

Federal Compliance Audit

Town of Old Orchard Beach, Maine

June 30, 2024



Proven Expertise & Integrity

TOWN OF OLD ORCHARD BEACH, MAINE

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JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Old Orchard Beach, Maine, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Town of Old Orchard Beach, Maine's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Old Orchard Beach, Maine as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB related information on pages 5 through 11 and 60 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2025, on our consideration of the Town of Old Orchard Beach, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Old Orchard Beach, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Old Orchard Beach, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
March 12, 2025

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

(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, 2024. 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, Maine'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, Maine 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, Maine, 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, Maine 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, Maine 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 \$34,324,299 compared to \$32,416,033 in the prior year, an increase of \$1,908,266.

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 - increased to a balance of \$17,589,659 at the end of this year for governmental activities.

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

	Governmental Activities	
	2024	2023 (Restated)
Assets		
Current and Other Assets	\$ 25,360,574	\$ 22,916,363
Noncurrent Assets - Capital Assets	22,436,105	22,525,287
Total Assets	47,796,679	45,441,650
Deferred Outflows of Resources		
Deferred Outflows Related to Pension	1,336,597	1,584,399
Deferred Outflows Related to OPEB	259,029	148,019
Total Deferred Outflows of Resources	1,595,626	1,732,418
Liabilities		
Current Liabilities	4,684,232	4,242,056
Noncurrent Liabilities	8,865,173	8,675,808
Total Liabilities	13,549,405	12,917,864
Deferred Inflows of Resources		
Deferred revenue	667,015	667,915
Deferred Inflows Related to Pension	453,889	925,330
Deferred Inflows Related to OPEB	397,697	246,926
Total Deferred Inflows of Resources	1,518,601	1,840,171
Net Position		
Net Investment in Capital Assets	16,605,263	16,226,211
Restricted	129,377	141,963
Unrestricted	17,589,659	16,047,859
Total Net Position	\$ 34,324,299	\$ 32,416,033

Revenues and Expenses

Revenues for the Town's governmental activities increased by 8.49%, while total expenses increased by 14.35%. The biggest increases in revenues were in taxes and operating grants and contributions not restricted to specific programs, while the biggest increases in expenses was in public safety and capital outlay.

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

	Governmental Activities	
	2024	2023
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 3,685,298	\$ 3,503,768
Operating grants and contributions	1,701,925	480,371
<i>General Revenues:</i>		
Taxes	35,622,307	33,878,900
Grants and contributions not restricted to specific programs	1,950,411	2,013,841
Investment income	419,762	185,539
Miscellaneous	369,819	263,790
Total Revenues	43,749,522	40,326,209
Expenses		
General government	6,849,461	6,053,947
Public works	3,134,628	2,779,824
Sanitation	3,033,909	2,381,229
Public safety	8,922,399	7,090,190
Recreation, culture and agencies	1,852,632	1,887,312
Health and welfare	627,279	608,450
Education	13,898,978	13,360,617
County tax	1,022,094	964,057
Tax abatements/overlay	36,191	-
Program expenses	435,775	320,304
Capital outlay	1,888,069	946,825
Interest on long-term debt	139,841	196,609
Total Expenses	41,841,256	36,589,364
Change in Net Position	1,908,266	3,736,845
Net Position - July 1, As Previously Reported	32,795,661	29,058,816
Corrections	(379,628)	-
Net Position - July 1, As Restated	32,416,033	29,058,816
Net Position - June 30	\$ 34,324,299	\$ 32,795,661

Financial Analysis of the Town's Fund Statements

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

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

	<u>2024</u>	<u>2023 (Restated)</u>	<u>Increase (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 67,029	\$ 92,419	\$ (25,390)
Committed	33,758	33,758	-
Unassigned	15,656,707	14,731,663	925,044
Sewer Special Revenue Fund:			
Committed	1,094,129	999,567	94,562
CIP Public Works Fund			
Committed	5,047,688	3,187,934	1,859,754
Total Major Funds	<u>\$ 21,899,311</u>	<u>\$ 19,045,341</u>	<u>\$ 2,853,970</u>
2020 Waste Water Admin Bldg			
Unassigned (deficit)	<u>\$ (2,049,063)</u>	<u>\$ (2,228,223)</u>	<u>\$ 179,160</u>
Total 2020 Waste Water Admin Bldg	<u>\$ (2,049,063)</u>	<u>\$ (2,228,223)</u>	<u>\$ 179,160</u>
Nonmajor Funds:			
Special revenue funds:			
Restricted	\$ 112,702	\$ 125,288	\$ (12,586)
Committed	962,551	609,159	353,392
Unassigned (deficit)	(760,926)	(360,717)	(400,209)
Capital projects funds:			
Restricted	16,675	16,675	-
Committed	754,313	1,619,450	(865,137)
Assigned	2,526	2,526	-
Unassigned (deficit)	(14,785)	(14,785)	-
Total Nonmajor Funds	<u>\$ 1,073,056</u>	<u>\$ 1,997,596</u>	<u>\$ (924,540)</u>

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

Budgetary Highlights

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

The general fund actual revenues exceeded budget by \$1,682,731. This was due to all revenue categories being within or exceeding budget with the exception of taxes.

The general fund actual expenditures exceeded budget by \$265,405. All expenditure categories were under budget except for public safety, recreation, health and welfare, debt service - principal and transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2024, the net book value of capital assets recorded by the Town decreased by \$89,182. The decrease was due to current year additions of \$1,869,176 less depreciation expense of \$1,958,358. 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,**

	2024	2023
Land and construction in progress	\$ 2,416,870	\$ 2,416,870
Land improvements, buildings and improvements	8,626,427	6,880,786
Machinery, equipment and vehicles	1,113,556	2,145,018
Infrastructure	10,279,252	11,082,613
Total	\$ 22,436,105	\$ 22,525,287

Debt

At June 30, 2024, the Town had \$5,830,842 in bonds and notes from direct borrowings outstanding versus \$6,299,076 last year, a decrease of 7.43%. Refer to Note 7 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately five 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, 2024

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 19,337,096
Investments	2,862,091
Accounts receivable (net of allowance for uncollectibles):	
Taxes	1,216,592
Tax liens	391,423
Other	1,486,343
Inventory	63,054
Prepaid items	3,975
Total current assets	<u>25,360,574</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>20,019,235</u>
Total noncurrent assets	<u>22,436,105</u>
TOTAL ASSETS	<u>47,796,679</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,336,597
Deferred outflows related to OPEB	<u>259,029</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,595,626</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 49,392,305</u>

STATEMENT A (CONTINUED)

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 12,200
Accrued expenses	142,566
Other liabilities	777,898
Short-term note payable	2,409,066
Current portion of long-term obligations	<u>1,342,502</u>
Total current liabilities	<u>4,684,232</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	3,647,069
Notes from direct borrowings payable	1,042,502
Accrued landfill costs	24,000
Accrued compensated absences	901,703
Net pension liability	2,442,906
Net OPEB liability	<u>806,993</u>
Total noncurrent liabilities	<u>8,865,173</u>
TOTAL LIABILITIES	<u>13,549,405</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	667,015
Deferred inflows related to pensions	453,889
Deferred inflows related to OPEB	<u>397,697</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,518,601</u>
NET POSITION	
Net investment in capital assets	16,605,263
Restricted	129,377
Unrestricted	<u>17,589,659</u>
TOTAL NET POSITION	<u>34,324,299</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 49,392,305</u></u>

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

STATEMENT B

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

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	\$ 6,849,461	\$ 1,888,067	\$ -	\$ -	\$ (4,961,394)
Public works	3,134,628	-	66,344	-	(3,068,284)
Sanitation	3,033,909	205,793	-	-	(2,828,116)
Public safety	8,922,399	1,080,730	1,084,706	-	(6,756,963)
Recreation, culture and agencies	1,852,632	510,708	-	-	(1,341,924)
Health and welfare	627,279	-	550,875	-	(76,404)
Education	13,898,978	-	-	-	(13,898,978)
County tax	1,022,094	-	-	-	(1,022,094)
Tax abatements/overlay	36,191	-	-	-	(36,191)
Program expenses	435,775	-	-	-	(435,775)
Capital outlay	1,888,069	-	-	-	(1,888,069)
Interest on long-term debt	139,841	-	-	-	(139,841)
Total government	<u>\$ 41,841,256</u>	<u>\$ 3,685,298</u>	<u>\$ 1,701,925</u>	<u>\$ -</u>	<u>(36,454,033)</u>

STATEMENT B (CONTINUED)

