

Audited Financial Information and
Other Supplementary Material

Town of Old Orchard Beach, Maine

June 30, 2021



Proven Expertise & Integrity

TOWN OF OLD ORCHARD BEACH, MAINE

CONTENTS

JUNE 30, 2021

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12 - 13
STATEMENT B - STATEMENT OF ACTIVITIES	14 - 15
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	16
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	17
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	18
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
NOTES TO FINANCIAL STATEMENTS	20 - 59
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	60
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	61
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	62
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSION	63

SCHEDULE 4 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	64
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	65
SCHEDULE 6 - SCHEDULE OF CONTRIBUTIONS - OPEB	66
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	67
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	68
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	69
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	70 - 72
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	73
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	74
SPECIAL REVENUE FUNDS DESCRIPTION	75
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	76 - 78
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	79 - 81
CAPITAL PROJECTS FUNDS DESCRIPTION	82
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	83 - 84
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	85 - 86
GENERAL CAPITAL ASSETS DESCRIPTION	87
SCHEDULE I - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	88

SCHEDULE J - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	89
---	----

STATISTICAL SECTION

TABLE 1 - REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GENERAL FUND - GAAP BASIS - LAST TEN FISCAL YEARS	90
TABLE 2 - PROPERTY TAX LEVIES AND COLLECTIONS - LAST TEN FISCAL YEARS	91
TABLE 3 - ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY - LAST TEN FISCAL YEARS	92
TABLE 4 - PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS (PER \$1,000 OF ASSESSED VALUE) - LAST TEN FISCAL YEARS	93
TABLE 5 - RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND GENERAL BONDED DEBT PER CAPITA - LAST TEN FISCAL YEARS	94
TABLE 6 - RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES LAST TEN FISCAL YEARS	95
TABLE 7 - TEN LARGEST TAXPAYERS	96

FEDERAL COMPLIANCE

INDEPENDENT AUDITORS' REPORT OVER FINANCIAL REPORTING AND ON COMPLIANCE AND ON OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	97 - 98
---	---------



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2021 and the related notes to the financial statements, which collectively comprise the Town of Old Orchard Beach, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Old Orchard Beach, Maine as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB related information on pages 4 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Old Orchard Beach, Maine's basic financial statements. The 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 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 the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2022, on our consideration of the Town of Old Orchard Beach, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Old Orchard Beach, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
May 23, 2022

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

(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, 2021. 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 \$25,315,931 compared to \$23,504,881 in the prior year, an increase of \$1,811,050.

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 \$12,276,667 at the end of this year for governmental activities.

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

	Governmental Activities	
	2021	2020
Assets		
Current and Other Assets	\$ 18,393,628	\$ 17,470,933
Noncurrent Assets - Capital Assets	21,363,834	21,093,250
Total Assets	<u>39,757,462</u>	<u>38,564,183</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pension	893,767	928,555
Deferred Outflows Related to OPEB	224,260	205,717
Total Deferred Outflows of Resources	<u>1,118,027</u>	<u>1,134,272</u>
Liabilities		
Current Liabilities	3,091,751	2,608,341
Noncurrent Liabilities	12,244,251	12,775,106
Total Liabilities	<u>15,336,002</u>	<u>15,383,447</u>
Deferred Inflows of Resources		
Prepaid taxes	3,975	-
Deferred Inflows Related to Pension	84,561	649,307
Deferred Inflows Related to OPEB	135,020	160,820
Total Deferred Inflows of Resources	<u>223,556</u>	<u>810,127</u>
Net Position		
Net Investment in Capital Assets	12,885,801	11,317,889
Restricted	153,463	722,419
Unrestricted	12,276,667	11,464,573
Total Net Position	<u>\$ 25,315,931</u>	<u>\$ 23,504,881</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 2.39%, while total expenses increased by 4.21%. The biggest increases in revenues were in tax revenue and grants and contributions not restricted to specific programs while the biggest increases in expenses were in general government, public works, public safety and program expenses.

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

	Governmental Activities	
	2021	2020
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 2,170,981	\$ 2,164,597
Operating grants and contributions	274,644	166,092
<i>General Revenues:</i>		
Taxes	30,550,199	29,945,012
Grants and contributions not restricted to specific programs	1,683,004	1,194,808
Investment income	112,038	276,559
Miscellaneous	172,601	401,395
Total Revenues	34,963,467	34,148,463
Expenses		
General government	5,562,030	5,111,881
Public works	2,445,665	2,099,572
Sanitation	2,317,923	2,238,569
Public safety	6,347,212	6,043,623
Recreation, culture and agencies	1,172,112	1,203,234
Health and welfare	122,193	113,222
Education	12,947,900	12,821,471
County tax	930,872	910,754
Tax abatements/overlay	38,569	33,136
Program expenses	787,955	113,505
Capital outlay	246,175	878,475
Interest on long-term debt	233,811	244,885
Total Expenses	33,152,417	31,812,327
Change in Net Position	1,811,050	2,336,136
Net Position - July 1	23,504,881	21,168,745
Net Position - June 30	\$ 25,315,931	\$ 23,504,881

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,

	2021	2020	Increase (Decrease)
Major Funds:			
General Fund:			
Nonspendable	\$ 61,057	\$ 58,489	\$ 2,568
Committed	192,984	31,599	161,385
Assigned	-	1,000,000	(1,000,000)
Unassigned	12,279,227	8,793,088	3,486,139
Sewer Special Revenue Fund:			
Committed	543,295	641,211	(97,916)
CIP Public Works Fund			
Committed	2,791,970	2,730,850	61,120
Total Major Funds	\$ 15,868,533	\$ 13,255,237	\$ 2,613,296
Nonmajor Funds:			
Special revenue funds:			
Restricted	\$ 48,976	\$ 66,722	(17,746)
Committed	268,864	379,123	(110,259)
Unassigned	(618,961)	(46,402)	(572,559)
Capital projects funds:			
Restricted	104,487	655,697	\$ (551,210)
Committed	637,992	578,260	59,732
Assigned	2,526	2,526	-
Total Nonmajor Funds	\$ 443,884	\$ 1,635,926	\$ (1,192,042)

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 \$2,583,267. This was due to greater than expected revenues in all revenue categories with the exception of transfers from other funds.

The general fund actual expenditures were under the budget by \$1,081,825. All expenditure categories finished within or were under budget except for health and welfare.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the Town increased by \$270,584. The increase was due to current year additions of \$2,150,378 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>2021</u>	<u>2020</u>
Land and construction in progress	\$ 2,416,870	\$ 1,884,966
Land improvements, buildings and improvements	7,295,236	7,471,025
Machinery, equipment and vehicles	3,060,088	3,758,462
Infrastructure	<u>8,591,640</u>	<u>7,978,797</u>
Total	<u>\$ 21,363,834</u>	<u>\$ 21,093,250</u>

Debt

At June 30, 2021, the Town had \$8,478,033 in bonds and notes from direct borrowings outstanding versus \$9,775,361 last year, a decrease of 13.27%. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

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, 2021

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 15,783,201
Investments	744,059
Accounts receivable (net of allowance for uncollectibles):	
Taxes	1,108,527
Tax liens	408,690
Other	288,094
Inventory	57,388
Prepaid items	3,669
Total current assets	<u>18,393,628</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>18,946,964</u>
Total noncurrent assets	<u>21,363,834</u>
TOTAL ASSETS	<u>39,757,462</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	893,767
Deferred outflows related to OPEB	224,260
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,118,027</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 40,875,489</u>

