:					
Principal	1,040,043	-	-	-	1,040,043
Interest	203,502	-	-	-	203,502
Equipment replacement	659,214	-	-	-	659,214
Capital outlay	-	-	1,403,816	1,253,383	2,657,199
TOTAL EXPENDITURES	32,791,422	5,762	1,403,816	3,139,338	37,340,338
EXCESS REVENUES OVER (UNDER) EXPENDITURES	2,718,451	419,743	(1,403,816)	501,418	2,235,796
OTHER FINANCING SOURCES (USES)					
Transfers in	510,000	-	1,690,500	494,500	2,695,000
Transfers (out)	(2,185,000)	-	-	(510,000)	(2,695,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,675,000)	-	1,690,500	(15,500)	-
NET CHANGE IN FUND BALANCES	1,043,451	419,743	286,684	485,918	2,235,796
FUND BALANCES - JULY 1, RESTATED	12,535,890	543,295	2,756,962	475,894	16,312,041
FUND BALANCES - JUNE 30	\$ 13,579,341	\$ 963,038	\$ 3,043,646	\$ 961,812	\$ 18,547,837

See accompanying independent auditor's 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, 2022

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 2,235,796</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,340,196
Depreciation expense	<u>(1,879,794)</u>
	<u>(539,598)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(37,971)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	666,274
OPEB	<u>(40,201)</u>
	<u>626,073</u>
Debt proceeds provide current financial resources to governmental funds, but increase long-term obligations in the Statement of Net Position.	
	<u>(536,600)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.	
	<u>1,651,895</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	(3,339,241)
OPEB	<u>(60,930)</u>
	<u>(3,400,171)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued landfill costs	6,000
Accrued compensated absences	299,581
Net pension liability	3,383,342
Net OPEB liability	<u>42,617</u>
	<u>3,731,540</u>
Change in net position of governmental activities (Statement B)	<u>\$ 3,730,964</u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 "Conduit Debt Obligations". The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 "Omnibus 2020". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 "Replacement of Interbank Offered Rates (paragraphs 13-14)". The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 97 "*Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*". The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The 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. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

Measurement Focus - Basic Financial Statements 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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Major revenue sources are from charges for services.
- 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. Major revenue sources are from transfers from the general fund.

Nonmajor Funds

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. 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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

Budget

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

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

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

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

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

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

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

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method).

Prepaid Items

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

Interfund Receivables and Payables

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions Between Funds

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

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$363,037 for the year ended June 30, 2022.

Capital Assets

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

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

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

Estimated useful lives are as follows:

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

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

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

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. 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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 15, 2021 on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. Taxes were due in two installments on September 15, 2021 and March 15, 2022. Interest on unpaid taxes commenced on September 16, 2021 and March 16, 2022 at 6% 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 \$461,917 for the year ended June 30, 2022.

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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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, 2022, the Town's cash balance of \$18,343,730 was comprised of deposits amounting to \$18,054,195. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these bank deposits, \$17,474,287 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk and \$579,908 was uninsured and uncollateralized.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 968,122
ICS statement savings	15,983,201
Cash equivalents	628
	<u>\$ 18,054,195</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments; however, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. The Department's investment in certificates of deposit of \$501,123 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Department 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. Certificates of deposit held with local financial institutions for \$501,123 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2022, the Town had \$501,123 in certificates of deposit and \$743,435 in debt securities. Of this amount \$744,509 was covered by FDIC insurance and \$500,000 was covered by the Securities Investor Protection Corporation and consequently was not exposed to custodial credit risk. The remaining \$243,435 was uninsured and uncollateralized.

<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>\$ 743,435</u>	<u>\$ -</u>	<u>\$ 743,435</u>	<u>\$ -</u>

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2022:

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk - Statutes for the State of Maine authorize the Department 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 Department does not have an investment policy on credit risk.

	June 30, 2022 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	\$ 743,435	\$ -	\$ 743,435	\$ -
Total debt securities	743,435	-	743,435	-
 Total investments by fair value level	 743,435	 \$ -	 \$ 743,435	 \$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	628			
Total cash equivalents measured at the NAV	628			
Total investments and cash equivalents measured at fair value	\$ 744,063			

Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level I or III 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, 2022 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. The Town's investment in corporate bonds are not rated. Certificates of deposit held with local financial institutions for \$501,123 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 1,285,729	\$ 5,940,357
Sewer special revenue fund	963,038	-
CIP public works fund	3,049,446	-
Nonmajor special revenue funds	1,159,825	493,803
Nonmajor capital projects fund	768,048	791,926
	<u>\$ 7,226,086</u>	<u>\$ 7,226,086</u>

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

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2022 consisted of the following:

	Transfers From	Transfers To
General fund	\$ 510,000	\$ 2,185,000
CIP public works fund	1,690,500	-
Nonmajor special revenue funds	10,000	510,000
Nonmajor capital projects fund	484,500	-
	<u>\$ 2,695,000</u>	<u>\$ 2,695,000</u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Balance 7/1/21	Additions	Disposals	Balance 6/30/22
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 635,404	\$ -	\$ -	\$ 635,404
Construction in progress	1,781,466	-	-	1,781,466
	<u>2,416,870</u>	<u>-</u>	<u>-</u>	<u>2,416,870</u>
Depreciated assets:				
Land improvements	1,018,045	-	-	1,018,045
Buildings and improvements	12,805,226	15,209	-	12,820,435
Furniture and fixtures	93,810	-	-	93,810
Machinery and equipment	5,686,933	138,093	-	5,825,026
Vehicles	7,349,333	339,351	-	7,688,684
Infrastructure	27,250,958	847,543	-	28,098,501
	<u>54,204,305</u>	<u>1,340,196</u>	<u>-</u>	<u>55,544,501</u>
Less: accumulated depreciation	<u>(35,257,341)</u>	<u>(1,879,794)</u>	<u>-</u>	<u>(37,137,135)</u>
	<u>18,946,964</u>	<u>(539,598)</u>	<u>-</u>	<u>18,407,366</u>
Net capital assets	<u>\$ 21,363,834</u>	<u>\$ (539,598)</u>	<u>\$ -</u>	<u>\$ 20,824,236</u>
<u>Current year depreciation:</u>				
Town hall				\$ 67,039
Public safety				576,705
Public works				861,401
Library				79,738
Historical society				758
Comfort station				3,514
Treatment plant				259,001
Recreation				12,000
Ballpark				19,638
Total depreciation expense				<u>\$ 1,879,794</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2022:

	Balance, 7/1/21 (Restated)	Additions	Deletions	Balance, 6/30/22	Due Within One Year
Bonds payable	\$ 7,390,601	\$ -	\$ (1,037,133)	\$ 6,353,468	\$ 962,133
Notes from direct borrowings payable	1,129,383	536,600	(614,762)	1,051,221	475,070
	<u>\$ 8,519,984</u>	<u>\$ 536,600</u>	<u>\$ (1,651,895)</u>	<u>\$ 7,404,689</u>	<u>\$ 1,437,203</u>

The following is a summary of outstanding 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.	\$ 1,080,000
\$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.	420,000
\$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.	1,125,000
\$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.	920,000
\$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.	380,000
\$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.	700,000
\$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.	200,000

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG TERM DEBT (CONTINUED)

\$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.	628,468
\$1,000,000, 2020, General Obligation Bond Fund financed with Maine Municipal Bond Bank, due in annual principal installments of \$100,000. Interest is stated at a fixed rate ranging from 1.19% to 1.74%. Maturity in November of 2030.	<u>900,000</u>
Total Bonds Payable	<u>\$ 6,353,468</u>