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(36,454,033)</u>
General revenues and transfers:	
Taxes:	
Property taxes, levied for general purposes	33,448,414
Excise taxes	2,173,893
Grants and contributions not restricted to specific programs	1,950,411
Investment income	419,762
Miscellaneous	<u>369,819</u>
Total general revenues	<u>38,362,299</u>
Change in net position	<u>1,908,266</u>
NET POSITION - JULY 1, AS PREVIOUSLY REPORTED	32,795,661
CORRECTIONS	<u>(379,628)</u>
NET POSITION - JULY 1, AS RESTATED	<u>32,416,033</u>
NET POSITION - JUNE 30	<u><u>\$ 34,324,299</u></u>

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

TOWN OF OLD ORCHARD BEACH, MAINE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Sewer Special Revenue	CIP Public Works	Moved from Nonmajor Fund Waste Water Admin Bldg 2020	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 19,337,096	\$ -	\$ -	\$ -	\$ -	\$ 19,337,096
Investments	2,862,091	-	-	-	-	2,862,091
Accounts receivable (net of allowance for uncollectibles):						
Taxes	1,216,592	-	-	-	-	1,216,592
Tax liens	391,423	-	-	-	-	391,423
Other	212,157	-	-	-	1,274,186	1,486,343
Inventory	63,054	-	-	-	-	63,054
Prepaid items	3,975	-	-	-	-	3,975
Due from other funds	1,757,055	1,094,129	5,053,488	360,003	2,222,940	10,487,615
TOTAL ASSETS	\$ 25,843,443	\$ 1,094,129	\$ 5,053,488	\$ 360,003	\$ 3,497,126	\$ 35,848,189
LIABILITIES						
Accounts payable	\$ 6,400	\$ -	\$ 5,800	\$ -	\$ -	\$ 12,200
Accrued payroll and related liabilities	80,039	-	-	-	-	80,039
Other liabilities	777,898	-	-	-	-	777,898
Short-term note payable	-	-	-	2,409,066	-	2,409,066
Due to other funds	8,730,560	-	-	-	1,757,055	10,487,615
TOTAL LIABILITIES	9,594,897	-	5,800	2,409,066	1,757,055	13,766,818
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	667,015	667,015
Deferred revenue - property taxes	491,052	-	-	-	-	491,052
TOTAL DEFERRED INFLOWS OF RESOURCES	491,052	-	-	-	667,015	1,158,067
FUND BALANCES (DEFICIT)						
Nonspendable	67,029	-	-	-	-	67,029
Restricted	-	-	-	-	129,377	129,377
Committed	33,758	1,094,129	5,047,688	-	1,716,864	7,892,439
Assigned	-	-	-	-	2,526	2,526
Unassigned	15,656,707	-	-	(2,049,063)	(775,711)	12,831,933
TOTAL FUND BALANCES (DEFICIT)	15,757,494	1,094,129	5,047,688	(2,049,063)	1,073,056	20,923,304
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	\$ 25,843,443	\$ 1,094,129	\$ 5,053,488	\$ 360,003	\$ 3,497,126	\$ 35,848,189

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

TOWN OF OLD ORCHARD BEACH, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 20,923,304
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	22,436,105
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	491,052
Deferred outflows of resources are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Deferred outflows related to pension	1,336,597
Deferred outflows related to OPEB	259,029
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(4,419,202)
Notes from direct borrowings payable	(1,411,640)
Accrued interest	(62,527)
Accrued landfill expenses	(30,000)
Accrued compensated absences	(1,096,934)
Net pension (liability)/asset	(2,442,906)
Net OPEB liability	(806,993)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds shown above:	
Deferred inflows related to pension	(453,889)
Deferred inflows related to OPEB	<u>(397,697)</u>
Net position of governmental activities	<u><u>\$ 34,324,299</u></u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Sewer Special Revenue	CIP Public Works	<i>Moved from Nonmajor Fund</i> Waste Water Admin Bldg 2020	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 35,916,029	\$ -	\$ -	\$ -	\$ -	\$ 35,916,029
Licenses and permits	2,234,690	-	-	-	-	2,234,690
Intergovernmental	2,567,630	-	-	-	1,084,706	3,652,336
Other charges for services	-	170,600	-	-	1,280,008	1,450,608
Investment income	419,762	-	-	-	-	419,762
Unclassified	312,319	-	-	-	57,500	369,819
TOTAL REVENUES	41,450,430	170,600	-	-	2,422,214	44,043,244
EXPENDITURES						
Current:						
General government	6,490,768	-	-	-	-	6,490,768
Public works	2,264,021	-	-	-	-	2,264,021
Sanitation	2,229,193	-	-	-	-	2,229,193
Public safety	7,249,708	-	-	-	1,062,051	8,311,759
Recreation, culture and agencies	1,258,186	-	-	-	480,791	1,738,977
Health and welfare	627,279	-	-	-	-	627,279
Education	13,898,978	-	-	-	-	13,898,978
County tax	1,022,094	-	-	-	-	1,022,094
Tax abatements/ overlay	36,191	-	-	-	-	36,191
Program expenses	-	-	-	-	435,775	435,775
Debt service:						
Principal	982,533	-	-	-	-	982,533
Interest	139,841	-	-	-	-	139,841
Equipment replacement	586,319	-	-	-	-	586,319
Capital outlay	-	76,038	1,160,865	708,311	1,225,712	3,170,926
TOTAL EXPENDITURES	36,785,111	76,038	1,160,865	708,311	3,204,329	41,934,654
EXCESS REVENUES OVER (UNDER) EXPENDITURES	4,665,319	94,562	(1,160,865)	(708,311)	(782,115)	2,108,590
OTHER FINANCING SOURCES (USES)						
Transfers in	503,000	-	3,020,619	887,471	360,575	4,771,665
Transfers (out)	(4,268,665)	-	-	-	(503,000)	(4,771,665)
TOTAL OTHER FINANCING SOURCES (USES)	(3,765,665)	-	3,020,619	887,471	(142,425)	-
NET CHANGE IN FUND BALANCES	899,654	94,562	1,859,754	179,160	(924,540)	2,108,590
FUND BALANCES - JULY 1, AS PREVIOUSLY REPORTED	14,569,553	999,567	3,187,934	-	437,288	19,194,342
FUND BALANCE CORRECTION CHANGE WITHIN THE FINANCIAL REPORTING ENTITY	288,287	-	-	-	(667,915)	(379,628)
	288,287	-	-	(2,228,223)	2,228,223	-
FUND BALANCES - JULY 1, AS RESTATED	14,857,840	999,567	3,187,934	(2,228,223)	1,997,596	18,814,714
FUND BALANCES - JUNE 30	\$ 15,757,494	\$ 1,094,129	\$ 5,047,688	\$(2,049,063)	\$ 1,073,056	\$ 20,923,304

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

TOWN OF OLD ORCHARD BEACH, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 2,108,590</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,869,176
Depreciation expense	<u>(1,958,358)</u>
	<u>(89,182)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(293,722)</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	(247,802)
OPEB	<u>111,010</u>
	<u>(136,792)</u>
Debt proceeds provide current financial resources to governmental funds, but increase long-term obligations in the Statement of Net Position.	
	<u>(1,052,804)</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>1,521,038</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	471,441
OPEB	<u>(150,771)</u>
	<u>320,670</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	(130,069)
Net pension liability	(350,497)
Net OPEB liability	<u>5,034</u>
	<u>(469,532)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 1,908,266</u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Old Orchard Beach, Maine was incorporated under the laws of the State of Maine. The Town operates under the council-manager form of government and provides the following services: general government services, public works, sanitation, public safety, recreation, culture and agencies, health and welfare, education and other.

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

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

Implementation of New Accounting Standards

During the year ended June 30, 2024, the following statement of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 100 "Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62". The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

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

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) 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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.
- d. The Waste Water Admin Bldg. 2020 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

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

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

Basis of Accounting

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

1. Accrual

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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, Maine 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.

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, 2024. Accounts receivable netted with allowances for uncollectible accounts were \$1,486,343 for the year ended June 30, 2024.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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 revenues qualify for reporting in this category and is shown in the statement of net position and governmental funds balance sheet. Deferred inflows related to pensions and OPEB also qualify for

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 22, 2023 on the assessed value listed as of April 1, 2023, for all real and personal property located in the Town. Taxes were due in two installments on September 21, 2023 and March 21, 2024. Interest on unpaid taxes commenced on September 22, 2023 and March 22, 2024 at 8% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$181,538 for the year ended June 30, 2024.

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

Program Revenues

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

Encumbrance Accounting

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2024, the Town's cash balance of \$19,337,096 was comprised of deposits amounting to \$19,797,962. 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. All of these bank deposits, were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Sweep accounts	\$ 15,812,703
ICS statement savings	3,933,243
Cash equivalents	52,016
	<u>\$ 19,797,962</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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.

At June 30, 2024, the Town had \$2,862,091 in U.S. Agency securities and debt securities. Of this amount \$1,000,000 was covered by the Securities Investor Protection Corporation and consequently was not exposed to custodial credit risk. The remaining \$1,862,091 was uninsured and uncollateralized.