STATEMENT A (CONTINUED)

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 840,314
Accrued expenses	110,198
Other liabilities	399,185
Current portion of long-term obligations	<u>1,742,054</u>
Total current liabilities	<u>3,091,751</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	6,353,468
Notes from direct borrowings payable	583,742
Accrued landfill costs	42,000
Accrued compensated absences	1,210,858
Net pension liability	3,142,106
Net OPEB liability	<u>912,077</u>
Total noncurrent liabilities	<u>12,244,251</u>
TOTAL LIABILITIES	<u>15,336,002</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	3,975
Deferred inflows related to pensions	84,561
Deferred inflows related to OPEB	<u>135,020</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>223,556</u>
NET POSITION	
Net investment in capital assets	12,885,801
Restricted	153,463
Unrestricted	<u>12,276,667</u>
TOTAL NET POSITION	<u>25,315,931</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 40,875,489</u></u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 5,562,030	\$ 674,629	\$ -	\$ -	\$ (4,887,401)
Public works	2,445,665	-	54,532	-	(2,391,133)
Sanitation	2,317,923	291,079	-	-	(2,026,844)
Public safety	6,347,212	405,099	150,711	-	(5,791,402)
Recreation, culture and agencies	1,172,112	800,174	-	-	(371,938)
Health and welfare	122,193	-	69,401	-	(52,792)
Education	12,947,900	-	-	-	(12,947,900)
County tax	930,872	-	-	-	(930,872)
Tax abatements/overlay	38,569	-	-	-	(38,569)
Program expenses	787,955	-	-	-	(787,955)
Capital outlay	246,175	-	-	-	(246,175)
Interest on long-term debt	233,811	-	-	-	(233,811)
Total government	<u>\$ 33,152,417</u>	<u>\$ 2,170,981</u>	<u>\$ 274,644</u>	<u>\$ -</u>	<u>(30,706,792)</u>

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(30,706,792)</u>
General revenues and transfers:	
Taxes:	
Property taxes, levied for general purposes	28,510,140
Excise taxes	2,040,059
Grants and contributions not restricted to specific programs	1,683,004
Investment income	112,038
Miscellaneous	172,601
Total general revenues	<u>32,517,842</u>
Change in net position	1,811,050
NET POSITION - JULY 1	<u>23,504,881</u>
NET POSITION - JUNE 30	<u><u>\$ 25,315,931</u></u>

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

STATEMENT C

TOWN OF OLD ORCHARD BEACH, MAINE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Sewer Special Revenue	CIP Public Works	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 15,783,201	\$ -	\$ -	\$ -	\$ 15,783,201
Investments	744,059	-	-	-	744,059
Accounts receivable (net of allowance for uncollectibles):					
Taxes	1,108,527	-	-	-	1,108,527
Tax liens	408,690	-	-	-	408,690
Other	80,901	-	-	207,193	288,094
Inventory	57,388	-	-	-	57,388
Prepaid items	3,669	-	-	-	3,669
Due from other funds	502,169	543,295	2,797,770	1,009,904	4,853,138
TOTAL ASSETS	\$ 18,688,604	\$ 543,295	\$ 2,797,770	\$ 1,217,097	\$ 23,246,766
LIABILITIES					
Accounts payable	\$ 563,470	\$ -	\$ 5,800	\$ 271,044	\$ 840,314
Accrued payroll and related liabilities	47,671	-	-	-	47,671
Other liabilities	399,185	-	-	-	399,185
Due to other funds	4,350,969	-	-	502,169	4,853,138
TOTAL LIABILITIES	5,361,295	-	5,800	773,213	6,140,308
DEFERRED INFLOWS OF RESOURCES					
Prepaid items	3,975	-	-	-	3,975
Deferred revenue - property taxes	790,066	-	-	-	790,066
TOTAL DEFERRED INFLOWS OF RESOURCES	794,041	-	-	-	794,041
FUND BALANCES					
Nonspendable	61,057	-	-	-	61,057
Restricted	-	-	-	153,463	153,463
Committed	192,984	543,295	2,791,970	906,856	4,435,105
Assigned	-	-	-	2,526	2,526
Unassigned	12,279,227	-	-	(618,961)	11,660,266
TOTAL FUND BALANCES	12,533,268	543,295	2,791,970	443,884	16,312,417
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 18,688,604	\$ 543,295	\$ 2,797,770	\$ 1,217,097	\$ 23,246,766

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

TOWN OF OLD ORCHARD BEACH, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

	Total Governmental Funds
Total Fund Balances	\$ 16,312,417
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	21,363,834
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	790,066
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	893,767
Deferred outflows related to OPEB	224,260
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(7,390,601)
Notes from direct borrowings payable	(1,087,432)
Accrued interest	(62,527)
Accrued landfill expenses	(48,000)
Accrued compensated absences	(1,406,089)
Net pension liability	(3,142,106)
Net OPEB liability	(912,077)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds shown above:	
Deferred inflows related to pension	(84,561)
Deferred inflows related to OPEB	(135,020)
Net position of governmental activities	\$ 25,315,931

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

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Sewer Special Revenue	CIP Public Works	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 31,429,554	\$ -	\$ -	\$ -	\$ 31,429,554
Licenses and permits	1,336,387	-	-	-	1,336,387
Intergovernmental	1,806,937	-	-	150,711	1,957,648
Other charges for services	-	240,745	-	593,849	834,594
Investment income	112,038	-	-	-	112,038
Unclassified	126,391	-	-	46,210	172,601
TOTAL REVENUES	34,811,307	240,745	-	790,770	35,842,822
EXPENDITURES					
Current:					
General government	5,190,230	-	-	-	5,190,230
Public works	1,584,264	-	-	-	1,584,264
Sanitation	1,722,747	338,661	-	-	2,061,408
Public safety	5,732,745	-	-	37,762	5,770,507
Recreation, culture and agencies	792,836	-	-	267,142	1,059,978
Health and welfare	122,193	-	-	-	122,193
Education	12,947,900	-	-	-	12,947,900
County tax	930,872	-	-	-	930,872
Tax abatements/ overlay	38,569	-	-	-	38,569
Program expenses	-	-	-	787,955	787,955
Debt service:					
Principal	937,133	-	-	-	937,133
Interest	233,811	-	-	-	233,811
Equipment replacement	601,391	-	-	-	601,391
Capital outlay	-	-	1,302,880	852,477	2,155,357
TOTAL EXPENDITURES	30,834,691	338,661	1,302,880	1,945,336	34,421,568
EXCESS REVENUES OVER (UNDER) EXPENDITURES	3,976,616	(97,916)	(1,302,880)	(1,154,566)	1,421,254
OTHER FINANCING SOURCES (USES)					
Transfers in	500,000	-	1,364,000	484,025	2,348,025
Transfers (out)	(1,826,524)	-	-	(521,501)	(2,348,025)
TOTAL OTHER FINANCING SOURCES (USES)	(1,326,524)	-	1,364,000	(37,476)	-
NET CHANGE IN FUND BALANCES	2,650,092	(97,916)	61,120	(1,192,042)	1,421,254
FUND BALANCES - JULY 1	9,883,176	641,211	2,730,850	1,635,926	14,891,163
FUND BALANCES - JUNE 30	\$ 12,533,268	\$ 543,295	\$ 2,791,970	\$ 443,884	\$ 16,312,417

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

TOWN OF OLD ORCHARD BEACH, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,421,254</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	2,150,378
Depreciation expense	<u>(1,879,794)</u>
	<u>270,584</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(879,355)</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	(34,788)
OPEB	18,543
	<u>(16,245)</u>
Debt proceeds provide current financial resources to governmental funds, but increase long-term obligations in the Statement of Net Position.	
	<u>(172,779)</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>1,470,107</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	564,746
OPEB	25,800
	<u>590,546</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	(104,552)
Net pension liability	(670,019)
Net OPEB liability	(104,491)
	<u>(873,062)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 1,811,050</u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March of 2020, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. The state of emergency expired on June 30, 2021.