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

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. Interest is charged at an annual rate of 3.25%.	\$ 55,950
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. Interest is charged at an annual rate of 3.13%.	38,930
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. Interest is charged at an annual rate of 3.74%.	36,519
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. Interest is charged at an annual rate of 3.19%.	8,152
The Town leases a bus for the recreation department under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in July of 2023. Annual principal and interest payments are \$12,794. Interest is charged at an annual rate of 3.31%.	24,371
The Town leases a backhoe under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in December of 2023. Annual principal and interest payments are \$15,923. Interest is charged at an annual rate of 3.15%.	30,403

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG TERM DEBT (CONTINUED)

The Town leases a one-ton truck under a non-cancellable lease agreement. The term of the lease is for a three year period expiring in September of 2021. Annual principal and interest payments are \$9,707. Interest is charged at an annual rate of 3.17%.	9,408
The Town leases a truck under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in September of 2023. Annual principal and interest payments are \$35,565. Interest is charged at an annual rate of 3.17%.	65,976
The Town leases a truck under a non-cancellable lease agreement. The term of the lease is for a four year period expiring in September of 2022. Annual principal and interest payments are \$13,967. Interest is charged at an annual rate of 3.10%.	13,547
The Town leases a tractor under a non-cancellable lease agreement. The term of the lease is for a four year period expiring in September of 2022. Annual principal and interest payments are \$13,442. Interest is charged at an annual rate of 3.10%.	13,038
The Town leases a fire command vehicle under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in November of 2023. Annual principal and interest payments are \$11,499. Interest is charged at an annual rate of 3.21%.	21,932
The Town leases a beach rake under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in July of 2023. Annual principal and interest payments are \$11,169. Interest is charged at an annual rate of 3.31%.	21,276
The Town leases an ambulance under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in August of 2023. Annual principal and interest payments are \$59,109. Interest is charged at an annual rate of 3.19%.	112,777
The Town leases a skid steer tractor under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in March of 2025. Annual principal and interest payments are \$15,045. Interest is charged at an annual rate of 1.68%.	43,660

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG TERM DEBT (CONTINUED)

The Town leases a virtual server under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in September of 2024. Annual principal and interest payments are \$20,828. Interest is charged at an annual rate of 2.07%.	59,983
The Town leases a 2021 Ford Super Duty 550 Truck. The term of the lease is for five years beginning June of 2021, expiring in June of 2026, annual payments of 10,985, interest at a fixed rate of 1.88% per annum.	31,754
The Town leases a 2021 Ford Super Duty F-550 - Gorham Savings Leasing. The term of the lease is five years beginning Sept of 2021, expiring in October of 2025, annual payments of 12,248 including interest at a fixed rate of 1.70% per annum.	40,151
The Town leases a steel platform body and Hydraulic Crane and related equipment. The term of the lease is for a five year period beginning September of 2021 and expiring in September of 2025. Annual payments are \$10,532 including interest at a fixed rate of 1.95% per annum.	68,897
The Town leases one 2021 RAM 5500 6.7L Diesel 4x4 Braun Chief XL ambulance and related equipment from Androscoggin Bank. The term of the lease is six years beginning August of 2021 and expiring August of 2026. Annual payments are \$59,651 including interest at a fixed rate of 2.18% per annum.	279,700
The Town leases two license plate readers for parking enforcement from Androscoggin Bank. The term of the lease is 5 years beginning 2/22/2022 and expiring 2/22/2026. Annual payments are \$18,513 including interest at 2.95%	<u>46,977</u>
Total Notes from Direct Borrowings Payable	<u>\$ 1,051,221</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG TERM DEBT (CONTINUED)

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:

	Bonds Payable		Notes from Direct Borrowings Payable		Total Debt Service
	Principal	Interest	Principal	Interest	
2023	\$ 962,133	\$ 181,491	\$ 475,070	\$ 28,099	\$ 1,646,793
2024	972,133	152,959	278,945	13,905	1,417,942
2025	772,133	126,964	141,340	6,461	1,046,898
2026	772,133	103,660	97,489	3,455	976,737
2027	772,133	79,801	58,377	1,273	911,584
2028-2032	2,045,665	116,075	-	-	2,161,740
2033-2037	57,138	1,027	-	-	58,165
	<u>\$ 6,353,468</u>	<u>\$ 761,977</u>	<u>\$ 1,051,221</u>	<u>\$ 53,193</u>	<u>\$ 8,219,859</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.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2022:

	Balance, 7/1/21	Additions	Deletions	Balance, 6/30/22	Due Within One Year
Accrued landfill closure	\$ 48,000	\$ -	\$ (6,000)	\$ 42,000	\$ 6,000
Accrued compensated absences	1,406,089	-	(299,581)	1,106,508	195,231
Net pension liability	3,142,106	617,281	(4,000,623)	(241,236)	-
Net OPEB liability	912,077	68,777	(111,394)	869,460	-
	<u>\$ 5,508,272</u>	<u>\$ 686,058</u>	<u>\$ (4,417,598)</u>	<u>\$ 1,776,732</u>	<u>\$ 201,231</u>

Please see Notes 8, 18 and 19 for detailed information on each of the other long-term obligations.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 - 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, 2022, the Town's liability for compensated absences is \$1,106,508.

NOTE 9 - 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, 2022, the Town had no overlapping debt.

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.

NOTE 10 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2022:

Invested in capital assets	\$ 57,961,371
Accumulated depreciation	(37,137,135)
Outstanding capital related debt	<u>(7,404,689)</u>
	<u>\$ 13,419,547</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 - RESTRICTED NET POSITION AND FUND BALANCES

The Town has the following restricted net position and fund balances at June 30, 2022:

Nonmajor special revenue funds:	
Police grants	\$ 7,853
Smithwheel impact fees	527
Public safety grant	76,837
SHIP grant	10,345
Conservation tree grant	16,871
CDBG business façade grant	4,408
ARPA child care	718,228
Museum in the street	5,323
AARP grant	3,556
Nonmajor capital projects funds:	
FY 2016 bond ladder truck	5,282
FY 2017 bond WWT storage	11,393
Library expansion	16,985
	<u>\$ 877,608</u>

NOTE 12 - NONSPENDABLE FUND BALANCES

The Town has the following nonspendable fund balances at June 30, 2022:

General fund:	
Inventory	\$ 81,264
Prepaid items	3,533
	<u>\$ 84,797</u>

NOTE 13 - COMMITTED FUND BALANCES

The Town has the following committed fund balances at June 30, 2022:

General fund:	
Encumbrance	\$ 27,440
Sewer special revenue fund	963,038
CIP public works fund	3,043,646
Nonmajor special revenue funds (Schedule E)	481,293
Nonmajor capital projects funds (Schedule G)	731,862
	<u>\$ 5,247,279</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - ASSIGNED FUND BALANCES

The Town has the following assigned fund balances at June 30, 2022:

Nonmajor capital projects funds (Schedule G)	<u>\$ 2,526</u>
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NOTE 15 - 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 16 - 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, 2022.

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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - RISK MANAGEMENT (CONTINUED)

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2022. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 17 - 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.maineper.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, 62 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, 2021, there were 305 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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

interest credited to members' accounts is set by the System's Board of Trustees and is currently 0.93%.

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 9.2% 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 9.7% of their annual salary, fire department employees are part of the PLD's special plan "2C" and are required to contribute 8.4% of their annual salary, while all other employees are part of the PLD's plan "AC" and are required to contribute 7.8% of their annual salary. The Town is required to contribute 15.2% of special plan "1C" members' covered payroll, 13.4% of special plan "3C" members' covered payroll, 11.3% of special plan "2C" members' covered payroll and 10.3% of the plan "AC" members' covered payroll annually to the system along with a predetermined initial unpooled 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, 2022 was \$593,942.