Investment Type	Fair Value	Less than 1 Year	1 - 5 Years	Over 5 Years
U.S. Agency securities	\$2,121,464	\$ -	\$2,121,464	\$ -
Debt securities	740,627	-	740,627	-
	\$2,862,091	\$ -	\$2,862,091	\$ -

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2024:

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, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2024 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
U.S. Agency Securities	\$ 2,121,464	\$ -	\$ 2,121,464	\$ -
Corporate bonds	740,627	-	740,627	-
Total debt securities	<u>2,862,091</u>	<u>-</u>	<u>2,862,091</u>	<u>-</u>
Total investments by fair value level	<u>2,862,091</u>	<u>\$ -</u>	<u>\$ 2,862,091</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	<u>52,016</u>			
Total cash equivalents measured at the NAV	<u>52,016</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 2,914,107</u>			

Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level I or III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2024 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. The Town's investment in corporate bonds are not rated.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2024 consisted of the following individual fund receivables and payables:

	<u>Receivables</u> <u>(Due from)</u>	<u>Payables</u> <u>(Due to)</u>
General fund	\$ 1,757,055	\$ 8,730,560
Sewer special revenue fund	1,094,129	-
CIP public works fund	5,053,488	-
Waste water admin bldg 2020	360,003	-
Nonmajor special revenue funds	1,449,426	1,742,270
Nonmajor capital projects fund	773,514	14,785
	<u>\$10,487,615</u>	<u>\$ 10,487,615</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, 2024 consisted of the following:

	<u>Transfers</u> <u>From</u>	<u>Transfers</u> <u>To</u>
General fund	\$ 503,000	\$ 4,268,665
CIP public works fund	3,020,619	-
Waste water admin bldg 2020	887,471	-
Nonmajor special revenue funds	-	503,000
Nonmajor capital projects fund	360,575	-
	<u>\$ 4,771,665</u>	<u>\$ 4,771,665</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, 2024

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2024:

	Balance 7/1/23	Additions	Disposals	Balance 6/30/24
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 635,404	\$ -	\$ -	\$ 635,404
Construction in progress	1,781,466	-	-	1,781,466
	<u>2,416,870</u>	<u>-</u>	<u>-</u>	<u>2,416,870</u>
Depreciated assets:				
Land improvements	1,018,045	46,067	-	1,064,112
Buildings and improvements	14,301,502	481,376	-	14,782,878
Furniture and fixtures	93,810	-	-	93,810
Machinery and equipment	5,921,456	223,675	-	6,145,131
Vehicles	8,014,884	-	-	8,014,884
Infrastructure	29,854,213	1,118,058	-	30,972,271
	59,203,910	1,869,176	-	61,073,086
Less: accumulated depreciation	(39,095,493)	(1,958,358)	-	(41,053,851)
	<u>20,108,417</u>	<u>(89,182)</u>	<u>-</u>	<u>20,019,235</u>
Net capital assets	<u>\$ 22,525,287</u>	<u>\$ (89,182)</u>	<u>\$ -</u>	<u>\$ 22,436,105</u>
<u>Current year depreciation:</u>				
Town hall				\$ 67,039
Public safety				610,640
Public works				870,607
Library				81,259
Historical society				758
Comfort station				3,514
Treatment plant				292,903
Recreation				12,000
Ballpark				19,638
Total depreciation expense				<u>\$ 1,958,358</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - SHORT-TERM DEBT

On March 9, 2022, the District issued bond anticipation notes in anticipation of bond revenues. The notes, a line of credit, allowed principal draws up to \$23,500,000 at XX.XX% interest with a maturity date of March 9, 2025. Short-term debt activity for the year ended June 30, 2024, was as follows:

	Balance, 7/1/23	Additions	Deletions	Balance, 6/30/24
Bond anticipation note	\$ -	\$ 2,409,066	\$ -	\$ 2,409,066

NOTE 7 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2024:

	Balance, 7/1/23	Additions	Deletions	Balance, 6/30/24	Due Within One Year
Bonds payable	\$ 5,391,335	\$ -	\$ (972,133)	\$ 4,419,202	\$ 772,133
Notes from direct borrowings payable	907,741	1,052,804	(548,905)	1,411,640	369,138
	<u>\$ 6,299,076</u>	<u>\$ 1,052,804</u>	<u>\$ (1,521,038)</u>	<u>\$ 5,830,842</u>	<u>\$ 1,141,271</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% per annum. Maturity in November of 2028.	\$ 760,000
\$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.	300,000
\$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% per annum. Maturity in November of 2030.	875,000
\$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% per annum. Maturity in September of 2027.	650,000

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 - LONG TERM DEBT (CONTINUED)

\$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% per annum. Maturity in May of 2029.	500,000
\$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% per annum. Maturity in November of 2026.	120,000
\$857,000, 2017, General Obligation Bond Fund financed with Maine Municipal Bond Bank, due in annual principal installments of \$57,133. Interest is fixed at a rate ranging from 1.34% to 3.59% per annum. Maturity in November of 2032.	514,202
\$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% per annum. Maturity in November of 2030.	<u>700,000</u>
Total Bonds Payable	<u>\$ 4,419,202</u>

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

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 fixed rate of 1.68% per annum.	\$ 14,797
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 fixed rate of 2.07% per annum.	20,405
The Town leases a 2021 Ford Super Duty 550 Truck. The term of the lease is for five years beginning June of 2021, expiring in June of 2026, annual payments of 10,985, interest at a fixed rate of 1.88% per annum.	10,783
The Town leases a 2021 Ford Super Duty F-550 - Gorham Savings Leasing. The term of the lease is five years beginning Sept of 2021, expiring in October of 2025, annual payments of 12,248 including interest at a fixed rate of 1.70% per annum.	20,463

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 - LONG TERM DEBT (CONTINUED)

The Town leases a steel platform body and Hydraulic Crane and related equipment. The term of the lease is for a five year period beginning September of 2021 and expiring in September of 2025. Annual payments are \$10,532 including interest at a fixed rate of 1.95% per annum.	35,450
The Town leases one 2021 RAM 5500 6.7L Diesel 4x4 Braun Chief XL ambulance and related equipment from Androscoggin Bank. The term of the lease is six years beginning August of 2021 and expiring August of 2026. Annual payments are \$59,651 including interest at a fixed rate	171,425
The Town leases two license plate readers for parking enforcement from Androscoggin Bank. The term of the lease is 5 years beginning 2/22/2022 and expiring 2/22/2026. Annual payments are \$18,513 including fixed interest at 2.95% per annum.	23,885
The Town leases police cruisers under a non-cancellable lease agreement. The term of the lease is for a five-year period expiring in August of 2026. Annual payments are \$56,482. Interest is charged at an annual fixed rate of 3.55% per annum.	158,091
The Town leases GMC 1500 truck under a non-cancellable lease agreement. The term of the lease is for a five-year period expiring in June of 2027. Annual payments are \$13,905. Interest is charged at an annual fixed rate of 5.63% per annum.	37,425
The Town leases a sewer jetter and trailer under a non-cancellable lease agreement. The term of the lease is for a five-year period expiring in July of 2026. Annual payments are \$20,645. Interest is charged at an annual fixed rate of 3.55% per annum.	57,811
The Town leases four EVs from Androscoggin Bank. The term of the lease is three years and expiring September of 2027. Annual payments are \$19,766 including interest at a fixed rate of 4.99% per annum.	70,106
The Town leases a 2023 F350 from Gorham Savings Leasing. The term of the lease is 4 years and expiring January of 2028. Annual payments are \$10,539 including fixed interest at 5.30% per annum.	37,111

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 - LONG TERM DEBT (CONTINUED)

The Town leases a 2024 F350 from Gorham Savings Leasing. The term of the lease is for a four-year period expiring in February of 2028. Annual payments are \$21,153. Interest is charged at an annual fixed rate of 5.74% per annum.	73,735
The Town leases a 2024 Freightliner for Gorham Savings Leasing. The term of the lease is for a two-year period expiring in February of 2025. Annual payments are \$56,073. Interest is charged at an annual fixed rate of 5.74% per annum.	195,460
The Town leases portable radios from Androscoggin Bank. The term of the lease is for a three-year period expiring in August of 2027. Annual payments are \$22,456. Interest is charged at an annual fixed rate of 5.62% per annum.	78,494
The Town leases solid waste carts from Gorham Savings Leasing. The term of the lease is for a eight-year period expiring in August of 2032. Annual payments are \$52,138. Interest is charged at an annual rate of 5.00%.	370,684
The Town leases a police van from Androscoggin Bank. The term of the lease is for a three-year period expiring in July of 2027. Annual payments are \$10,160. Interest is charged at an annual rate of 5.62%.	<u>35,515</u>
Total Notes from Direct Borrowings Payable	<u><u>\$ 1,411,640</u></u>