Impact on and Results of Operations

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. Among other measures, this LD gave guidance concerning municipal budgets and the election process during the state of emergency. In accordance with Executive Order 39, issued by the Governor of Maine on April 10, 2020, primary elections (and all applicable dates in coordination with it) were suspended from June 9 to July 14.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on Finances

The Town does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act, American Rescue Plan Act ("ARPA") funding and applicable Federal and/or State programs.

Expected Federal/State Support

The Town may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town expects that if those actions are necessary, that the Town would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the Town and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

Implementation of New Accounting Standards

During the year ended June 30, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 90 "Majority Equity Interests". This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 "Replacement of Interbank Offered Rates (paragraphs 4-11a)." The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All activities of the Town are categorized as governmental.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

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

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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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".

Transactions Between Funds

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$288,094 for the year ended June 30, 2021.

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

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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 14, 2020 on the assessed value listed as of April 1, 2020, for all real and personal property located in the Town. Taxes were due in two installments on September 23, 2020 and March 24, 2021. Interest on unpaid taxes commenced on September 24, 2020 and March 25, 2021 at 9% 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 \$471,778 for the year ended June 30, 2021.

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, 2021

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, 2021, the Town's cash balance of \$15,783,201 was comprised of deposits amounting to \$15,948,383. 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, \$15,696,260 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk and \$252,123 was uninsured and uncollateralized.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 638,883
ICS statement savings	15,309,496
Cash equivalents	4
	<u>\$ 15,948,383</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 \$744,059 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 \$744,059 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, 2021, the Town had \$744,059 in certificates of deposit. This entire amount was covered by FDIC insurance and consequently was not exposed to custodial credit risk.

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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2021 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General fund	\$ 502,169	\$ 4,350,969
Sewer special revenue fund	543,295	-
CIP public works fund	2,797,770	-
Nonmajor special revenue funds	264,899	502,169
Nonmajor capital projects fund	745,005	-
	<u>\$ 4,853,138</u>	<u>\$ 4,853,138</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, 2021 consisted of the following:

	<u>Transfers From</u>	<u>Transfers To</u>
General fund	\$ 500,000	\$ 1,826,524
CIP public works fund	1,364,000	-
Nonmajor special revenue funds	101,525	500,000
Nonmajor capital projects fund	382,500	21,501
	<u>\$ 2,348,025</u>	<u>\$ 2,348,025</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, 2021

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance 7/1/20	Additions	Disposals	Balance 6/30/21
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 635,404	\$ -	\$ -	\$ 635,404
Construction in progress	1,249,562	531,904	-	1,781,466
	<u>1,884,966</u>	<u>531,904</u>	<u>-</u>	<u>2,416,870</u>
Depreciated assets:				
Land improvements	1,018,045	-	-	1,018,045
Buildings and improvements	12,678,336	126,890	-	12,805,226
Furniture and fixtures	93,810	-	-	93,810
Machinery and equipment	5,542,380	155,130	(10,577)	5,686,933
Vehicles	7,339,072	87,290	(77,029)	7,349,333
Infrastructure	26,001,794	1,249,164	-	27,250,958
	<u>52,673,437</u>	<u>1,618,474</u>	<u>(87,606)</u>	<u>54,204,305</u>
Less: accumulated depreciation	<u>(33,465,153)</u>	<u>(1,879,794)</u>	<u>87,606</u>	<u>(35,257,341)</u>
	<u>19,208,284</u>	<u>(261,320)</u>	<u>-</u>	<u>18,946,964</u>
Net capital assets	<u>\$ 21,093,250</u>	<u>\$ 270,584</u>	<u>\$ -</u>	<u>\$ 21,363,834</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, 2021

NOTE 6 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Due Within One Year
Bonds payable	\$ 8,327,734	\$ -	\$ (937,133)	\$ 7,390,601	\$ 1,037,133
Notes from direct borrowings payable	1,447,627	172,779	(532,974)	1,087,432	503,690
	<u>\$ 9,775,361</u>	<u>\$ 172,779</u>	<u>\$ (1,470,107)</u>	<u>\$ 8,478,033</u>	<u>\$ 1,540,823</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.	\$ 1,320,000
\$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.	480,000
\$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.	1,250,000
\$2,000,000, 2014 General Obligation Bond Fund financed with U.S. Bank, due in varying annual principal installments. Interest is fixed at a rate ranging from 2.0% to 3.5%. Maturity in September of 2027.	1,055,000
\$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.	560,000
\$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.	800,000
\$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.	240,000

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.	685,601
\$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>1,000,000</u>
Total Bonds Payable	<u>\$ 7,390,601</u>

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

The Town leases a 2016 Case loader under a non-cancellable lease agreement. The term of the lease is for a six year period expiring in September of 2021. Annual payments are \$31,430. Interest is charged at an annual rate of 3.03%.	\$ 30,596
The Town leases an International truck under a non-cancellable lease agreement. The term of the lease is for a seven year period expiring in February of 2022. Annual payments are \$26,309. Interest is charged at an annual rate of 3.40%.	25,443
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%.	110,140
The Town leases a sweeper under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in September of 2021. Annual payments are \$37,947. Interest is charged at an annual rate of 3.05%.	36,823
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%.	76,680
The Town leases five police vehicles under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in September of 2021. Annual payments are \$50,430. Interest is charged at an annual rate of 3.01%.	48,957

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG TERM DEBT (CONTINUED)

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%.	71,722
The Town leases a sidewalk tractor under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in September of 2022. Annual payments are \$28,922. Interest is charged at an annual rate of 3.96%.	54,582
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%.	15,992
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%.	35,975
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%.	44,911
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%.	18,527
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%.	97,451
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%.	26,686

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG TERM DEBT (CONTINUED)

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%.	25,684
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%.	32,389
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%.	31,405
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%.	166,563
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%.	57,735
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%.	<u>79,171</u>
Total Notes from Direct Borrowings Payable	<u><u>\$ 1,087,432</u></u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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	
	Principal	Interest	Principal	Interest
2022	\$ 1,037,133	\$ 210,107	\$ 503,690	\$ 33,843
2023	962,133	181,491	373,449	17,791
2024	972,133	152,959	175,091	5,830
2025	772,133	126,964	35,202	671
2026	772,133	103,660	-	-
2027-2031	2,760,665	192,836	-	-
2032-2036	114,271	4,067	-	-
	<u>\$ 7,390,601</u>	<u>\$ 972,084</u>	<u>\$ 1,087,432</u>	<u>\$ 58,135</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, 2021:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Due Within One Year
Accrued landfill closure	\$ 54,000	\$ -	\$ (6,000)	\$ 48,000	\$ 6,000
Accrued compensated absences	1,301,537	104,552	-	1,406,089	195,231
Net pension liability	2,472,087	1,205,560	(535,541)	3,142,106	-
Net OPEB liability	807,586	122,154	(17,663)	912,077	-
	<u>\$ 4,635,210</u>	<u>\$ 1,432,266</u>	<u>\$ (559,204)</u>	<u>\$ 5,508,272</u>	<u>\$ 201,231</u>

Please see Notes 8, 17 and 18 for detailed information on each of the other long-term obligations.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, the Town's liability for compensated absences is \$1,406,089.