Pension Liabilities/(Assets), Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Town reported an asset of (\$241,236) for its proportionate share of the net pension liabilities/(assets) for the plan. The net pension liabilities/(assets) were measured as of June 30, 2021 and the total pension liabilities/(assets) used to calculate the net pension liabilities/(assets) were determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities/(assets) 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, 2021, the Town's proportion was 0.75067%, which was a decrease of 0.04017% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized total pension revenue of \$661,382. At June 30, 2022, 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, 2022

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 156,050	\$ 16,396
Changes of assumptions	810,049	-
Net difference between projected and actual earnings on pension plan investments	-	3,288,130
Changes in proportion and differences between contributions and proportionate share of contributions	-	119,276
Contributions subsequent to the measurement date	593,942	-
Total	<u>\$ 1,560,041</u>	<u>\$ 3,423,802</u>

\$593,942 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/(asset) in the year ended June 30, 2023. 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:	
2022	\$ (437,812)
2023	(357,688)
2024	(748,496)
2025	(913,706)
2026	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability/(asset) for the Plan was determined by an actuarial valuation as of June 30, 2021, 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, 2022

NOTE 17 - 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 their expected future salary. The normal cost for each member is the product of the member's pay and normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

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

Asset Valuation Method

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

Amortization

The net pension liability/(asset) 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, 2021 are as follows:

Investment Rate of Return - 6.50% per annum for the year ended June 30, 2021, 6.75% per annum for the year ended June 30, 2020, compounded annually.

Salary Increases, Merit and Inflation - 2.75% to 11.48% per year

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Cost of Living Benefit Increases - 1.91%

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, 2021 are summarized in the following table.

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%	7.2%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability/(asset) was 6.50% for 2021 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following table shows how the collective net pension liability/(asset) as of June 30, 2021 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net pension liability/(asset)	\$ 3,432,922	\$ (241,236)	\$ (3,280,248)

Changes in Net Pension Liability/(Asset)

Each employer's share of the collective net pension liability/(asset) is equal to the collective net pension liability/(asset) multiplied by the employer's proportionate share as of June 30, 2021 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, 2021 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 2021 and 2020, this was three years for the PLD Consolidated Plan. For 2019, this was four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years; prior to 2017, this was four years for the PLD Consolidated Plan.

Differences between Projected and Actual Investment Earnings on Pension Plan Investments

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2021 valuation were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Please refer to the Actuarial Methods and Assumptions section for information relating to the use of assumptions.

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2021 Annual Comprehensive Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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, 2022, the following employees were covered by the benefit terms:

Active members	67
Retirees and spouses	<u>4</u>
Total	<u><u>71</u></u>

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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

<u>Pre-Medicare</u>	<u>Single</u>	<u>Family</u>
MME Health Trust - POS C	\$ 1,063.58	\$ 2,385.71
 <u>Medicare</u>		
Medicare-Eligible Retirees	\$ 600.50	\$ 1,201.00

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

At June 30, 2022, the Town reported a liability of \$869,460 for its total OPEB liability for this Plan. The total OPEB liability was measured as of July 1, 2022 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, 2022, the Town recognized OPEB expense of \$58,514. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 145,801
Changes of assumptions	173,796	50,149
Contributions subsequent to the measurement date	<u>10,263</u>	<u>-</u>
Total	<u>\$ 184,059</u>	<u>\$ 195,950</u>

\$10,263 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

	<u>MMEHT</u>
Plan year ended June 30:	
2023	\$ 1,425
2024	1,425
2025	1,424
2026	(4,507)
2027	3,993
Thereafter	(25,914)

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, 2022. 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 2.06% per annum for June 30, 2022 was based upon a measurement date of December 30, 2021. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	1.06%	2.06%	3.06%
Total OPEB liability	\$ 1,017,183	\$ 869,460	\$ 748,791
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 1,017,183</u>	<u>\$ 869,460</u>	<u>\$ 748,791</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:

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 737,342	\$ 869,460	\$ 1,038,270
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 737,342</u>	<u>\$ 869,460</u>	<u>\$ 1,038,270</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, 2022, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2021. 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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Assumptions

The actuarial assumptions used in the January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. As of January 1, 2021, they are as follows:

Discount Rate - 2.06% per annum for year end 2022 reporting. 2.12% per annum for 2021 year end reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2022_fa was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.40%
Rate of Growth in Real Income/GDP per capital 2031+	1.10%
Extra Trend due to Taste/Technology 2031+	1.00%
Expected Health Share of GDP 2031	19.00%
Health Share of GDP Resistance Point	20.00%
Year for Limiting Cost Growth to GDP Growth	2042

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

The trends selected from 2022 to 2025 were based on plan design, population weighting, renewal projections and market analysis. For years 2026 to 2030, these are interpolated from 2025 to 2031 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

Administrative and claims expense - 3% per annum.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

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, 2021.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims. A constant cost sharing in plan design between employer and employees is assumed.

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.

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.

Rate of Mortality:

Healthy Annuitant- Based on 112% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

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

Changes in Net OPEB Liability

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

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. 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, 2022 was (\$145,801).

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 January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. 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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

18 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

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

NOTE 19 - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2022:

Nonmajor funds:	
Special revenue funds:	
Ballpark Restoration	\$ 69,617
Unkown fund 223	28,820
Memorial Day Parade	8,705
TIF Pines at Ocean Park	7,000
FEMA COVID	221,436
FEMA Grant	3,973
Capital project funds:	
Waste water admin bldg 2020	791,926
	<u>\$ 1,131,477</u>

NOTE 20 - OVERSPENT APPROPRIATION

The Town had the following overspent appropriation:

Public works	\$ 294
Sanitation	28,342
Public safety	82,299
Debt service - principal	2,043
Total	<u>\$ 112,978</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 21 - LANDFILL CLOSURE AND POST-CLOSURE 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, 2022 are \$42,000, 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 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 22 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS

The Town has established a tax increment financing district in accordance with Maine statutes to finance development programs located in the Town of Old Orchard Beach. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the district's so called "captured asset value". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness to fund the expenditures of the development program and to finance future expansion.

Milliken Heights Affordable Housing Development and Tax Increment Financing District

In July of 2021, the Town received approval from the Maine State Housing Authority to designate the Milliken Heights Affordable Housing Development and Tax Increment Financing District as an affordable housing development district. The Affordable Housing District is an approximately 4.76 acre vacant parcel of land on Portland Avenue in Old Orchard Beach. The intended affordable housing project in the Affordable Housing District is the construction of a 55 unit residential rental housing project for seniors with 42 of the units occupied by households with income not exceeding 60% of area median income. The taxable Original Assessed Value of the District is \$23,800 as of March 31, 2020.

The TIF District will remain in place for a period of 15 years from adoption. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, will commence by agreement between the Town and the owner/developer and will continue for a period not to exceed 15 years or the remainder of the term of the District designation, whichever is less. No more than 20% of the property taxes to be generated on the construction within the District will be returned to the developer for 15 years. The remaining amount will be retained by the Town and used

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 22 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS
(CONTINUED)

to fund the development plan of the District. The Town Council shall determine, in its discretion, whether it is necessary or appropriate to enter any Credit Enhancement Agreement to grant these abatements. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the commitment it makes in return for the tax abatement. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program. Any projects financed through municipal bonded indebtedness must be approved in advance by the Old Orchard Beach voters.

NOTE 23 - 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 collectible.