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

	Bonds Payable		Notes from Direct Borrowings Payable		Total Debt Service
	Principal	Interest	Principal	Interest	
2025	\$ 772,133	\$ 126,964	\$ 369,138	\$ 61,991	\$ 1,330,226
2026	772,133	103,660	336,286	47,984	1,260,063
2027	772,133	79,801	308,831	34,146	1,194,911
2028	712,133	56,003	171,655	20,629	960,420
2029	712,133	32,415	40,852	11,287	796,687
2030-2034	678,537	28,684	184,878	23,673	915,772
	<u>\$ 4,419,202</u>	<u>\$ 427,527</u>	<u>\$ 1,411,640</u>	<u>\$ 199,710</u>	<u>\$ 6,458,079</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 - LONG TERM DEBT (CONTINUED)

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 8 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2024:

	Balance, 7/1/23	Additions	Deletions	Balance, 6/30/24	Due Within One Year
Accrued landfill closure	\$ 36,000	\$ -	\$ (6,000)	\$ 30,000	\$ 6,000
Accrued compensated absences	966,865	130,069	-	1,096,934	195,231
Net pension liability	2,092,409	1,447,431	(1,096,934)	2,442,906	-
Net OPEB liability	812,027	151,134	(156,168)	806,993	-
	<u>\$ 3,907,301</u>	<u>\$ 1,728,634</u>	<u>\$ (1,259,102)</u>	<u>\$ 4,376,833</u>	<u>\$ 201,231</u>

Please see Notes 9, 19 and 20 for detailed information on each of the other long-term obligations.

NOTE 9 - 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 a long-term obligation 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, 2024, the Town's liability for compensated absences is \$1,096,934.

NOTE 10 - 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, 2024, the Town had no overlapping debt. The Town's proportionate share of the County and School Unit debt is paid through annual assessments. The Regional School Unit and the Transit Committee do not currently have any debt.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2024:

Invested in capital assets	\$ 63,489,956
Accumulated depreciation	(41,053,851)
Outstanding capital related debt	<u>(5,830,842)</u>
	<u>\$ 16,605,263</u>

NOTE 12 - RESTRICTED NET POSITION AND FUND BALANCES

The Town has the following restricted net position and fund balances at June 30, 2024:

Nonmajor special revenue funds:	
Police grants	\$ 16,002
Smithwheel impact fees	527
Public safety grant	61,963
Conservation tree grant	16,785
CDBG business façade grant	10,154
Museum in the street	5,403
AARP grant	1,868
Nonmajor capital projects funds:	
FY 2016 bond ladder truck	5,282
FY 2017 bond WWT storage	<u>11,393</u>
	<u>\$ 129,377</u>

NOTE 13 - NONSPENDABLE FUND BALANCES

The Town has the following nonspendable fund balances at June 30, 2024:

General fund:	
Inventory	\$ 63,054
Prepaid items	<u>3,975</u>
	<u>\$ 67,029</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 - COMMITTED FUND BALANCES

The Town has the following committed fund balances at June 30, 2024:

General fund:	
Encumbrance	\$ 33,758
Sewer special revenue fund	1,094,129
CIP public works fund	5,047,688
Nonmajor special revenue funds (Schedule E)	962,551
Nonmajor capital projects funds (Schedule G)	754,313
	<u>\$ 7,892,439</u>

NOTE 15 - ASSIGNED FUND BALANCES

The Town has the following assigned fund balances at June 30, 2024:

Nonmajor capital projects funds (Schedule G)	<u>\$ 2,526</u>
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NOTE 16 - 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 17 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2024.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - RISK MANAGEMENT (CONTINUED)

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, 2024. 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 18 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

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

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with other PLD employers under applicable statutory provisions. As of June 30, 2023, there were 327 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 3.88%.

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 10.7% 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 9.3% of their annual salary, fire department employees are part of the PLD's special plan "2C" and are required to contribute 8.4% of their annual salary, while all other employees are part of the PLD's plan "AC" and are required to contribute 7.7% of their annual salary. The Town is required to contribute 14.8% of special plan "1C" members' covered payroll, 12.8% of special plan "3C" members' covered payroll, 11.6% of special plan "2C" members' covered payroll and 10.2% of the plan "AC" members' covered payroll annually to the system along with a predetermined initial unpoolled unfunded actuarial liability (IUUAL) rate set by the system. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2024 was \$849,132.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - 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, 2024, the Town reported a liability of \$2,442,906 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2023 and the total pension liabilities used to calculate the net pension liabilities were 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, 2023, the Town's proportion was 0.76557%, which was a decrease of 0.02153% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Town recognized total pension expense of \$126,858. At June 30, 2024, 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	\$ 453,529	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	414,547
Changes in proportion and differences between contributions and proportionate share of contributions	33,936	39,342
Contributions subsequent to the measurement date	<u>849,132</u>	<u>-</u>
Total	<u>\$ 1,336,597</u>	<u>\$ 453,889</u>

\$849,132 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, 2025. 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, 2024

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
Plan year ended June 30:	
2024	\$ (15,796)
2025	(390,363)
2026	420,464
2027	19,271
2028	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2023, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - 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, 2023 are as follows:

Investment Rate of Return - 6.50% per annum for the year ended June 30, 2023 and June 30, 2022, compounded annually.

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

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

Cost of Living Benefit Increases - 1.91%

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

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.6%
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%	3.2%
Alternative credit	5.0%	7.4%
Diversifiers	10.0%	5.0%

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2023 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2023 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net pension liability/(asset)	\$ 6,693,740	\$ 2,442,906	\$ (1,063,687)

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, 2023 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, 2023 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors is 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 2023 through 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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Differences between Projected and Actual Investment Earnings on Pension Plan Investments

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

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2023 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Please refer to the Actuarial Methods and Assumptions section for information relating to the use of assumptions.

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2023 Annual Comprehensive Financial Report available 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, 2024

NOTE 19 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES' HEALTH TRUST

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

At January 1, 2024, the following employees were covered by the benefit terms:

Active members	79
Retirees and spouses	<u>3</u>
Total	<u><u>82</u></u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Contributions

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

Retiree Premium Amounts:

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

<u>Pre-Medicare</u>	<u>Single</u>	<u>Family</u>
POS C	\$ 1,142.34	\$ 2,562.39
 <u>Medicare</u>		
Medicare- Eligible Retirees	\$ 659.34	\$ 1,318.68

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

At June 30, 2024, the Town reported a liability of \$812,027 for its total OPEB liability for this Plan. The total OPEB liability was measured as of July 1, 2023 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, 2024, the Town recognized OPEB expense of \$29,853. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 291,919
Changes of assumptions	253,632	105,778
Contributions subsequent to the measurement date	<u>5,397</u>	<u>-</u>
Total	<u>\$ 259,029</u>	<u>\$ 397,697</u>

\$5,397 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended June 30:	
2025	\$ (14,239)
2026	(20,170)
2027	(11,670)
2028	(19,893)
2029	(26,504)
Thereafter	(51,589)

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, 2024. 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 3.26% per annum for June 30, 2024 was based upon a measurement date of December 28, 2023. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	2.26%	3.26%	4.26%
Total OPEB liability	\$ 944,744	\$ 806,993	\$ 694,361
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 944,744</u>	<u>\$ 806,993</u>	<u>\$ 694,361</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 688,322	\$ 812,027	\$ 969,259
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 688,322</u>	<u>\$ 812,027</u>	<u>\$ 969,259</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, 2024, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Actuarial Cost Method

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

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2021. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Amortization

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

Assumptions

The actuarial assumptions used in the January 1, 2024 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2022 and based on the experience study covering the period from June 30, 2016 through June 30, 2021. As of January 1, 2024, they are as follows:

Discount Rate - 3.26% per annum for year end 2024 reporting. 3.72% per annum for year end 2022 reporting.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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 2024_1b was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.38%
Rate of Growth in Real Income/GDP per capital 2032+	1.40%
Extra Trend due to Taste/Technology 2031+	1.10%
Expected Health Share of GDP 2031	19.80%
Health Share of GDP Resistance Point	18.00%
Year for Limiting Cost Growth to GDP Growth	2044

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

The trends selected from 2024 to 2027 were based on plan design, population weighting, renewal projections and market analysis. For years 2028 to 2032, these are interpolated from 2027 to 2033 (which is the product of the inflation, GDP and extra trend rate assumptions).

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

Administrative and claims expense - 3% per annum.

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

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2021.

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

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

Administrative expenses - Included in the per capita claims cost.

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

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

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

Rate of Mortality:

Healthy Annuitant- Based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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, 2024 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, 2024 was (\$291,919).