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, 2021, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of York	\$ 900,000	5.18%	<u>\$ 46,620</u>

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

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCES

The Town has the following restricted net position and fund balances at June 30, 2021:

Nonmajor special revenue funds:	
Police grants	\$ 2,837
Smithwheel impact fees	527
Public safety grant	20,594
Conservation tree grant	15,993
Museum in the street	5,323
AARP grant	3,702
Nonmajor capital projects funds:	
West Grand stormwater	55,617
FY 2016 bond ladder truck	5,282
FY 2017 bond WWT storage	11,393
Library expansion	32,195
	<u>\$ 153,463</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 - NONSPENDABLE FUND BALANCES

The Town has the following nonspendable fund balances at June 30, 2021:

General fund:	
Inventory	\$ 57,388
Prepaid items	3,669
	<u>\$ 61,057</u>

NOTE 12 - COMMITTED FUND BALANCES

The Town has the following committed fund balances at June 30, 2021:

General fund:	
Encumbrance	\$ 192,984
Sewer special revenue fund	543,295
CIP public works fund	2,791,970
Nonmajor special revenue funds (Schedule E)	268,864
Nonmajor capital projects funds (Schedule G)	637,992
	<u>\$ 4,435,105</u>

NOTE 13 - ASSIGNED FUND BALANCES

The Town has the following assigned fund balances at June 30, 2021:

Nonmajor capital projects funds (Schedule G)	<u>\$ 2,526</u>
--	-----------------

NOTE 14 - 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 15 - 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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - RISK MANAGEMENT (CONTINUED)

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, 2021.

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

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2021. 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 16 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60, 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, 2020, there were 301 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 1.92%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's police department employees hired before October 12, 1992 are part of the PLD's special plan "1C" and are required to contribute 8.3% of their annual salary, police department employees hired on or after October 12, 1992 are part of the PLD's special plan "3C" and are required to contribute 9.5% of their annual salary, fire department employees are part of the PLD's special plan "2C" and are required to contribute 8.0% of their annual salary, while all other employees are part of the PLD's plan "AC" and are required to contribute 8.1% of their annual salary. The Town is required to contribute 16.2% of special plan "1C" members' covered payroll, 12.8% of special plan "3C" members' covered payroll, 10.6% of special plan "2C" members' covered payroll and 10.0% 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, 2021 was \$500,753.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At June 30, 2021, the Town reported a liability of \$3,142,106 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2020 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2020, the Town's proportion was 0.79084%, which was a decrease of 0.01792% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized total pension expense of \$140,061. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 188,553	\$ 34,547
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	204,461	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	50,014
Contributions subsequent to the measurement date	<u>500,753</u>	<u>-</u>
Total	<u>\$ 893,767</u>	<u>\$ 84,561</u>

\$500,753 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
Plan year ended June 30:	
2021	\$ (129,861)
2022	90,594
2023	173,668
2024	174,052
2025	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2020, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

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

Experience gains and losses, i.e., actual decreases or increases in liabilities and/or in assets which differ 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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2020 are as follows:

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

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

Actuarial Methods and Assumptions (Continued)

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

Cost of Living Benefit Increases - 1.91%

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, 2020 are summarized in the following table.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 was 6.75% for 2020. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2020 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 6.75% for the PLD Consolidated Plan.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 6,603,439	\$ 3,142,106	\$ 308,751

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2020 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, 2020 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 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 were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Assumptions

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

year ended June 30, 2020 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2020 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS

MAINE MUNICIPAL EMPLOYEES' HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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, 2021, the following employees were covered by the benefit terms:

Active members	75
Retirees and spouses	<u>3</u>
Total	<u><u>78</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, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

<u>Pre-Medicare</u>	<u>Single</u>	<u>Family</u>
MME Health Trust - POS C	\$ 993.07	\$ 2,227.55
 <u>Medicare</u>		
Medicare- Eligible Retirees	\$ 589.25	\$ 1,178.50

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

At June 30, 2021, the Town reported a liability of \$912,077 for its total OPEB liability for this Plan. The total OPEB liability was measured as of July 1, 2021 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, 2021, the Town recognized OPEB expense of \$60,148. At June 30, 2021, 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	\$ -	\$ 92,527
Changes of assumptions	211,862	42,493
Contributions subsequent to the measurement date	12,398	-
Total	<u>\$ 224,260</u>	<u>\$ 135,020</u>

\$12,398 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, 2022. 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, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

	<u>MMEHT</u>
Plan year ended June 30:	
2022	\$ 12,266
2023	12,266
2024	12,266
2025	12,265
2026	6,334
Thereafter	21,445

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, 2021. 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 2.12% per annum for June 30, 2021 was based upon a measurement date of December 31, 2020. 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>
	1.12%	2.12%	3.12%
Total OPEB liability	\$ 1,057,129	\$ 912,077	\$ 793,664
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 1,057,129</u>	<u>\$ 912,077</u>	<u>\$ 793,664</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, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 780,354	\$ 912,077	\$ 1,078,774
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 780,354</u>	<u>\$ 912,077</u>	<u>\$ 1,078,774</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, 2021, 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, 2019. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Amortization

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

Assumptions

The actuarial assumptions used in the January 1, 2021 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2017 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2021, they are as follows:

Discount Rate - 2.12% per annum for year end 2021 reporting. 2.74% per annum for 2020 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 2020_b was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.25%
Extra Trend due to Taste/Technology 2029+	1.10%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

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 rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2021 to 2023 were based on plan design, population weighting, renewal projections, and market analysis. For years 2024 - 2028, these are interpolated from 2023 to 2029 (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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Administrative and claims expense - 3% per annum.

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

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2017 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2021, they are as follows:

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

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

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

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

Administrative expenses - Included in the per capita claims cost.

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

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

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

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2021. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2020.

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, 2021 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, 2021 was \$92,527.

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2019 and June 30, 2017 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2017 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for 2021. For the fiscal year ended June 30, 2021, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

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

NOTE 18 - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2021:

Nonmajor funds:

Special revenue funds:

CDBG Business Façade Grant	\$	364,977
Ballpark Restoration		58,475
Memorial Day Parade		4,755
FEMA COVID		186,781
FEMA Grant		3,973
	\$	<u>618,961</u>

NOTE 19 - OVERSPENT APPROPRIATION

The Town had the following overspent appropriation:

General assistance	\$	<u>10,098</u>
--------------------	----	---------------

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 20 - 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, 2021 are \$48,000, 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 21 - 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, 2021

NOTE 21 - 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 22 - 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.