NOTE 24 - RESTATEMENTS

In 2022, the Town determined that certain transactions had been recorded incorrectly or omitted. Therefore, a restatement to the beginning fund balances and net position was required. The general fund balance was restated by an increase of \$2,622 to correct liability accounts. The nonmajor special revenue funds were restated by a net increase of \$32,010 to correct the special dog and the CDBG business façade grant funds. The CIP public works fund was restated by a decrease of \$35,008 for funds that belonged in the CDBG business façade grant fund.

The beginning net position for governmental activities was decreased by \$41,951 for a note from direct borrowings payable. The net decrease to the beginning net position for the restatements was \$42,327 from \$25,315,931 to \$25,273,604.

Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of 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, 2022

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1, Restated	\$12,535,890	\$12,535,890	\$12,535,890	\$ -
Resources (Inflows):				
Taxes	31,155,417	31,155,417	31,394,725	239,308
Licenses and permits	1,185,800	1,185,800	1,944,190	758,390
Intergovernmental	1,801,620	1,801,620	2,025,913	224,293
Unclassified	30,000	30,000	83,414	53,414
Interest earned	40,000	40,000	61,631	21,631
Transfers in	510,000	510,000	510,000	-
Amounts Available for Appropriation	<u>47,258,727</u>	<u>47,258,727</u>	<u>48,555,763</u>	<u>1,297,036</u>
Charges to Appropriations (Outflows):				
General government	5,730,941	6,001,505	5,505,281	496,224
Public works	1,852,547	2,021,614	2,021,908	(294)
Sanitation	1,855,145	1,907,137	1,935,479	(28,342)
Public safety	6,018,507	6,210,584	6,292,883	(82,299)
Recreation, culture and agencies	943,099	956,310	946,239	10,071
Health and welfare	115,967	115,967	113,316	2,651
Education	13,116,575	13,116,575	13,116,575	-
County tax	937,000	937,000	936,299	701
Tax abatements/overlay	461,917	461,917	20,683	441,234
Debt service:				
Principal	1,038,000	1,038,000	1,040,043	(2,043)
Interest	236,000	205,204	203,502	1,702
Equipment replacement	683,000	659,555	659,214	341
Transfers out	2,234,139	2,234,139	2,185,000	49,139
Total Charges to Appropriations	<u>35,222,837</u>	<u>35,865,507</u>	<u>34,976,422</u>	<u>889,085</u>
Budgetary Fund Balance, June 30	<u>\$12,035,890</u>	<u>\$11,393,220</u>	<u>\$13,579,341</u>	<u>\$ 2,186,121</u>
Utilization of unassigned fund balance	<u>\$ 500,000</u>	<u>\$ 1,142,670</u>	<u>\$ -</u>	<u>\$(1,142,670)</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*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>PLD Plan:</u>									
Proportion of the net pension liability/(asset)	0.75%	0.79%	0.81%	0.82%	0.83%	0.82%	0.86%	0.89%	0.94%
Proportionate share of the net pension liability/(asset)	\$ (241,236)	\$3,142,106	\$2,472,087	\$2,232,704	\$3,383,658	\$4,361,763	\$2,758,806	\$1,370,138	\$2,885,673
Covered payroll	\$4,416,608	\$4,453,910	\$4,350,490	\$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/(asset) as a percentage of its covered payroll	-5.46%	70.55%	56.82%	53.64%	82.43%	115.15%	75.67%	42.21%	103.42%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	100.86%	88.35%	90.62%	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*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>PLD Plan:</u>									
Contractually required contribution	\$ 593,942	\$ 500,753	\$ 510,657	\$ 494,223	\$ 452,937	\$ 423,575	\$ 385,052	\$ 353,460	\$ 308,665
Contributions in relation to the contractually required contribution	<u>(593,942)</u>	<u>(500,753)</u>	<u>(510,657)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$5,227,444	\$4,416,608	\$4,453,910	\$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%	11.34%	11.47%	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.

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

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)
	<u> </u>	<u> </u>	<u> </u>
Balances at 1/1/21 (Reporting June 30, 2021)	\$ 912,077	\$ -	\$ 912,077
Changes for the year:			
Service cost	53,057	-	53,057
Interest	20,267	-	20,267
Changes of benefits	-	-	-
Differences between expected and actual experience	(79,397)	-	(79,397)
Changes of assumptions	(18,174)	-	(18,174)
Contributions - employer	-	18,370	(18,370)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(18,370)	(18,370)	-
Administrative expense	-	-	-
Net changes	<u>(42,617)</u>	<u>-</u>	<u>(42,617)</u>
Balances at 1/1/22 (Reporting June 30, 2022)	<u>\$ 869,460</u>	<u>\$ -</u>	<u>\$ 869,460</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*

	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>					
Service cost (BOY)	\$ 53,057	\$ 46,088	\$ 28,070	\$ 31,267	\$ 26,239
Interest (includes interest on service cost)	20,267	23,150	30,304	26,641	26,037
Changes of benefit terms	-	-	(16,214)	-	-
Differences between expected and actual experience	(79,397)	-	(93,316)	-	(45,085)
Changes of assumptions	(18,174)	52,916	159,047	(67,990)	92,556
Benefit payments, including refunds of member contributions	(18,370)	(17,663)	(22,498)	(21,633)	(16,647)
Net change in total OPEB liability	\$ (42,617)	\$ 104,491	\$ 85,393	\$ (31,715)	\$ 83,100
Total OPEB liability - beginning	\$ 912,077	\$ 807,586	\$ 722,193	\$ 753,908	\$ 670,808
Total OPEB liability - ending	\$ 869,460	\$ 912,077	\$ 807,586	\$ 722,193	\$ 753,908
<u>Plan fiduciary net position</u>					
Contributions - employer	18,370	17,663	22,498	21,633	16,647
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(18,370)	(18,370)	(22,498)	(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	\$ 869,460	\$ 912,077	\$ 807,586	\$ 722,193	\$ 753,908
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-	-
Covered payroll	\$ 4,007,168	\$ 4,239,699	\$ 4,239,699	\$ 3,778,198	\$ 3,778,198
Net OPEB liability as a percentage of covered payroll	21.7%	21.5%	19.0%	19.1%	20.0%

* 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*

	2022	2021	2020	2019	2018
<u>MMEHT:</u>					
Employer contributions	\$ 18,370	\$ 17,663	\$ 22,498	\$ 21,633	\$ 16,647
Benefit payments	(18,370)	(17,663)	(22,498)	(21,633)	(16,647)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,007,168	\$ 4,239,699	\$ 4,239,699	\$ 4,162,344	\$ 4,162,344
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	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, 2022

Changes of Assumptions

MEPERS PLD Plan:

The discount rate was reduced from 6.75% to 6.50%.

The investment rate of return changed from 6.75% to 6.50%.

In addition, the salary increases for the plan, increased from 2.75% to 2.75% - 11.48% per year.

MMEHT OPEB Plan:

The discount rate was updated to reflect the December 30, 2021 Bond Buyer 20-Bond GO Index. The ultimate trend assumption was reduced to reflect the reduction in the Bond Buyer 20-Bond GO Index.

The following demographic assumptions were updated based on the June 30, 2021 experience study:

Mortality, termination, retirement and salary rates.

The enrollment participation for plans with no employer subsidy was update for ages 65-70.