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the January 1, 2024 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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 20 - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2024:

Waste water admin bldg 2020	\$ 2,049,063
Nonmajor funds:	
Special revenue funds:	
SHIP grant	164,748
Ballpark restoration	91,780
Cable franchise	4,913
Memorial Day Parade	16,959
Veteran's Memorial Monument	103
TIF Pines at Ocean Park	9,315
Property tax assistance	16,948
FEMA COVID	221,436
FEMA grant	234,724
Capital project funds:	
Library expansion	14,785
	<u>\$ 2,824,774</u>

NOTE 21 - OVERSPENT APPROPRIATIONS

The Town had the following overspent appropriations:

Public safety	\$ 312,806
Health and welfare	343,438
Transfers to other funds	918,260
Total	<u>\$ 1,574,504</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 22 - 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, 2024 are \$36,000, 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 23 - 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, Maine. 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, 2024

NOTE 24 - 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 25 - CONTINGENCIES AND COMMITMENTS

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

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

NOTE 26 - RESTATEMENTS

In 2023, the Town determined that certain transactions had been recorded incorrectly or omitted. Therefore, a restatement to the beginning fund balances and net position was required as follows:

	6/30/23 As Previously Reported	Fund Balance Correction	Change within Financial Reporting Entity	6/30/23 As Restated
Government-Wide Activities:				
Net Position	<u>\$32,795,661</u>	<u>\$ (379,628)</u>	<u>\$ -</u>	<u>\$32,416,033</u>
Governmental Funds:				
Major Funds:				
General Fund	\$14,569,553	\$ 288,287	\$ -	\$14,857,840
Sewer Special Revenue	999,567	-	-	999,567
CIP Public Works	3,187,934	-	-	3,187,934
Waste Water Admin Bldg	-	-	(2,228,223)	(2,228,223)
Other Governmental Funds	437,288	(667,915)	2,228,223	1,997,596
	<u>\$19,194,342</u>	<u>\$ (379,628)</u>	<u>\$ -</u>	<u>\$18,814,714</u>

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, 2024

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1, Restated	\$ 14,857,840	\$ 14,857,840	\$ 14,857,840	\$ -
Resources (Inflows):				
Taxes	35,942,423	35,942,423	35,916,029	(26,394)
Licenses and permits	1,647,800	1,647,800	2,234,690	586,890
Intergovernmental	2,077,476	2,077,476	2,567,630	490,154
Unclassified	10,000	10,000	312,319	302,319
Interest earned	90,000	90,000	419,762	329,762
Transfers from other funds	503,000	503,000	503,000	-
Amounts Available for Appropriation	<u>55,128,539</u>	<u>55,128,539</u>	<u>56,811,270</u>	<u>1,682,731</u>
Charges to Appropriations (Outflows):				
General government	6,766,839	6,766,839	6,490,768	276,071
Public works	2,367,952	2,367,952	2,264,021	103,931
Sanitation	2,436,822	2,436,822	2,229,193	207,629
Public safety	6,936,902	6,936,902	7,249,708	(312,806)
Recreation, culture and agencies	1,316,261	1,316,261	1,258,186	58,075
Health and welfare	283,841	283,841	627,279	(343,438)
Education	13,899,361	13,899,361	13,898,978	383
County tax	1,022,100	1,022,100	1,022,094	6
Tax abatements/overlay	251,538	251,538	36,191	215,347
Debt service:				
Principal	973,000	973,000	982,533	(9,533)
Interest	552,350	552,350	139,841	412,509
Equipment replacement	631,000	631,000	586,319	44,681
Transfers to other funds	3,350,405	3,350,405	4,268,665	(918,260)
Total Charges to Appropriations	<u>40,788,371</u>	<u>40,788,371</u>	<u>41,053,776</u>	<u>(265,405)</u>
Budgetary Fund Balance, June 30	<u>\$ 14,340,168</u>	<u>\$ 14,340,168</u>	<u>\$ 15,757,494</u>	<u>\$ 1,417,326</u>
Utilization of unassigned fund balance	<u>\$ 517,672</u>	<u>\$ 517,672</u>	<u>\$ -</u>	<u>\$ (517,672)</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*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>										
Proportion of the net pension liability/(asset)	0.77%	0.79%	0.75%	0.79%	0.81%	0.82%	0.83%	0.82%	0.86%	0.89%
Proportionate share of the net pension liability/(asset)	\$2,442,906	\$2,092,409	\$ (241,236)	\$3,142,106	\$2,472,087	\$2,232,704	\$3,383,658	\$ 4,361,763	\$ 2,758,806	\$ 1,370,138
Covered payroll	\$5,911,019	\$5,227,444	\$4,416,608	\$4,453,910	\$4,350,490	\$4,162,344	\$4,104,773	\$ 3,788,020	\$ 3,645,778	\$3,245,914
Proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	41.33%	40.03%	-5.46%	70.55%	56.82%	53.64%	82.43%	115.15%	75.67%	42.21%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	92.34%	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	86.40%	81.61%	88.30%

* The amounts presented for each fiscal year were determined as of June 30.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>										
Contractually required contribution	\$ 849,132	\$ 702,981	\$ 593,942	\$ 500,753	\$ 510,657	\$ 494,223	\$ 452,937	\$ 423,575	\$ 385,052	\$ 353,460
Contributions in relation to the contractually required contribution	<u>(849,132)</u>	<u>(702,981)</u>	<u>(593,942)</u>	<u>(500,753)</u>	<u>(510,657)</u>	<u>(494,223)</u>	<u>(452,937)</u>	<u>(423,575)</u>	<u>(385,052)</u>	<u>(353,460)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered payroll	\$7,414,505	\$5,911,019	\$5,227,444	\$4,416,608	\$4,453,910	\$4,350,490	\$4,162,344	\$ 4,104,773	\$ 3,788,020	\$3,645,778
Contributions as a percentage of covered payroll	11.45%	11.89%	11.36%	11.34%	11.47%	11.36%	10.88%	10.32%	10.16%	9.70%

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	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 1/1/23 (Reporting June 30, 2023)	\$ 812,027	\$ -	\$ 812,027
Changes for the year:			
Service cost	35,574	-	35,574
Interest	31,078	-	31,078
Changes of benefits	-	-	-
Differences between expected and actual experience	(220,405)	-	(220,405)
Changes of assumptions	173,298	-	173,298
Contributions - employer	-	24,579	(24,579)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(24,579)	(24,579)	-
Administrative expense	-	-	-
Net changes	(5,034)	-	(5,034)
Balances at 1/1/24 (Reporting June 30, 2024)	<u>\$ 806,993</u>	<u>\$ -</u>	<u>\$ 806,993</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*

	2024	2023	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>							
Service cost (BOY)	\$ 35,574	\$ 43,073	\$ 53,057	\$ 46,088	\$ 28,070	\$ 31,267	\$ 26,239
Interest (includes interest on service cost)	31,078	18,588	20,267	23,150	30,304	26,641	26,037
Changes of benefit terms	-	-	-	-	(16,214)	-	-
Differences between expected and actual experience	(220,405)	-	(79,397)	-	(93,316)	-	(45,085)
Changes of assumptions	173,298	(98,569)	(18,174)	52,916	159,047	(67,990)	92,556
Benefit payments, including refunds of member contributions	(24,579)	(20,525)	(18,370)	(17,663)	(22,498)	(21,633)	(16,647)
Net change in total OPEB liability	\$ (5,034)	\$ (57,433)	\$ (42,617)	\$ 104,491	\$ 85,393	\$ (31,715)	\$ 83,100
Total OPEB liability - beginning	\$ 812,027	\$ 869,460	\$ 912,077	\$ 807,586	\$ 722,193	\$ 753,908	\$ 670,808
Total OPEB liability - ending	\$ 806,993	\$ 812,027	\$ 869,460	\$ 912,077	\$ 807,586	\$ 722,193	\$ 753,908
<u>Plan fiduciary net position</u>							
Contributions - employer	24,579	20,525	18,370	17,663	22,498	21,633	16,647
Contributions - member	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(24,579)	(20,525)	(18,370)	(17,663)	(22,498)	(21,633)	(16,647)
Administrative expense	-	-	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 806,993	\$ 812,027	\$ 869,460	\$ 912,077	\$ 807,586	\$ 722,193	\$ 753,908
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-	-	-	-
Covered payroll	\$ 5,515,828	\$ 4,007,168	\$ 4,007,168	\$ 4,239,699	\$ 4,239,699	\$ 3,778,198	\$ 3,778,198
Net OPEB liability as a percentage of covered payroll	14.6%	20.3%	21.7%	21.5%	19.0%	19.1%	20.0%

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

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

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018
<u>MMEHT:</u>							
Employer contributions	\$ 24,579	\$ 20,525	\$ 18,370	\$ 17,663	\$ 22,498	\$ 21,633	\$ 16,647
Benefit payments	(24,579)	(20,525)	(18,370)	(17,663)	(22,498)	(21,633)	(16,647)
Contribution deficiency (excess)	<u>\$ -</u>						
Covered payroll	\$ 5,515,828	\$ 4,007,168	\$ 4,007,168	\$ 4,239,699	\$ 4,239,699	\$ 4,162,344	\$ 4,162,344
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* 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
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

Changes of Assumptions

MEPERS PLD Plan:

There were no changes since the last actuarial valuation.