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, 2021

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,883,176	\$ 9,883,176	\$ 9,883,176	\$ -
Resources (Inflows):				
Taxes	29,951,431	29,951,431	31,429,554	1,478,123
Licenses and permits	817,000	817,000	1,336,387	519,387
Intergovernmental	1,115,511	1,377,310	1,806,937	429,627
Unclassified	30,000	34,299	126,391	92,092
Interest earned	40,000	40,000	112,038	72,038
Transfers in	508,000	508,000	500,000	(8,000)
Amounts Available for Appropriation	<u>42,345,118</u>	<u>42,611,216</u>	<u>45,194,483</u>	<u>2,583,267</u>
Charges to Appropriations (Outflows):				
General government	5,298,024	5,410,044	5,190,230	219,814
Public works	1,749,730	1,764,859	1,584,264	180,595
Sanitation	1,844,666	1,844,666	1,722,747	121,919
Public safety	5,679,118	5,772,907	5,732,745	40,162
Recreation, culture and agencies	839,036	856,795	792,836	63,959
Health and welfare	84,694	112,095	122,193	(10,098)
Education	12,947,900	12,947,900	12,947,900	-
County tax	930,872	930,872	930,872	-
Tax abatements/overlay	471,778	471,778	38,569	433,209
Debt service:				
Principal	938,000	938,000	937,133	867
Interest	247,000	247,000	233,811	13,189
Equipment replacement	619,600	619,600	601,391	18,209
Transfers out	1,811,524	1,826,524	1,826,524	-
Total Charges to Appropriations	<u>33,461,942</u>	<u>33,743,040</u>	<u>32,661,215</u>	<u>1,081,825</u>
Budgetary Fund Balance, June 30	<u>\$ 8,883,176</u>	<u>\$ 8,868,176</u>	<u>\$ 12,533,268</u>	<u>\$ 3,665,092</u>
Utilization of unassigned fund balance	<u>\$ 1,000,000</u>	<u>\$ 1,015,000</u>	<u>\$ -</u>	<u>\$ (1,015,000)</u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>								
Proportion of the net pension liability	0.79%	0.81%	0.82%	0.83%	0.82%	0.86%	0.89%	0.94%
Proportionate share of the net pension liability	\$ 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	\$ 4,453,910	\$ 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 as a percentage of its covered payroll	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	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*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>								
Contractually required contribution	\$ 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>(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>
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
Contributions as a percentage of covered payroll	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 1/1/20 (Reporting June 30, 2020)	\$ 807,586	\$ -	\$ 807,586
Changes for the year:			
Service cost	46,088	-	46,088
Interest	23,150	-	23,150
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	52,916	-	52,916
Contributions - employer	-	17,663	(17,663)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(17,663)	(17,663)	-
Administrative expense	-	-	-
Net changes	<u>104,491</u>	<u>-</u>	<u>104,491</u>
Balances at 1/1/21 (Reporting June 30, 2021)	<u>\$ 912,077</u>	<u>\$ -</u>	<u>\$ 912,077</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*

	2021	2020	2019	2018
<u>Total OPEB liability</u>				
Service cost (BOY)	\$ 46,088	\$ 28,070	\$ 31,267	\$ 26,239
Interest (includes interest on service cost)	23,150	30,304	26,641	26,037
Changes of benefit terms	-	(16,214)	-	-
Differences between expected and actual experience	-	(93,316)	-	(45,085)
Changes of assumptions	52,916	159,047	(67,990)	92,556
Benefit payments, including refunds of member contributions	(17,663)	(22,498)	(21,633)	(16,647)
Net change in total OPEB liability	<u>\$ 104,491</u>	<u>\$ 85,393</u>	<u>\$ (31,715)</u>	<u>\$ 83,100</u>
Total OPEB liability - beginning	\$ 807,586	\$ 722,193	\$ 753,908	\$ 670,808
Total OPEB liability - ending	<u>\$ 912,077</u>	<u>\$ 807,586</u>	<u>\$ 722,193</u>	<u>\$ 753,908</u>
<u>Plan fiduciary net position</u>				
Contributions - employer	17,663	22,498	21,633	16,647
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(17,663)	(22,498)	(21,633)	(16,647)
Administrative expense	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 912,077</u>	<u>\$ 807,586</u>	<u>\$ 722,193</u>	<u>\$ 753,908</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-
Covered payroll	\$ 4,239,699	\$ 3,778,198	\$ 3,778,198	\$ 3,778,198
Net OPEB liability as a percentage of covered payroll	21.5%	21.4%	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*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>				
Employer contributions	\$ 17,663	\$ 22,498	\$ 21,633	\$ 16,647
Benefit payments	(17,663)	(22,498)	(21,633)	(16,647)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,239,699	\$ 3,778,198	\$ 4,162,344	\$ 4,162,344
Contributions as a percentage of covered payroll	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, 2021

Changes of Assumptions

MEPERS PLD Plan:

There have been no changes in actuarial assumptions since the last measurement date.

MMEHT OPEB Plan:

There was a change in the discount rate from 2.74% to 2.12% 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, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
REVENUES					
General tax revenues:					
Property taxes	\$ 28,082,431	\$ -	\$ 28,082,431	\$28,954,786	\$ 872,355
Excise taxes	1,505,000	-	1,505,000	2,033,059	528,059
Franchise taxes	200,000	-	200,000	234,663	34,663
Interest and penalties	140,000	-	140,000	174,239	34,239
Payments in lieu of taxes	24,000	-	24,000	25,807	1,807
Other	-	-	-	7,000	7,000
Intergovernmental revenues:					
Municipal revenue sharing	350,000	-	350,000	874,528	524,528
Homestead exemption	590,161	-	590,161	536,201	(53,960)
DOT block grant	40,000	-	40,000	54,532	14,532
BETE reimbursement	25,350	-	25,350	25,388	38
Health/welfare intergovernmental	42,000	27,401	69,401	69,401	-
Other intergovernmental	68,000	234,398	302,398	246,887	(55,511)
Licenses, permits and fees:					
Parking meters	250,000	-	250,000	394,151	144,151
Parking fines/ordinance violations	96,000	-	96,000	176,223	80,223
Business licenses	175,000	-	175,000	176,624	1,624
Building, plumbing, electrical permits	175,000	-	175,000	423,732	248,732
Town agent fees	25,000	-	25,000	46,314	21,314
Town clerk fees	5,000	-	5,000	3,309	(1,691)
Trash bag/septic	33,000	-	33,000	50,334	17,334
Parking lot permits	30,000	-	30,000	41,050	11,050
Planner fee	9,000	-	9,000	11,356	2,356
Street opening permits	8,000	-	8,000	3,900	(4,100)
Vitals	11,000	-	11,000	9,394	(1,606)
Investment income:					
Investment income	40,000	-	40,000	112,038	72,038
Unclassified:					
Sale of town owned property	30,000	-	30,000	28,606	(1,394)
Refunds/reimbursements	-	-	-	63,945	63,945
Insurance claims	-	4,299	4,299	28,259	23,960
Other revenue	-	-	-	5,581	5,581
Transfers from other funds					
Special revenue funds	508,000	-	508,000	500,000	(8,000)
Total revenues	<u>\$ 32,461,942</u>	<u>\$ 266,098</u>	<u>\$ 32,728,040</u>	<u>\$ 35,311,307</u>	<u>\$ 2,583,267</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, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Town council	\$ 52,445	\$ -	\$ 52,445	\$ 44,873	\$ 7,572
Administration	788,149	86,777	874,926	929,415	(54,489)
Tax collector	117,525	-	117,525	127,344	(9,819)
Finance director/treasurer	186,025	-	186,025	189,470	(3,445)
Assessor	144,494	-	144,494	135,355	9,139
Town clerk	217,872	20,944	238,816	233,186	5,630
Planning	170,691	-	170,691	170,008	683
Code enforcement	243,073	-	243,073	199,920	43,153
Building maintenance	83,250	4,299	87,549	85,139	2,410
Contingency	150,000	-	150,000	71,454	78,546
Insurance	3,144,500	-	3,144,500	3,004,066	140,434
	<u>5,298,024</u>	<u>112,020</u>	<u>5,410,044</u>	<u>5,190,230</u>	<u>219,814</u>
Public works					
General	1,749,730	15,129	1,764,859	1,584,264	180,595
	<u>1,749,730</u>	<u>15,129</u>	<u>1,764,859</u>	<u>1,584,264</u>	<u>180,595</u>
Sanitation					
Treatment plant	1,084,666	-	1,084,666	1,010,562	74,104
Solid waste	760,000	-	760,000	712,185	47,815
	<u>1,844,666</u>	<u>-</u>	<u>1,844,666</u>	<u>1,722,747</u>	<u>121,919</u>