There was a change in the discount rate from 2.12% to 2.06% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

Other Supplementary Information

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

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

TOWN OF OLD ORCHARD BEACH, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
REVENUES					
General tax revenues:					
Property taxes	\$29,076,417	\$ -	\$ 29,076,417	\$ 29,060,170	\$ (16,247)
Excise taxes	1,705,000	-	1,705,000	1,962,418	257,418
Franchise taxes	210,000	-	210,000	238,519	28,519
Interest and penalties	140,000	-	140,000	108,193	(31,807)
Payments in lieu of taxes	24,000	-	24,000	25,425	1,425
Intergovernmental revenues:					
Municipal revenue sharing	1,014,473	-	1,014,473	1,296,529	282,056
Homestead exemption	548,908	-	548,908	580,159	31,251
DOT block grant	55,000	-	55,000	57,848	2,848
BETE reimbursement	22,239	-	22,239	22,277	38
Health/welfare intergovernmental	63,000	-	63,000	56,344	(6,656)
Other intergovernmental	98,000	-	98,000	12,756	(85,244)
Licenses, permits and fees:					
Parking meters	350,000	-	350,000	713,090	363,090
Parking fines/ordinance violations	146,000	-	146,000	240,478	94,478
Business licenses	225,000	-	225,000	435,727	210,727
Building, plumbing, electrical permits	285,000	-	285,000	304,762	19,762
Town agent fees	25,000	-	25,000	41,068	16,068
Town clerk fees	16,000	-	16,000	13,879	(2,121)
Trash bag/septic	53,000	-	53,000	57,801	4,801
Parking lot permits	74,000	-	74,000	110,780	36,780
Planner fee	9,000	-	9,000	16,605	7,605
Street opening permits	2,800	-	2,800	10,000	7,200
Investment income:					
Investment income	40,000	-	40,000	61,631	21,631
Unclassified:					
Sale of town owned property	30,000	-	30,000	-	(30,000)
Refunds/reimbursements	-	-	-	16,322	16,322
Insurance claims	-	-	-	52,421	52,421
Other revenue	-	-	-	14,671	14,671
Transfers from other funds					
Special revenue funds	510,000	-	510,000	510,000	-
Total revenues	<u>\$ 34,722,837</u>	<u>\$ -</u>	<u>\$ 34,722,837</u>	<u>\$ 36,019,873</u>	<u>\$ 1,297,036</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, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Town council	\$ 52,290	\$ (1,957)	\$ 50,333	\$ 49,287	\$ 1,046
Administration	951,009	83,449	1,034,458	1,029,216	5,242
Tax collector	119,068	(10,890)	108,178	110,379	(2,201)
Finance director/treasurer	191,205	(66,963)	124,242	126,910	(2,668)
Assessor	147,957	(7,023)	140,934	143,631	(2,697)
Town clerk	226,100	(11,454)	214,646	211,258	3,388
Planning	202,312	16,197	218,509	201,555	16,954
Code enforcement	186,600	18,835	205,435	207,429	(1,994)
Building maintenance	85,200	67,659	152,859	151,844	1,015
Abatements	55,000	419,952	474,952	-	474,952
Contingency	150,000	(132,085)	17,915	17,915	-
Insurance	3,364,200	(105,156)	3,259,044	3,255,857	3,187
	<u>5,730,941</u>	<u>270,564</u>	<u>6,001,505</u>	<u>5,505,281</u>	<u>496,224</u>
Public works					
General	<u>1,852,547</u>	<u>169,067</u>	<u>2,021,614</u>	<u>2,021,908</u>	<u>(294)</u>
	<u>1,852,547</u>	<u>169,067</u>	<u>2,021,614</u>	<u>2,021,908</u>	<u>(294)</u>
Sanitation					
Treatment plant	1,070,145	21,196	1,091,341	1,107,723	(16,382)
Solid waste	785,000	30,796	815,796	827,756	(11,960)
	<u>1,855,145</u>	<u>51,992</u>	<u>1,907,137</u>	<u>1,935,479</u>	<u>(28,342)</u>

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public safety					
Police department	2,993,817	60,152	3,053,969	3,088,810	(34,841)
Parking enforcement	137,100	19,192	156,292	167,000	(10,708)
Fire/rescue department	2,468,780	155,884	2,624,664	2,651,923	(27,259)
Street lights and traffic light expense	230,000	(51,719)	178,281	178,281	-
Lifeguards	188,810	8,568	197,378	206,869	(9,491)
	<u>6,018,507</u>	<u>192,077</u>	<u>6,210,584</u>	<u>6,292,883</u>	<u>(82,299)</u>
Recreation, culture and agencies					
Recreation	294,241	19,602	313,843	311,285	2,558
Libby Memorial Library	340,606	-	340,606	340,606	-
Transit District subsidy	200,000	-	200,000	200,000	-
Service agencies	17,700	-	17,700	17,700	-
Historical society	17,602	(7,933)	9,669	5,725	3,944
Parks maintenance expense	64,350	1,542	65,892	60,891	5,001
Conservation commission	8,600	-	8,600	10,032	(1,432)
	<u>943,099</u>	<u>13,211</u>	<u>956,310</u>	<u>946,239</u>	<u>10,071</u>
Health and welfare					
General assistance	115,967	-	115,967	113,316	2,651
	<u>115,967</u>	<u>-</u>	<u>115,967</u>	<u>113,316</u>	<u>2,651</u>

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education	13,116,575	-	13,116,575	13,116,575	-
County tax	937,000	-	937,000	936,299	701
Overlay	461,917	-	461,917	20,683	441,234
Debt service					
Equipment replacement	683,000	(23,445)	659,555	659,214	341
Principal	1,038,000	-	1,038,000	1,040,043	(2,043)
Interest	236,000	(30,796)	205,204	203,502	1,702
	1,957,000	(54,241)	1,902,759	1,902,759	-
Transfers out					
Special revenue funds	59,139	-	59,139	10,000	49,139
Capital projects funds	2,175,000	-	2,175,000	2,175,000	-
	2,234,139	-	2,234,139	2,185,000	49,139
Total Departmental Operations	\$ 35,222,837	\$ 642,670	\$ 35,865,507	\$ 34,976,422	\$ 889,085

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, 2022

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Accounts receivable (net of allowance for uncollectibles)	\$ 329,585	\$ -	\$ 329,585
Due from other funds	<u>1,159,825</u>	<u>768,048</u>	<u>1,927,873</u>
TOTAL ASSETS	<u><u>\$ 1,489,410</u></u>	<u><u>\$ 768,048</u></u>	<u><u>\$ 2,257,458</u></u>
LIABILITIES			
Accrued liabilities	\$ 9,917	\$ -	\$ 9,917
Due to other funds	<u>493,803</u>	<u>791,926</u>	<u>1,285,729</u>
TOTAL LIABILITIES	<u><u>503,720</u></u>	<u><u>791,926</u></u>	<u><u>1,295,646</u></u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	843,948	33,660	877,608
Committed	481,293	731,862	1,213,155
Assigned	-	2,526	2,526
Unassigned	<u>(339,551)</u>	<u>(791,926)</u>	<u>(1,131,477)</u>
TOTAL FUND BALANCES (DEFICITS)	<u><u>985,690</u></u>	<u><u>(23,878)</u></u>	<u><u>961,812</u></u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u><u>\$ 1,489,410</u></u>	<u><u>\$ 768,048</u></u>	<u><u>\$ 2,257,458</u></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, 2022

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenue	\$ 2,125,472	\$ -	\$ 2,125,472
Charges for services	1,491,395	-	1,491,395
Other income	23,889	-	23,889
TOTAL REVENUES	<u>3,640,756</u>	<u>-</u>	<u>3,640,756</u>
EXPENDITURES			
Public safety	120,074	-	120,074
Recreation, culture and agencies	392,727	-	392,727
Program expenses	1,373,154	-	1,373,154
Capital outlay	-	1,253,383	1,253,383
TOTAL EXPENDITURES	<u>1,885,955</u>	<u>1,253,383</u>	<u>3,139,338</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,754,801</u>	<u>(1,253,383)</u>	<u>501,418</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	10,000	484,500	494,500
Transfers (out)	(510,000)	-	(510,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(500,000)</u>	<u>484,500</u>	<u>(15,500)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	1,254,801	(768,883)	485,918
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>(269,111)</u>	<u>745,005</u>	<u>475,894</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 985,690</u>	<u>\$ (23,878)</u>	<u>\$ 961,812</u>