MMEHT OPEB Plan:

There was a change in the discount rate from 3.72% to 3.26% per GASB 75 discount rate selection. Trends have been updated since the last valuation.

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, 2024

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
REVENUES					
General tax revenues:					
Property taxes	\$ 33,748,423	\$ -	\$ 33,748,423	\$ 33,390,668	\$ (357,755)
Excise taxes	1,805,000	-	1,805,000	2,173,893	368,893
Franchise taxes	225,000	-	225,000	222,105	(2,895)
Interest and penalties	140,000	-	140,000	100,492	(39,508)
Payments in lieu of taxes	24,000	-	24,000	28,871	4,871
Intergovernmental revenues:					
Municipal revenue sharing	1,300,000	-	1,300,000	1,350,717	50,717
Homestead exemption	513,155	-	513,155	547,890	34,735
DOT block grant	55,000	-	55,000	66,344	11,344
BETE reimbursement	15,321	-	15,321	15,359	38
Health/welfare intergovernmental	175,000	-	175,000	550,875	375,875
Other intergovernmental	19,000	-	19,000	36,445	17,445
Licenses, permits and fees:					
Parking meters	550,000	-	550,000	844,060	294,060
Parking fines/ordinance violations	206,000	-	206,000	166,465	(39,535)
Business licenses	400,000	-	400,000	675,729	275,729
Building, plumbing, electrical permits	310,000	-	310,000	311,430	1,430
Town agent fees	25,000	-	25,000	41,865	16,865
Town clerk fees	14,500	-	14,500	13,813	(687)
Trash bag/septic	46,500	-	46,500	35,193	(11,307)
Parking lot permits	84,000	-	84,000	126,959	42,959
Planner fee	9,000	-	9,000	16,276	7,276
Street opening permits	2,800	-	2,800	2,900	100
Investment income:					
Investment income	90,000	-	90,000	419,762	329,762
Unclassified:					
Sale of town owned property	-	-	-	23,223	23,223
Insurance claims	-	-	-	21,031	21,031
Other revenue	10,000	-	10,000	268,065	258,065
Transfers from other funds					
Special revenue funds	503,000	-	503,000	503,000	-
Total revenues	\$ 40,270,699	\$ -	\$ 40,270,699	\$ 41,953,430	\$ 1,682,731

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, 2024

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Town council	\$ 60,560	\$ -	\$ 60,560	\$ 51,658	\$ 8,902
Administration	990,314	-	990,314	999,998	(9,684)
Tax collector	183,877	-	183,877	172,912	10,965
Finance director/treasurer	223,808	-	223,808	216,574	7,234
Assessor	251,671	-	251,671	245,749	5,922
Town clerk	318,226	-	318,226	309,574	8,652
Planning	191,009	-	191,009	159,068	31,941
Code enforcement	449,649	-	449,649	335,609	114,040
Building maintenance	104,725	-	104,725	99,926	4,799
Contingency	150,000	-	150,000	-	150,000
Insurance	3,843,000	-	3,843,000	3,899,700	(56,700)
	<u>6,766,839</u>	<u>-</u>	<u>6,766,839</u>	<u>6,490,768</u>	<u>276,071</u>
Public works					
General	<u>2,367,952</u>	<u>-</u>	<u>2,367,952</u>	<u>2,264,021</u>	<u>103,931</u>
	<u>2,367,952</u>	<u>-</u>	<u>2,367,952</u>	<u>2,264,021</u>	<u>103,931</u>
Sanitation					
Treatment plant	1,511,822	-	1,511,822	1,352,251	159,571
Solid waste	925,000	-	925,000	876,942	48,058
	<u>2,436,822</u>	<u>-</u>	<u>2,436,822</u>	<u>2,229,193</u>	<u>207,629</u>

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public safety					
Police department	3,456,530	-	3,456,530	3,385,299	71,231
Parking enforcement	222,325	-	222,325	244,652	(22,327)
Fire/rescue department	2,834,237	-	2,834,237	3,211,475	(377,238)
Street lights and traffic light expense	205,000	-	205,000	156,858	48,142
Lifeguards	218,810	-	218,810	251,424	(32,614)
	<u>6,936,902</u>	<u>-</u>	<u>6,936,902</u>	<u>7,249,708</u>	<u>(312,806)</u>
Recreation, culture and agencies					
Recreation	473,525	-	473,525	455,107	18,418
Libby Memorial Library	434,131	-	434,131	434,266	(135)
Transit District subsidy	250,000	-	250,000	250,000	-
Service agencies	25,400	-	25,400	24,400	1,000
Historical society	18,630	-	18,630	11,817	6,813
Parks maintenance expense	101,975	-	101,975	71,406	30,569
Conservation commission	12,600	-	12,600	11,190	1,410
	<u>1,316,261</u>	<u>-</u>	<u>1,316,261</u>	<u>1,258,186</u>	<u>58,075</u>
Health and welfare					
General assistance	283,841	-	283,841	627,279	(343,438)
	<u>283,841</u>	<u>-</u>	<u>283,841</u>	<u>627,279</u>	<u>(343,438)</u>

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education	13,899,361	-	13,899,361	13,898,978	383
County tax	1,022,100	-	1,022,100	1,022,094	6
Overlay	251,538	-	251,538	36,191	215,347
Debt service					
Equipment replacement	631,000	-	631,000	586,319	44,681
Principal	973,000	-	973,000	982,533	(9,533)
Interest	552,350	-	552,350	139,841	412,509
	2,156,350	-	2,156,350	1,708,693	447,657
Transfers to other funds					
Special revenue funds	127,359	-	127,359	-	127,359
Capital projects funds	3,223,046	-	3,223,046	4,268,665	(1,045,619)
	3,350,405	-	3,350,405	4,268,665	(918,260)
Total Departmental Operations	40,788,371	-	40,788,371	41,053,776	\$ (265,405)

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, 2024

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Accounts receivable (net of allowance for uncollectibles)	\$ 1,274,186	\$ -	\$ 1,274,186
Due from other funds	1,449,426	773,514	2,222,940
TOTAL ASSETS	<u>\$ 2,723,612</u>	<u>\$ 773,514</u>	<u>\$ 3,497,126</u>
LIABILITIES			
Due to other funds	\$ 1,742,270	\$ 14,785	\$ 1,757,055
TOTAL LIABILITIES	<u>1,742,270</u>	<u>14,785</u>	<u>1,757,055</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	667,015	-	667,015
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>667,015</u>	<u>-</u>	<u>667,015</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	112,702	16,675	129,377
Committed	962,551	754,313	1,716,864
Assigned	-	2,526	2,526
Unassigned (deficits)	(760,926)	(14,785)	(775,711)
TOTAL FUND BALANCES	<u>314,327</u>	<u>758,729</u>	<u>1,073,056</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,723,612</u>	<u>\$ 773,514</u>	<u>\$ 3,497,126</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, 2024

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenue	\$ 1,084,706	\$ -	\$ 1,084,706
Charges for services	1,280,008	-	1,280,008
Other income	57,500	-	57,500
TOTAL REVENUES	<u>2,422,214</u>	<u>-</u>	<u>2,422,214</u>
EXPENDITURES			
Public safety	1,062,051	-	1,062,051
Recreation, culture and agencies	480,791	-	480,791
Program expenses	435,775	-	435,775
Capital outlay	-	1,225,712	1,225,712
TOTAL EXPENDITURES	<u>1,978,617</u>	<u>1,225,712</u>	<u>3,204,329</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>443,597</u>	<u>(1,225,712)</u>	<u>(782,115)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	360,575	360,575
Transfers (out)	(503,000)	-	(503,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(503,000)</u>	<u>360,575</u>	<u>(142,425)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(59,403)</u>	<u>(865,137)</u>	<u>(924,540)</u>
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	1,041,645	(604,357)	437,288
FUND BALANCE CORRECTIONS	(667,915)	-	(667,915)
CHANGE WITHIN THE FINANCIAL REPORTING ENTITY	-	2,228,223	2,228,223
	<u>(667,915)</u>	<u>2,228,223</u>	<u>1,560,308</u>
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	<u>373,730</u>	<u>1,623,866</u>	<u>1,997,596</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 314,327</u>	<u>\$ 4,610,818</u>	<u>\$ 1,073,056</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, 2024