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public safety					
Police department	2,886,300	-	2,886,300	2,814,302	71,998
Parking enforcement	112,300	-	112,300	75,925	36,375
Fire/rescue department	2,267,228	93,789	2,361,017	2,405,390	(44,373)
Street lights and traffic light expense	242,000	-	242,000	219,716	22,284
Lifeguards	171,290	-	171,290	217,412	(46,122)
	<u>5,679,118</u>	<u>93,789</u>	<u>5,772,907</u>	<u>5,732,745</u>	<u>40,162</u>
Recreation, culture and agencies					
Recreation	247,427	-	247,427	239,470	7,957
Libby Memorial Library	320,507	-	320,507	320,507	-
Transit District subsidy	165,000	-	165,000	165,000	-
Service agencies	18,500	-	18,500	18,500	-
Historical society	16,252	-	16,252	6,845	9,407
Parks maintenance expense	62,750	-	62,750	25,594	37,156
Goosefare Brook grant	-	17,759	17,759	14,101	3,658
Conservation commission	8,600	-	8,600	2,819	5,781
	<u>839,036</u>	<u>17,759</u>	<u>856,795</u>	<u>792,836</u>	<u>63,959</u>
Health and welfare					
General assistance	84,694	27,401	112,095	122,193	(10,098)
	<u>84,694</u>	<u>27,401</u>	<u>112,095</u>	<u>122,193</u>	<u>(10,098)</u>

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education	12,947,900	-	12,947,900	12,947,900	-
County tax	930,872	-	930,872	930,872	-
Overlay	471,778	-	471,778	38,569	433,209
Debt service					
Equipment replacement	619,600	-	619,600	601,391	18,209
Principal	938,000	-	938,000	937,133	867
Interest	247,000	-	247,000	233,811	13,189
	1,804,600	-	1,804,600	1,772,335	32,265
Transfers out					
Special revenue funds	65,024	15,000	80,024	80,024	-
Capital projects funds	1,746,500	-	1,746,500	1,746,500	-
	1,811,524	15,000	1,826,524	1,826,524	-
Total Departmental Operations	\$ 33,461,942	\$ 281,098	\$ 33,743,040	\$ 32,661,215	\$ 1,081,825

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, 2021

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Accounts receivable (net of allowance for uncollectibles)	\$ 207,193	\$ -	\$ 207,193
Due from other funds	264,899	745,005	1,009,904
TOTAL ASSETS	<u>\$ 472,092</u>	<u>\$ 745,005</u>	<u>\$ 1,217,097</u>
LIABILITIES			
Accounts payable	\$ 271,044	\$ -	\$ 271,044
Due to other funds	502,169	-	502,169
TOTAL LIABILITIES	<u>773,213</u>	<u>-</u>	<u>773,213</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	48,976	104,487	153,463
Committed	268,864	637,992	906,856
Assigned	-	2,526	2,526
Unassigned	(618,961)	-	(618,961)
TOTAL FUND BALANCES (DEFICITS)	<u>(301,121)</u>	<u>745,005</u>	<u>443,884</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 472,092</u>	<u>\$ 745,005</u>	<u>\$ 1,217,097</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, 2021

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenue	\$ 150,711	\$ -	\$ 150,711
Charges for services	593,849	-	593,849
Other income	46,210	-	46,210
TOTAL REVENUES	<u>790,770</u>	<u>-</u>	<u>790,770</u>
EXPENDITURES			
Public safety	37,762	-	37,762
Sanitation	-	-	-
Recreation, culture and agencies	267,142	-	267,142
Program expenses	787,955	-	787,955
Capital outlay	-	852,477	852,477
TOTAL EXPENDITURES	<u>1,092,859</u>	<u>852,477</u>	<u>1,945,336</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(302,089)</u>	<u>(852,477)</u>	<u>(1,154,566)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	101,525	382,500	484,025
Transfers (out)	(500,000)	(21,501)	(521,501)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(398,475)</u>	<u>360,999</u>	<u>(37,476)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(700,564)	(491,478)	(1,192,042)
FUND BALANCES (DEFICITS) - JULY 1	<u>399,443</u>	<u>1,236,483</u>	<u>1,635,926</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (301,121)</u>	<u>\$ 745,005</u>	<u>\$ 443,884</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, 2021

	Rescue Fees	Recreation Programs	Special Dog	Police Grants	Smithwheel Impact Fees	Public Safety Grant	Conservation Tree Grant
ASSETS							
Accounts receivable (net of allowance for uncollectibles)	\$ 52,241	\$ 700	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	76,032	66,258	18,055	2,837	527	20,594	15,993
TOTAL ASSETS	\$ 128,273	\$ 66,958	\$ 18,055	\$ 2,837	\$ 527	20,594	\$ 15,993
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	2,837	527	20,594	15,993
Committed	128,273	66,958	18,055	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	128,273	66,958	18,055	2,837	527	20,594	15,993
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 128,273	\$ 66,958	\$ 18,055	\$ 2,837	\$ 527	\$ 20,594	\$ 15,993

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Memorial Park Improvements	CDBG Business Facade Grant	Ballpark Restoration	Museum In the Street	Memorial Day Parade	Community Garden	Veterans Memorial Monument
ASSETS							
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	5,785	-	-	5,323	-	4,009	3,613
TOTAL ASSETS	<u>\$ 5,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,323</u>	<u>\$ -</u>	<u>\$ 4,009</u>	<u>\$ 3,613</u>
LIABILITIES							
Accounts payable	\$ -	\$ 271,044	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	93,933	58,475	-	4,755	-	-
TOTAL LIABILITIES	<u>-</u>	<u>364,977</u>	<u>58,475</u>	<u>-</u>	<u>4,755</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	5,323	-	-	-
Committed	5,785	-	-	-	-	4,009	3,613
Assigned	-	-	-	-	-	-	-
Unassigned	-	(364,977)	(58,475)	-	(4,755)	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>5,785</u>	<u>(364,977)</u>	<u>(58,475)</u>	<u>5,323</u>	<u>(4,755)</u>	<u>4,009</u>	<u>3,613</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 5,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,323</u>	<u>\$ -</u>	<u>\$ 4,009</u>	<u>\$ 3,613</u>