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

Special Revenue Funds

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

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Rescue Fees	Recreation Programs	Special Dog	Police Grants	Smithwheel Impact Fees	Public Safety Grant	SHIP Grant	Conservation Tree Grant
ASSETS								
Accounts receivable (net of allowance for uncollectibles)	\$ 174,588	\$ 700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	137,130	122,074	14,436	7,853	527	76,837	10,345	16,871
TOTAL ASSETS	\$ 311,718	\$ 122,774	\$ 14,436	\$ 7,853	\$ 527	\$ 76,837	\$ 10,345	\$ 16,871
LIABILITIES								
Accrued liabilities	\$ -	\$ 9,917	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	9,917	-	-	-	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	7,853	527	76,837	10,345	16,871
Committed	311,718	112,857	14,436	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	311,718	112,857	14,436	7,853	527	76,837	10,345	16,871
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 311,718	\$ 122,774	\$ 14,436	\$ 7,853	\$ 527	\$ 76,837	\$ 10,345	\$ 16,871

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Memorial Park Improvements	CDBG Business Facade Grant	Ballpark Restoration	Museum In the Street	Unknown Fund 223	ARPA Child Care	Memorial Day Parade	Community Garden	Veterans Memorial Monument
ASSETS									
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	5,159	4,408	-	5,323	-	718,228	-	4,504	3,613
TOTAL ASSETS	<u>\$ 5,159</u>	<u>\$ 4,408</u>	<u>\$ -</u>	<u>\$ 5,323</u>	<u>\$ -</u>	<u>\$ 718,228</u>	<u>\$ -</u>	<u>\$ 4,504</u>	<u>\$ 3,613</u>
LIABILITIES									
Accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	69,617	-	28,820	-	8,705	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>69,617</u>	<u>-</u>	<u>28,820</u>	<u>-</u>	<u>8,705</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	4,408	-	5,323	-	718,228	-	-	-
Committed	5,159	-	-	-	-	-	-	4,504	3,613
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(69,617)	-	(28,820)	-	(8,705)	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>5,159</u>	<u>4,408</u>	<u>(69,617)</u>	<u>5,323</u>	<u>(28,820)</u>	<u>718,228</u>	<u>(8,705)</u>	<u>4,504</u>	<u>3,613</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 5,159</u>	<u>\$ 4,408</u>	<u>\$ -</u>	<u>\$ 5,323</u>	<u>\$ -</u>	<u>\$ 718,228</u>	<u>\$ -</u>	<u>\$ 4,504</u>	<u>\$ 3,613</u>

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	General Assistance	Canopy Grant	TIF Pines at Ocean Park	AARP Grant	Property Tax Assistance	FEMA COVID	FEMA Grant	Total
ASSETS								
Accounts receivable (net of allowance for uncollectibles)	\$ 45	\$ -	\$ -	\$ -	\$ -	\$ 154,252	\$ -	\$ 329,585
Due from other funds	935	7,754	-	3,556	20,272	-	-	1,159,825
TOTAL ASSETS	\$ 980	\$ 7,754	\$ -	\$ 3,556	\$ 20,272	\$ 154,252	\$ -	\$ 1,489,410
LIABILITIES								
Accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,917
Due to other funds	-	-	7,000	-	-	375,688	3,973	493,803
TOTAL LIABILITIES	-	-	7,000	-	-	375,688	3,973	503,720
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	3,556	-	-	-	843,948
Committed	980	7,754	-	-	20,272	-	-	481,293
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	(7,000)	-	-	(221,436)	(3,973)	(339,551)
TOTAL FUND BALANCES (DEFICITS)	980	7,754	(7,000)	3,556	20,272	(221,436)	(3,973)	985,690
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 980	\$ 7,754	\$ -	\$ 3,556	\$ 20,272	\$ 154,252	\$ -	\$ 1,489,410

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, 2022

	Rescue Fees	Recreation Programs	Special Dog	Police Grants	Smithwheel Impact Fees	Public Safety Grant	SHIP Grant	Conservation Tree Grant
REVENUES								
Intergovernmental revenue	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ 138,162	\$ 10,345	\$ -
Charges for services	683,445	322,947	2,544	-	-	-	-	-
Other income	-	803	3,336	5,016	-	-	-	1,000
TOTAL REVENUES	<u>683,445</u>	<u>348,750</u>	<u>5,880</u>	<u>5,016</u>	<u>-</u>	<u>138,162</u>	<u>10,345</u>	<u>1,000</u>
EXPENDITURES								
Public safety	-	-	3,500	-	-	81,919	-	-
Recreation, culture and agencies	-	302,851	-	-	-	-	-	122
Other	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>302,851</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>81,919</u>	<u>-</u>	<u>122</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>683,445</u>	<u>45,899</u>	<u>2,380</u>	<u>5,016</u>	<u>-</u>	<u>56,243</u>	<u>10,345</u>	<u>878</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>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	183,445	45,899	(620)	5,016	-	56,243	10,345	878
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>128,273</u>	<u>66,958</u>	<u>15,056</u>	<u>2,837</u>	<u>527</u>	<u>20,594</u>	<u>-</u>	<u>15,993</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 311,718</u>	<u>\$ 112,857</u>	<u>\$ 14,436</u>	<u>\$ 7,853</u>	<u>\$ 527</u>	<u>\$ 76,837</u>	<u>\$ 10,345</u>	<u>\$ 16,871</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, 2022

	Memorial Park Improvements	CDBG Business Facade Grant	Ballpark Restoration	Museum In the Street	Unknown Fund 223	ARPA Child Care	Memorial Day Parade	Community Garden	Veterans Memorial Monument
REVENUES									
Intergovernmental revenue	\$ -	\$ 943,493	\$ -	\$ -	\$ -	\$ 956,333	\$ -	\$ -	\$ -
Charges for services	-	422,588	58,752	-	-	-	-	1,119	-
Other income	1,032	-	11,677	-	-	-	1,000	-	-
TOTAL REVENUES	1,032	1,366,081	70,429	-	-	956,333	1,000	1,119	-
EXPENDITURES									
Public safety	-	-	-	-	-	-	-	-	-
Recreation, culture and agencies	1,658	-	81,571	-	-	-	4,950	624	-
Other	-	1,031,705	-	-	28,820	238,105	-	-	-
TOTAL EXPENDITURES	1,658	1,031,705	81,571	-	28,820	238,105	4,950	624	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(626)	334,376	(11,142)	-	(28,820)	718,228	(3,950)	495	-
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(626)	334,376	(11,142)	-	(28,820)	718,228	(3,950)	495	-
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	5,785	(329,968)	(58,475)	5,323	-	-	(4,755)	4,009	3,613
FUND BALANCES (DEFICITS) - JUNE 30	\$ 5,159	\$ 4,408	\$ (69,617)	\$ 5,323	\$ (28,820)	\$ 718,228	\$ (8,705)	\$ 4,504	\$ 3,613