	Rescue Fees	Recreation Programs	Special Dog	Police Grants	Smithwheel Impact Fees	Public Safety Grant	SHIP Grant	Conservation Tree Grant
ASSETS								
Accounts receivable (net of allowance for uncollectibles)	\$ 292,142	\$ 700	\$ -	\$ -	\$ -	\$ -	\$ 827,092	\$ -
Due from other funds	483,970	148,105	18,137	16,002	527	61,963	-	16,785
TOTAL ASSETS	\$ 776,112	\$ 148,805	\$ 18,137	\$ 16,002	\$ 527	61,963	827,092	\$ 16,785
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 991,840	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-	991,840	-
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	-	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	16,002	527	61,963	-	16,785
Committed	776,112	148,805	18,137	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(164,748)	-
TOTAL FUND BALANCES (DEFICITS)	776,112	148,805	18,137	16,002	527	61,963	(164,748)	16,785
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 776,112	\$ 148,805	\$ 18,137	\$ 16,002	\$ 527	\$ 61,963	\$ 827,092	\$ 16,785

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024

	Memorial Park Improvements	CDBG Business Facade Grant	Ballpark Restoration	Museum In the Street	Cable Franchise	ARPA Child Care	Memorial Day Parade	Community Garden	Veterans Memorial Monument
ASSETS									
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	5,232	10,154	-	5,403	-	667,015	-	5,576	-
TOTAL ASSETS	\$ 5,232	\$ 10,154	\$ -	\$ 5,403	\$ -	\$ 667,015	\$ -	\$ 5,576	\$ -
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ 91,780	\$ -	\$ 4,913	\$ -	\$ 16,959	\$ -	\$ 103
TOTAL LIABILITIES	-	-	91,780	-	4,913	-	16,959	-	103
DEFERRED INFLOWS OF RESOURCES									
Deferred revenue	-	-	-	-	-	667,015	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	667,015	-	-	-
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	10,154	-	5,403	-	-	-	-	-
Committed	5,232	-	-	-	-	-	-	5,576	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(91,780)	-	(4,913)	-	(16,959)	-	(103)
TOTAL FUND BALANCES (DEFICITS)	5,232	10,154	(91,780)	5,403	(4,913)	-	(16,959)	5,576	(103)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 5,232	\$ 10,154	\$ -	\$ 5,403	\$ -	\$ 667,015	\$ -	\$ 5,576	\$ -

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024

	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	\$ -	\$ 1,274,186
Due from other funds	935	7,754	-	1,868	-	-	-	1,449,426
TOTAL ASSETS	<u>\$ 935</u>	<u>\$ 7,754</u>	<u>\$ -</u>	<u>\$ 1,868</u>	<u>\$ -</u>	<u>\$ 154,252</u>	<u>\$ -</u>	<u>\$ 2,723,612</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ 9,315	\$ -	\$ 16,948	\$ 375,688	\$ 234,724	\$ 1,742,270
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>9,315</u>	<u>-</u>	<u>16,948</u>	<u>375,688</u>	<u>234,724</u>	<u>1,742,270</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	-	-	-	-	-	-	-	667,015
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>667,015</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	1,868	-	-	-	112,702
Committed	935	7,754	-	-	-	-	-	962,551
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	(9,315)	-	(16,948)	(221,436)	(234,724)	(760,926)
TOTAL FUND BALANCES (DEFICITS)	<u>935</u>	<u>7,754</u>	<u>(9,315)</u>	<u>1,868</u>	<u>(16,948)</u>	<u>(221,436)</u>	<u>(234,724)</u>	<u>314,327</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 935</u>	<u>\$ 7,754</u>	<u>\$ -</u>	<u>\$ 1,868</u>	<u>\$ -</u>	<u>\$ 154,252</u>	<u>\$ -</u>	<u>\$ 2,723,612</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, 2024

	Rescue Fees	Recreation Programs	Special Dog	Police Grants	Smithwheel Impact Fees	Public Safety Grant	SHIP Grant	Conservation Tree Grant
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 44,626	\$ 846,217	\$ -
Charges for services	766,189	483,180	3,111	-	-	-	-	-
Other income	-	-	2,410	200	-	-	-	-
TOTAL REVENUES	<u>766,189</u>	<u>483,180</u>	<u>5,521</u>	<u>5,200</u>	<u>-</u>	<u>44,626</u>	<u>846,217</u>	<u>-</u>
EXPENDITURES								
Public safety	-	-	-	1,545	-	39,196	1,021,310	-
Recreation, culture and agencies	-	396,701	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	86
TOTAL EXPENDITURES	<u>-</u>	<u>396,701</u>	<u>-</u>	<u>1,545</u>	<u>-</u>	<u>39,196</u>	<u>1,021,310</u>	<u>86</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>766,189</u>	<u>86,479</u>	<u>5,521</u>	<u>3,655</u>	<u>-</u>	<u>5,430</u>	<u>(175,093)</u>	<u>(86)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	(500,000)	-	(3,000)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(500,000)</u>	<u>-</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>266,189</u>	<u>86,479</u>	<u>2,521</u>	<u>3,655</u>	<u>-</u>	<u>5,430</u>	<u>(175,093)</u>	<u>(86)</u>
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	509,923	62,326	15,616	12,347	527	56,533	10,345	16,871
FUND BALANCE CORRECTION	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	<u>509,923</u>	<u>62,326</u>	<u>15,616</u>	<u>12,347</u>	<u>527</u>	<u>56,533</u>	<u>10,345</u>	<u>16,871</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 776,112</u>	<u>\$ 148,805</u>	<u>\$ 18,137</u>	<u>\$ 16,002</u>	<u>\$ 527</u>	<u>\$ 61,963</u>	<u>\$ (164,748)</u>	<u>\$ 16,785</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, 2024

	Memorial Park Improvements	CDBG Business Facade Grant	Ballpark Restoration	Museum In the Street	Cable Franchise	ARPA Child Care	Memorial Day Parade	Community Garden	Veterans Memorial Monument
REVENUES									
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 33,500	\$ 900	\$ -	\$ -	\$ -
Charges for services	-	-	26,353	-	-	-	-	1,175	-
Other income	3,470	-	48,076	-	-	-	-	-	524
TOTAL REVENUES	3,470	-	74,429	-	33,500	900	-	1,175	524
EXPENDITURES									
Public safety	-	-	-	-	-	-	-	-	-
Recreation, culture and agencies	1,265	-	72,919	-	-	-	4,700	558	4,648
Other	-	-	-	-	5,098	900	-	-	-
TOTAL EXPENDITURES	1,265	-	72,919	-	5,098	900	4,700	558	4,648
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,205	-	1,510	-	28,402	-	(4,700)	617	(4,124)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	2,205	-	1,510	-	28,402	-	(4,700)	617	(4,124)
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	3,027	10,154	(93,290)	5,403	(33,315)	667,915	(12,259)	4,959	4,021
FUND BALANCE CORRECTION	-	-	-	-	-	(667,915)	-	-	-
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	3,027	10,154	(93,290)	5,403	(33,315)	-	(12,259)	4,959	4,021
FUND BALANCES (DEFICITS) - JUNE 30	\$ 5,232	\$ 10,154	\$ (91,780)	\$ 5,403	\$ (4,913)	\$ -	\$ (16,959)	\$ 5,576	\$ (103)

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, 2024

	General Assistance	Canopy Grant	TIF Pines at Ocean Park	AARP Grant	Property Tax Assistance	FEMA COVID	FEMA Grant	Total
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ 127,359	\$ -	\$ -	\$ -	\$ 27,104	\$ 1,084,706
Charges for services	-	-	-	-	-	-	-	1,280,008
Other income	2,250	-	-	570	-	-	-	57,500
TOTAL REVENUES	<u>2,250</u>	<u>-</u>	<u>127,359</u>	<u>570</u>	<u>-</u>	<u>-</u>	<u>27,104</u>	<u>2,422,214</u>
EXPENDITURES								
Public safety	-	-	-	-	-	-	-	1,062,051
Recreation, culture and agencies	-	-	-	-	-	-	-	480,791
Other	2,295	-	136,257	839	17,501	-	272,799	435,775
TOTAL EXPENDITURES	<u>2,295</u>	<u>-</u>	<u>136,257</u>	<u>839</u>	<u>17,501</u>	<u>-</u>	<u>272,799</u>	<u>1,978,617</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(45)</u>	<u>-</u>	<u>(8,898)</u>	<u>(269)</u>	<u>(17,501)</u>	<u>-</u>	<u>(245,695)</u>	<u>443,597</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	(503,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(503,000)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(45)</u>	<u>-</u>	<u>(8,898)</u>	<u>(269)</u>	<u>(17,501)</u>	<u>-</u>	<u>(245,695)</u>	<u>(59,403)</u>
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	980	7,754	(417)	2,137	553	(221,436)	10,971	1,041,645
FUND BALANCE CORRECTION	-	-	-	-	-	-	-	(667,915)
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	<u>980</u>	<u>7,754</u>	<u>(417)</u>	<u>2,137</u>	<u>553</u>	<u>(221,436)</u>	<u>10,971</u>	<u>373,730</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 935</u>	<u>\$ 7,754</u>	<u>\$ (9,315)</u>	<u>\$ 1,868</u>	<u>\$ (16,948)</u>	<u>\$ (221,436)</u>	<u>\$ (234,724)</u>	<u>\$ 314,327</u>