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,252	\$ -	\$ 207,193
Due from other funds	1,931	7,754	-	3,702	32,486	-	-	264,899
TOTAL ASSETS	<u>\$ 1,931</u>	<u>\$ 7,754</u>	<u>\$ -</u>	<u>\$ 3,702</u>	<u>\$ 32,486</u>	<u>\$ 154,252</u>	<u>\$ -</u>	<u>\$ 472,092</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 271,044
Due to other funds	-	-	-	-	-	341,033	3,973	502,169
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>341,033</u>	<u>3,973</u>	<u>773,213</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	3,702	-	-	-	48,976
Committed	1,931	7,754	-	-	32,486	-	-	268,864
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(186,781)	(3,973)	(618,961)
TOTAL FUND BALANCES (DEFICITS)	<u>1,931</u>	<u>7,754</u>	<u>-</u>	<u>3,702</u>	<u>32,486</u>	<u>(186,781)</u>	<u>(3,973)</u>	<u>(301,121)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,931</u>	<u>\$ 7,754</u>	<u>\$ -</u>	<u>\$ 3,702</u>	<u>\$ 32,486</u>	<u>\$ 154,252</u>	<u>\$ -</u>	<u>\$ 472,092</u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Rescue Fees	Recreation Programs	Special Dog	Police Grants	Smithwheel Impact Fees	Public Safety Grant	Conservation Tree Grant
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,403	\$ -
Charges for services	405,099	182,728	2,197	-	-	-	2,750
Other income	-	-	5,609	1,000	-	-	-
TOTAL REVENUES	405,099	182,728	7,806	1,000	-	31,403	2,750
EXPENDITURES							
Public safety	-	-	-	17,367	-	20,395	-
Recreation, culture and agencies	-	196,681	-	-	-	-	-
Other	-	-	5,650	-	-	-	146
TOTAL EXPENDITURES	-	196,681	5,650	17,367	-	20,395	146
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	405,099	(13,953)	2,156	(16,367)	-	11,008	2,604
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	(500,000)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(500,000)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(94,901)	(13,953)	2,156	(16,367)	-	11,008	2,604
FUND BALANCES (DEFICITS) - JULY 1	223,174	80,911	15,899	19,204	527	9,586	13,389
FUND BALANCES (DEFICITS) - JUNE 30	\$ 128,273	\$ 66,958	\$ 18,055	\$ 2,837	\$ 527	\$ 20,594	\$ 15,993

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, 2021

	Memorial Park Improvements	CDBG Business Facade Grant	Ballpark Restoration	Museum In the Street	Memorial Day Parade	Community Garden	Veterans Memorial Monument
REVENUES							
Intergovernmental revenue	\$ -	\$ 73,733	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	1,075	-
Other income	4,199	-	35,232	-	-	-	-
TOTAL REVENUES	<u>4,199</u>	<u>73,733</u>	<u>35,232</u>	<u>-</u>	<u>-</u>	<u>1,075</u>	<u>-</u>
EXPENDITURES							
Public safety	-	-	-	-	-	-	-
Recreation, culture and agencies	-	-	70,461	-	-	-	-
Other	5,084	450,268	-	-	3,100	510	-
TOTAL EXPENDITURES	<u>5,084</u>	<u>450,268</u>	<u>70,461</u>	<u>-</u>	<u>3,100</u>	<u>510</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(885)</u>	<u>(376,535)</u>	<u>(35,229)</u>	<u>-</u>	<u>(3,100)</u>	<u>565</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	21,501	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>21,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(885)	(376,535)	(13,728)	-	(3,100)	565	-
FUND BALANCES (DEFICITS) - JULY 1	<u>6,670</u>	<u>11,558</u>	<u>(44,747)</u>	<u>5,323</u>	<u>(1,655)</u>	<u>3,444</u>	<u>3,613</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 5,785</u>	<u>\$ (364,977)</u>	<u>\$ (58,475)</u>	<u>\$ 5,323</u>	<u>\$ (4,755)</u>	<u>\$ 4,009</u>	<u>\$ 3,613</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, 2021

	General Assistance	Canopy Grant	TIF Pines at Ocean Park	AARP Grant	Property Tax Assistance	FEMA COVID	FEMA Grant	Total
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 2,427	\$ -	\$ -	\$ 43,148	\$ 150,711
Charges for services	-	-	-	-	-	-	-	593,849
Other income	170	-	-	-	-	-	-	46,210
TOTAL REVENUES	170	-	-	2,427	-	-	43,148	790,770
EXPENDITURES								
Public safety	-	-	-	-	-	-	-	37,762
Recreation, culture and agencies	-	-	-	-	-	-	-	267,142
Other	5,359	-	65,024	5,860	13,052	186,781	47,121	787,955
TOTAL EXPENDITURES	5,359	-	65,024	5,860	13,052	186,781	47,121	1,092,859
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,189)	-	(65,024)	(3,433)	(13,052)	(186,781)	(3,973)	(302,089)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	65,024	-	15,000	-	-	101,525
Transfers (out)	-	-	-	-	-	-	-	(500,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	65,024	-	15,000	-	-	(398,475)
NET CHANGE IN FUND BALANCES (DEFICITS)	(5,189)	-	-	(3,433)	1,948	(186,781)	(3,973)	(700,564)
FUND BALANCES (DEFICITS) - JULY 1	7,120	7,754	-	7,135	30,538	-	-	399,443
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,931	\$ 7,754	\$ -	\$ 3,702	\$ 32,486	\$ (186,781)	\$ (3,973)	\$ (301,121)

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, 2021

	Landfill Closure	Waste Water Admin Bldg 2020	FY 2016 Bond Ladder Truck	FY 2017 Bond WWT Storage
ASSETS				
Due from other funds	\$ 2,526	\$ 55,617	\$ 5,282	\$ 11,393
TOTAL ASSETS	\$ 2,526	\$ 55,617	\$ 5,282	\$ 11,393
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	55,617	5,282	11,393
Committed	-	-	-	-
Assigned	2,526	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	2,526	55,617	5,282	11,393
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,526	\$ 55,617	\$ 5,282	\$ 11,393

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	Library Expansion	CIP Administration	CIP Public Safety	CIP Wastewater	Total
ASSETS					
Due from other funds	\$ 32,195	\$ 596,804	\$ 36,861	\$ 4,327	\$ 745,005
TOTAL ASSETS	\$ 32,195	\$ 596,804	\$ 36,861	\$ 4,327	\$ 745,005
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	32,195	-	-	-	104,487
Committed	-	596,804	36,861	4,327	637,992
Assigned	-	-	-	-	2,526
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	32,195	596,804	36,861	4,327	745,005
TOTAL LIABILITIES AND FUND BALANCES	\$ 32,195	\$ 596,804	\$ 36,861	\$ 4,327	\$ 745,005

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, 2021

	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	-	515,890	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>515,890</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(515,890)</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)	-	(515,890)	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>2,526</u>	<u>571,507</u>	<u>5,282</u>	<u>11,393</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 2,526</u>	<u>\$ 55,617</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, 2021

	Library Expansion	CIP Administration	CIP Public Safety	CIP Wastewater	Total
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Capital outlay	35,320	64,591	203,879	32,797	852,477
TOTAL EXPENDITURES	<u>35,320</u>	<u>64,591</u>	<u>203,879</u>	<u>32,797</u>	<u>852,477</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(35,320)</u>	<u>(64,591)</u>	<u>(203,879)</u>	<u>(32,797)</u>	<u>(852,477)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	205,000	177,500	-	382,500
Transfers (out)	-	(21,501)	-	-	(21,501)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>183,499</u>	<u>177,500</u>	<u>-</u>	<u>360,999</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(35,320)	118,908	(26,379)	(32,797)	(491,478)
FUND BALANCES (DEFICITS) - JULY 1	<u>67,515</u>	<u>477,896</u>	<u>63,240</u>	<u>37,124</u>	<u>1,236,483</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 32,195</u>	<u>\$ 596,804</u>	<u>\$ 36,861</u>	<u>\$ 4,327</u>	<u>\$ 745,005</u>