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, 2022

	General Assistance	Canopy Grant	TIF Pines at Ocean Park	AARP Grant	Property Tax Assistance	FEMA COVID	FEMA Grant	Total
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ 52,139	\$ -	\$ -	\$ -	\$ -	\$ 2,125,472
Charges for services	-	-	-	-	-	-	-	1,491,395
Other income	-	-	-	25	-	-	-	23,889
TOTAL REVENUES	-	-	52,139	25	-	-	-	3,640,756
EXPENDITURES								
Public safety	-	-	-	-	-	34,655	-	120,074
Recreation, culture and agencies	951	-	-	-	-	-	-	392,727
Other	-	-	52,139	171	22,214	-	-	1,373,154
TOTAL EXPENDITURES	951	-	52,139	171	22,214	34,655	-	1,885,955
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES								
	(951)	-	-	(146)	(22,214)	(34,655)	-	1,754,801
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	10,000	-	-	10,000
Transfers (out)	-	-	(7,000)	-	-	-	-	(510,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(7,000)	-	10,000	-	-	(500,000)
NET CHANGE IN FUND BALANCES (DEFICITS)	(951)	-	(7,000)	(146)	(12,214)	(34,655)	-	1,254,801
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	1,931	7,754	-	3,702	32,486	(186,781)	(3,973)	(269,111)
FUND BALANCES (DEFICITS) - JUNE 30	\$ 980	\$ 7,754	\$ (7,000)	\$ 3,556	\$ 20,272	\$ (221,436)	\$ (3,973)	\$ 985,690

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, 2022

	Landfill Closure	Waste Water Admin Bldg 2020	FY 2016 Bond Ladder Truck	FY 2017 Bond WWT Storage
ASSETS				
Due from other funds	\$ 2,526	\$ -	\$ 5,282	\$ 11,393
TOTAL ASSETS	\$ 2,526	\$ -	\$ 5,282	\$ 11,393
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	791,926	-	-
TOTAL LIABILITIES	-	791,926	-	-
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	-	-	5,282	11,393
Committed	-	-	-	-
Assigned	2,526	-	-	-
Unassigned	-	(791,926)	-	-
TOTAL FUND BALANCES (DEFICITS)	2,526	(791,926)	5,282	11,393
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 2,526	\$ -	\$ 5,282	\$ 11,393

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2022

	Library Expansion	CIP Administration	CIP Public Safety	CIP Wastewater	Total
ASSETS					
Due from other funds	\$ 16,985	\$ 564,649	\$ 122,886	\$ 44,327	\$ 768,048
TOTAL ASSETS	\$ 16,985	\$ 564,649	\$ 122,886	\$ 44,327	\$ 768,048
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	791,926
TOTAL LIABILITIES	-	-	-	-	791,926
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	16,985	-	-	-	33,660
Committed	-	564,649	122,886	44,327	731,862
Assigned	-	-	-	-	2,526
Unassigned	-	-	-	-	(791,926)
TOTAL FUND BALANCES (DEFICITS)	16,985	564,649	122,886	44,327	(23,878)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 16,985	\$ 564,649	\$ 122,886	\$ 44,327	\$ 768,048

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, 2022

	Landfill Closure	Waste Water Admin Bldg 2020	FY 2016 Bond Ladder Truck	FY 2017 Bond WWT Storage
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Capital outlay	-	847,543	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>847,543</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(847,543)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(847,543)	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>2,526</u>	<u>55,617</u>	<u>5,282</u>	<u>11,393</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 2,526</u>	<u>\$ (791,926)</u>	<u>\$ 5,282</u>	<u>\$ 11,393</u>

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, 2022

	Library Expansion	CIP Administration	CIP Public Safety	CIP Wastewater	Total
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-	-
EXPENDITURES					
Capital outlay	15,210	270,155	120,475	-	1,253,383
TOTAL EXPENDITURES	15,210	270,155	120,475	-	1,253,383
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(15,210)	(270,155)	(120,475)	-	(1,253,383)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	238,000	206,500	40,000	484,500
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	238,000	206,500	40,000	484,500
NET CHANGE IN FUND BALANCES (DEFICITS)	(15,210)	(32,155)	86,025	40,000	(768,883)
FUND BALANCES (DEFICITS) - JULY 1	32,195	596,804	36,861	4,327	745,005
FUND BALANCES (DEFICITS) - JUNE 30	\$ 16,985	\$ 564,649	\$ 122,886	\$ 44,327	\$ (23,878)

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, 2022

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Town hall	\$ 191,910	\$ 1,232,684	\$ 538,742	\$ -	\$ 1,963,336
Public safety	146,817	3,322,225	5,953,987	-	9,423,029
Public works	62,217	1,728,540	4,321,426	15,284,260	21,396,443
Transfer station	152,275	152,274	-	-	304,549
Comfort station	26,708	140,569	-	-	167,277
Animal control	-	826	-	-	826
Ballpark	-	995,368	20,550	-	1,015,918
Library	-	1,738,953	97,073	-	1,836,026
Historical society	-	17,160	-	-	17,160
Recreation	-	-	60,000	-	60,000
Treatment plant	1,836,943	4,509,881	2,615,742	12,814,241	21,776,807
Total General Capital Assets	2,416,870	13,838,480	13,607,520	28,098,501	57,961,371
Less: Accumulated Depreciation	-	(6,757,989)	(11,064,529)	(19,314,617)	(37,137,135)
Net General Capital Assets	\$ 2,416,870	\$ 7,080,491	\$ 2,542,991	\$ 8,783,884	\$ 20,824,236