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

General Capital Assets

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

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2021

	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	5,527,226	-	8,996,268
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	-	1,723,744	97,073	-	1,820,817
Historical society	-	17,160	-	-	17,160
Recreation	-	-	60,000	-	60,000
Treatment plant	1,836,943	4,509,881	2,565,059	11,966,698	20,878,581
Total General Capital Assets	2,416,870	13,823,271	13,130,076	27,250,958	56,621,175
Less: Accumulated Depreciation	-	(6,528,035)	(10,069,988)	(18,659,318)	(35,257,341)
Net General Capital Assets	\$ 2,416,870	\$ 7,295,236	\$ 3,060,088	\$ 8,591,640	\$ 21,363,834

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, 2021

	General Capital Assets 7/1/20	Additions	Deletions	General Capital Assets 6/30/21
Town hall	\$ 1,903,629	\$ 59,707	\$ -	\$ 1,963,336
Public safety	8,792,485	203,783	-	8,996,268
Public works	20,181,168	1,302,881	(87,606)	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	1,801,511	19,306	-	1,820,817
Historical society	17,160	-	-	17,160
Recreation	60,000	-	-	60,000
Treatment plant	20,313,880	564,701	-	20,878,581
Total General Capital Assets	54,558,403	2,150,378	(87,606)	56,621,175
Less: Accumulated Depreciation	(33,465,153)	(1,879,794)	87,606	(35,257,341)
Net General Capital Assets	<u>\$ 21,093,250</u>	<u>\$ 270,584</u>	<u>\$ -</u>	<u>\$ 21,363,834</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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Property taxes	\$ 19,855,105	\$ 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
Other taxes	1,556,265	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
Licenses and permits	959,908	868,970	871,142	888,279	1,074,000	1,013,177	1,130,491	1,266,279	1,266,588	1,336,387
Intergovernmental revenues	846,777	818,032	668,856	581,289	814,500	1,092,769	762,742	924,577	1,315,658	1,806,937
Investment income	7,097	11,889	18,634	41,675	65,000	48,449	80,257	182,306	276,559	112,038
Other revenues	471,893	280,210	26,128	143,022	179,505	20,151	318,783	129,947	290,085	126,391
Total revenues	<u>23,697,045</u>	<u>23,687,689</u>	<u>23,991,581</u>	<u>25,947,261</u>	<u>30,415,481</u>	<u>28,307,402</u>	<u>29,404,348</u>	<u>31,067,553</u>	<u>33,119,459</u>	<u>34,811,307</u>
Expenditures:										
General government	2,080,171	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
Public works	1,531,962	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
Sanitation	1,704,040	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
Public safety	4,781,266	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
Recreation, culture and agencies	750,599	692,975	681,016	655,844	755,500	683,842	712,943	723,337	781,711	792,836
Health and welfare	103,328	64,810	69,483	71,013	85,140	77,962	78,213	72,858	113,222	122,193
Education	8,451,151	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
Debt service (excluding education)	3,212,770	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
Capital outlay	968,066	6,180	-	202,349	-	252,652	394,726	415,201	596,903	601,391
Other	820,827	851,764	913,327	914,674	966,100	936,884	985,426	959,309	943,890	969,441
Total expenditures	<u>24,404,180</u>	<u>22,548,831</u>	<u>22,952,834</u>	<u>25,604,167</u>	<u>29,523,889</u>	<u>27,100,643</u>	<u>28,298,551</u>	<u>28,799,182</u>	<u>30,070,471</u>	<u>30,834,691</u>
Other financing sources	1,203,000	253,000	463,000	1,089,349	611,854	833,000	703,000	616,855	503,000	500,000
Other financing (uses)	(34,907)	(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)
Net change in fund balances	460,958	(297,224)	295,316	218,435	(178,554)	877,923	458,860	1,148,694	1,715,941	2,650,092
Fund balances - beginning	4,948,881	5,409,839	4,559,004	4,883,651	4,986,048	5,782,099	6,593,149	7,052,009	8,167,235	9,883,176
Fund balances - ending	<u>\$ 5,409,839</u>	<u>\$ 5,112,615</u>	<u>\$ 4,854,320</u>	<u>\$ 5,102,086</u>	<u>\$ 4,807,494</u>	<u>\$ 6,660,022</u>	<u>\$ 7,052,009</u>	<u>\$ 8,200,703</u>	<u>\$ 9,883,176</u>	<u>\$ 12,533,268</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
2012	\$ 19,855,105	\$ 19,138,213	\$ 577,625	\$ 19,715,838	96.39%	99.30%	\$ 716,892	3.61%
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%

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

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
2012	\$ 5.70	\$ 0.53	\$ 5.63	\$ 1.54	\$ 13.40
2013	5.24	0.54	6.18	1.48	13.44
2014	5.81	0.60	6.34	1.05	13.80
2015	5.95	0.59	7.29	1.05	14.88
2016	5.83	0.60	7.44	1.31	15.18
2017	6.16	0.60	7.60	1.10	15.46
2018	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

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
2012	8,624	\$ 1,488,289	\$ 9,840,000	0.66	\$ 1,141	25,291	\$ 389
2013	8,624	1,481,591	8,688,200	0.59	1,007	25,291	344
2014	8,624	1,494,531	10,060,160	0.67	1,167	25,291	398
2015	8,624	1,510,188	9,302,880	0.62	1,079	25,291	368
2016	8,624	1,524,661	9,716,550	0.64	1,127	25,291	384
2017	8,624	1,562,898	9,327,960	0.60	1,082	25,291	369
2018	8,624	1,606,561	9,254,380	0.58	1,073	25,291	366
2019	8,908	1,734,475	8,259,867	0.48	927	25,575	323
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

* 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		
2012 *	\$ 2,759,715	\$ 453,055	\$ 3,212,770	\$ 24,439,087	13.15%
2013	1,151,800	380,901	1,532,701	24,237,913	6.32%
2014 **	2,358,040	373,452	2,731,492	27,206,767	10.04%
2015	757,280	318,831	1,076,111	26,818,175	4.01%
2016	786,330	227,704	1,014,034	27,239,942	3.72%
2017	788,590	296,857	1,085,447	27,100,643	4.01%
2018	930,580	278,950	1,209,530	29,648,488	4.08%
2019	994,513	261,309	1,255,822	30,353,714	4.14%
2020	932,133	244,885	1,177,018	31,906,518	3.69%
2021	937,133	261,910	1,199,043	32,661,215	3.67%

* Includes early payoff of 1998 bond issuance.

** Includes early payoff of 2003 bond issuance.

TOWN OF OLD ORCHARD BEACH, MAINE

TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2021

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxes</u>	<u>% of Net Tax Levy</u>
Central Maine Power	Utility	\$ 269,011	0.96
Lafayette Old Orchard LLC	Resort	188,935	0.67
Sun Wild Acres	Resort	171,083	0.61
Palace Playland Associates	Amusements	133,304	0.47
Seagate Limited Partnership	Mobile Home Park	108,602	0.39
Alouette Atlantic Resorts LLC	Resort	108,054	0.38
MHC Pinehurst LLC	Resort	102,060	0.36
Birch Ridge Limited	Apartments	95,778	0.34
Sun Wagon Wheel RV LLC	Apartments	78,719	0.28
Portland Avenue Associates	Resort	75,849	0.27



Proven Expertise & Integrity

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Old Orchard Beach, Maine, as of and for the year ended June 30, 2021 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 May 23, 2022.

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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Old Orchard Beach's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Old Orchard Beach, Maine in a separate letter dated May 23, 2022.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
May 23, 2022