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, 2022

	General Capital Assets 7/1/21	Additions	Deletions	General Capital Assets 6/30/22
Town hall	\$ 1,963,336	\$ -	\$ -	\$ 1,963,336
Public safety	8,996,268	426,761	-	9,423,029
Public works	21,396,443	-	-	21,396,443
Transfer station	304,549	-	-	304,549
Comfort station	167,277	-	-	167,277
Animal control	826	-	-	826
Ballpark	1,015,918	-	-	1,015,918
Library	1,820,817	15,209	-	1,836,026
Historical society	17,160	-	-	17,160
Recreation	60,000	-	-	60,000
Treatment plant	20,878,581	898,226	-	21,776,807
Total General Capital Assets	56,621,175	1,340,196	-	57,961,371
Less: Accumulated Depreciation	(35,257,341)	(1,879,794)	-	(37,137,135)
Net General Capital Assets	<u>\$ 21,363,834</u>	<u>\$ (539,598)</u>	<u>\$ -</u>	<u>\$ 20,824,236</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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Property taxes	\$20,035,807	\$20,646,069	\$22,407,751	\$26,558,476	\$24,060,744	\$25,131,052	\$26,383,591	\$27,828,840	\$28,954,786	\$29,060,170
Other taxes	1,672,781	1,760,752	1,885,245	1,724,000	2,072,112	1,981,023	2,180,853	2,141,729	2,474,768	2,334,555
Licenses and permits	868,970	871,142	888,279	1,074,000	1,013,177	1,130,491	1,266,279	1,266,588	1,336,387	1,944,190
Intergovernmental revenues	818,032	668,856	581,289	814,500	1,092,769	762,742	924,577	1,315,658	1,806,937	2,025,913
Investment income	11,889	18,634	41,675	65,000	48,449	80,257	182,306	276,559	112,038	61,631
Other revenues	280,210	26,128	143,022	179,505	20,151	318,783	129,947	290,085	126,391	83,414
Total revenues	<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>	<u>33,119,459</u>	<u>34,811,307</u>	<u>35,509,873</u>
Expenditures:										
General government	2,118,590	3,702,730	3,992,765	5,009,910	4,183,561	4,494,925	4,638,273	4,823,145	5,190,230	5,505,281
Public works	1,691,255	1,423,516	1,451,379	1,728,662	1,442,199	1,555,768	1,589,519	1,566,947	1,584,264	2,021,908
Sanitation	1,702,547	1,526,315	1,584,908	1,768,988	1,743,000	1,707,716	1,706,729	1,747,646	1,722,747	1,935,479
Public safety	4,817,067	4,045,878	4,362,626	5,286,406	4,823,825	4,988,436	5,193,987	5,498,518	5,732,745	6,292,883
Recreation, culture and agencies	692,975	681,016	655,844	755,500	683,842	712,943	723,337	781,711	792,836	946,239
Health and welfare	64,810	69,483	71,013	85,140	77,962	78,213	72,858	113,222	122,193	113,316
Education	9,070,942	9,470,881	11,162,780	12,170,868	11,871,271	12,170,868	12,244,147	12,821,471	12,947,900	13,116,575
Debt service (excluding education)	1,532,701	1,119,688	1,205,829	1,752,315	1,085,447	1,209,530	1,255,822	1,177,018	1,170,944	1,243,545
Capital outlay	6,180	-	202,349	-	252,652	394,726	415,201	596,903	601,391	659,214
Other	851,764	913,327	914,674	966,100	936,884	985,426	959,309	943,890	969,441	956,982
Total expenditures	<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>	<u>30,070,471</u>	<u>30,834,691</u>	<u>32,791,422</u>
Other financing sources	253,000	463,000	1,089,349	611,854	833,000	703,000	616,855	503,000	500,000	510,000
Other financing (uses)	(1,689,082)	(1,206,431)	(1,214,008)	(1,682,000)	(1,161,836)	(1,349,937)	(1,736,532)	(1,836,047)	(1,826,524)	(2,185,000)
Net change in fund balances	(297,224)	295,316	218,435	(178,554)	877,923	458,860	1,148,694	1,715,941	2,650,092	1,043,451
Fund balances - beginning	5,409,839	4,559,004	4,883,651	4,986,048	5,782,099	6,593,149	7,052,009	8,167,235	9,885,798	12,535,890
Fund balances - ending	<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>	<u>\$ 9,883,176</u>	<u>\$ 12,535,890</u>	<u>\$ 13,579,341</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
2013	\$ 19,912,599	\$ 19,328,189	\$ 557,838	\$ 19,886,027	97.07%	99.87%	\$ 584,410	2.93%
2014	20,624,523	20,036,111	664,806	20,700,917	97.15%	100.37%	588,412	2.85%
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%
2020	27,797,456	26,688,808	644,495	27,353,303	96.01%	98.40%	1,108,648	3.99%
2021	28,082,431	27,383,355	647,895	28,031,250	97.51%	99.82%	699,076	2.49%
2022	29,076,417	28,729,791	744,192	29,473,983	98.81%	101.37%	346,626	1.19%

TOWN OF OLD ORCHARD BEACH, MAINE

ASSESSED 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
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%
2020	1,756,690,000	36,694,250	1,793,384,250	1,793,384,250	100.00%	1,856,850,000	96.58%
2021	1,781,857,000	39,312,349	1,821,169,349	1,821,169,340	100.00%	1,935,350,000	94.10%
2022	2,016,939,360	36,479,940	2,053,419,300	2,053,419,300	100.00%	2,120,900,000	96.82%

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
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	6.77	0.56	6.77	1.60	15.70
2019	6.65	0.51	7.06	1.08	15.30
2020	6.20	0.51	7.15	1.64	15.50
2021	6.45	0.51	7.11	1.35	15.42
2022	6.12	0.42	6.37	1.25	14.16

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
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
2020	8,960	1,793,384	8,327,734	0.46	929	25,626	325
2021	9,427	1,821,169	7,390,601	0.41	784	26,093	283
2022	9,299	2,053,419	8,327,734	0.41	896	26,093	319

* 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		
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	30,353,714	4.14%
2020	932,133	244,885	1,177,018	31,906,518	3.69%
2021	937,133	261,910	1,199,043	31,906,518	3.76%
2022	1,040,043	203,502	1,243,545	34,976,422	3.56%

TOWN OF OLD ORCHARD BEACH, MAINE

TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxes</u>	<u>% of Net Tax Levy</u>
Central Maine Power	Utility	\$ 245,774	0.85
Lafayette Old Orchard LLC	Resort	209,919	0.72
Sun Wild Acres	Resort	157,812	0.54
Palace Playland Associates	Amusements	129,455	0.45
Seagate Limited Partnership	Mobile Home Park	99,705	0.34
New Heritage Builders, Inc.	Developers	96,110	0.33
Alouette Atlantic Resorts LLC	Resort	94,493	0.32
MHC Pinehirst LLC #5045	Resort	93,690	0.32
Taurus Capital Group	Resort	89,277	0.31
Birch Ridge Limited	Apartments	82,631	0.28

Federal Compliance

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

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

TOWN OF OLD ORCHARD BEACH, MAINE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal AL Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development State of Maine Office of Community Development:				
CDBG Cluster:				
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	N/A	\$ -	\$ 941,949
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	N/A	-	402,067
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	N/A	-	5,241
Subtotal CDBG Cluster			<u>-</u>	<u>1,349,257</u>
Total U.S. Department of Housing and Urban Development			<u>-</u>	<u>1,349,257</u>
U.S. Department of Justice Direct Award:				
Byrne Criminal Justice Innovation Program	16.817	N/A	<u>-</u>	<u>15,369</u>
Total U.S. Department of Justice			<u>-</u>	<u>15,369</u>
U.S. Department of the Treasury Direct Award:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>-</u>	<u>238,105</u>
Total U.S. Department of the Treasury			<u>-</u>	<u>238,105</u>
U.S. Department of Homeland Security Direct Award:				
Assistance to Firefighters Grant	97.044	N/A	<u>-</u>	<u>42,760</u>
Total U.S. Department of Homeland Security			<u>-</u>	<u>42,760</u>
Total Federal Expenditures			<u>\$ -</u>	<u>\$ 1,645,491</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Old Orchard Beach, Maine under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Old Orchard Beach, Maine it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Old Orchard Beach, Maine.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Town of Old Orchard Beach, Maine has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



Proven Expertise & Integrity

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

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, 2022 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 August 29, 2023.

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*. We noted certain other matters that we reported to management of the Town of Old Orchard Beach, Maine in a separate letter dated August 29, 2023.

Purpose of this Report

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

A handwritten signature in black ink that reads "RHR Smith & Company". The signature is written in a cursive, flowing style.

Buxton, Maine
August 29, 2023



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

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

Report on Compliance for Each Major Federal Program

Unmodified Opinion

We have audited the Town of Old Orchard Beach, Maine's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town of Old Orchard Beach, Maine's major federal programs for the year ended June 30, 2022. The Town of Old Orchard Beach, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Town of Old Orchard Beach, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Unmodified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibility section of our report.

We are required to be independent of the Town of Old Orchard Beach, Maine and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Old Orchard Beach, Maine's compliance with the compliance requirements referred to above.

Management's Responsibility

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Old Orchard Beach, Maine's federal programs.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on the Town of Old Orchard Beach, Maine's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Old Orchard Beach, Maine's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Old Orchard Beach, Maine's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Old Orchard Beach, Maine's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Old Orchard Beach, Maine's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibility section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Old Orchard Beach, Maine's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. the Town of Old Orchard Beach, Maine's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
August 29, 2023

TOWN OF OLD ORCHARD BEACH, MAINE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

- *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes X no
- Significant deficiency(ies) identified? ___yes X no
- Noncompliance material to financial statements noted? ___yes X no

- *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? ___yes X no
- Significant deficiency(ies) identified? ___yes X no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
 In accordance with 2 CFR 200.516(a)? ___yes X no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.228	CDBG Cluster

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? ___yes X no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None