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

Capital Projects Funds

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

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2024

	<u>Landfill Closure</u>	<i>Moved to Major Fund</i> <u>Waste Water Admin Bldg 2020</u>	<u>FY 2016 Bond Ladder Truck</u>	<u>FY 2017 Bond WWT Storage</u>
ASSETS				
Due from other funds	\$ 2,526	\$ -	\$ 5,282	\$ 11,393
TOTAL ASSETS	<u>\$ 2,526</u>	<u>\$ -</u>	<u>\$ 5,282</u>	<u>\$ 11,393</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	-	-	5,282	11,393
Committed	-	-	-	-
Assigned	2,526	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>2,526</u>	<u>-</u>	<u>5,282</u>	<u>11,393</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 2,526</u>	<u>\$ -</u>	<u>\$ 5,282</u>	<u>\$ 11,393</u>

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2024

	Landfill Closure	<i>Moved to Major Fund</i> 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	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	2,526	(2,228,223)	5,282	11,393
CHANGE WITHIN FINANCIAL REPORTING ENTITY	-	2,228,223	-	-
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	<u>2,526</u>	<u>-</u>	<u>5,282</u>	<u>11,393</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 2,526</u>	<u>\$ -</u>	<u>\$ 5,282</u>	<u>\$ 11,393</u>

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

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	Landfill Closure	<i>Moved to Major Fund</i> Waste Water Admin Bldg 2020	FY 2016 Bond Ladder Truck	FY 2017 Bond WWT Storage
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Proceeds from debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	2,526	(2,228,223)	5,282	11,393
CHANGE WITHIN FINANCIAL REPORTING ENTITY	-	2,228,223	-	-
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	2,526	-	5,282	11,393
FUND BALANCES (DEFICITS) - JUNE 30	\$ 2,526	\$ -	\$ 5,282	\$ 11,393

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Library Expansion	CIP Administration	CIP Public Safety	CIP Wastewater	Total
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-	-
EXPENDITURES					
Capital outlay	-	936,162	255,705	33,845	1,225,712
TOTAL EXPENDITURES	-	936,162	255,705	33,845	1,225,712
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(936,162)	(255,705)	(33,845)	(1,225,712)
OTHER FINANCING SOURCES (USES)					
Proceeds from debt	-	-	-	-	-
Transfers in	-	-	320,575	40,000	360,575
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	320,575	40,000	360,575
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(936,162)	64,870	6,155	(865,137)
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	(14,785)	1,185,322	377,574	56,554	(604,357)
CHANGE WITHIN FINANCIAL REPORTING ENTITY	-	-	-	-	2,228,223
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	(14,785)	1,185,322	377,574	56,554	1,623,866
FUND BALANCES (DEFICITS) - JUNE 30	\$ (14,785)	\$ 249,160	\$ 442,444	\$ 62,709	\$ 758,729

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, 2024

	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	6,217,687	-	9,686,729
Public works	62,217	2,228,722	4,383,926	15,626,414	22,301,279
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	-	1,770,723	97,073	-	1,867,796
Historical society	-	17,160	-	-	17,160
Recreation	-	46,067	60,000	-	106,067
Treatment plant	1,836,943	5,940,372	2,935,847	15,345,857	26,059,019
Total General Capital Assets	2,416,870	15,846,990	14,253,825	30,972,271	63,489,956
Less: Accumulated Depreciation	-	(7,220,563)	(13,140,269)	(20,693,019)	(41,053,851)
Net General Capital Assets	\$ 2,416,870	\$ 8,626,427	\$ 1,113,556	\$ 10,279,252	\$ 22,436,105

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, 2024

	General Capital Assets 7/1/23	Additions	Deletions	General Capital Assets 6/30/24
Town hall	\$ 1,963,336	\$ -	\$ -	\$ 1,963,336
Public safety	9,686,729	-	-	9,686,729
Public works	21,676,022	625,257	-	22,301,279
Transfer station	304,549	-	-	304,549
Comfort station	167,277	-	-	167,277
Animal control	826	-	-	826
Ballpark	1,015,918	-	-	1,015,918
Library	1,867,796	-	-	1,867,796
Historical society	17,160	-	-	17,160
Recreation	60,000	46,067	-	106,067
Treatment plant	24,861,167	1,197,852	-	26,059,019
Total General Capital Assets	61,620,780	1,869,176	-	63,489,956
Less: Accumulated Depreciation	<u>(39,095,493)</u>	<u>(1,958,358)</u>	-	<u>(41,053,851)</u>
Net General Capital Assets	<u>\$ 22,525,287</u>	<u>\$ (89,182)</u>	<u>\$ -</u>	<u>\$ 22,436,105</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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Property taxes	\$22,407,751	\$26,558,476	\$24,060,744	\$25,131,052	\$26,383,591	\$27,828,840	\$28,954,786	\$29,060,170	\$31,427,343	\$33,390,668
Other taxes	1,885,245	1,724,000	2,072,112	1,981,023	2,180,853	2,141,729	2,474,768	2,334,555	2,418,878	2,525,361
Licenses and permits	888,279	1,074,000	1,013,177	1,130,491	1,266,279	1,266,588	1,336,387	1,944,190	2,236,637	2,234,690
Intergovernmental revenues	581,289	814,500	1,092,769	762,742	924,577	1,315,658	1,806,937	2,025,913	2,397,075	2,567,630
Investment income	41,675	65,000	48,449	80,257	182,306	276,559	112,038	61,631	185,539	419,762
Other revenues	143,022	179,505	20,151	318,783	129,947	290,085	126,391	83,414	35,757	312,319
Total revenues	<u>25,947,261</u>	<u>30,415,481</u>	<u>28,307,402</u>	<u>29,404,348</u>	<u>31,067,553</u>	<u>33,119,459</u>	<u>34,811,307</u>	<u>35,509,873</u>	<u>\$38,701,229</u>	<u>41,450,430</u>
Expenditures:										
General government	3,992,765	5,009,910	4,183,561	4,494,925	4,638,273	4,823,145	5,190,230	5,505,281	6,286,153	6,490,768
Public works	1,451,379	1,728,662	1,442,199	1,555,768	1,589,519	1,566,947	1,584,264	2,021,908	2,060,161	2,264,021
Sanitation	1,584,908	1,768,988	1,743,000	1,707,716	1,706,729	1,747,646	1,722,747	1,935,479	2,069,356	2,229,193
Public safety	4,362,626	5,286,406	4,823,825	4,988,436	5,193,987	5,498,518	5,732,745	6,292,883	6,428,884	7,249,708
Recreation, culture and agencies	655,844	755,500	683,842	712,943	723,337	781,711	792,836	946,239	1,179,589	1,258,186
Health and welfare	71,013	85,140	77,962	78,213	72,858	113,222	122,193	113,316	608,450	627,279
Education	11,162,780	12,170,868	11,871,271	12,170,868	12,244,147	12,821,471	12,947,900	13,116,575	13,360,617	13,898,978
Debt service (excluding education)	1,205,829	1,752,315	1,085,447	1,209,530	1,255,822	1,177,018	1,170,944	1,243,545	1,151,278	1,122,374
Capital outlay	202,349	-	252,652	394,726	415,201	596,903	601,391	659,214	596,805	586,319
Other	914,674	966,100	936,884	985,426	959,309	943,890	969,441	956,982	964,057	1,058,285
Total expenditures	<u>25,604,167</u>	<u>29,523,889</u>	<u>27,100,643</u>	<u>28,298,551</u>	<u>28,799,182</u>	<u>30,070,471</u>	<u>30,834,691</u>	<u>32,791,422</u>	<u>34,705,350</u>	<u>36,785,111</u>
Other financing sources	1,089,349	611,854	833,000	703,000	616,855	503,000	500,000	510,000	510,000	503,000
Other financing (uses)	<u>(1,214,008)</u>	<u>(1,682,000)</u>	<u>(1,161,836)</u>	<u>(1,349,937)</u>	<u>(1,736,532)</u>	<u>(1,836,047)</u>	<u>(1,826,524)</u>	<u>(2,185,000)</u>	<u>(3,554,971)</u>	<u>(4,268,665)</u>
Net change in fund balances	218,435	(178,554)	877,923	458,860	1,148,694	1,715,941	2,650,092	1,043,451	950,908	899,654
Fund balances - beginning	<u>4,883,651</u>	<u>4,986,048</u>	<u>5,782,099</u>	<u>6,593,149</u>	<u>7,052,009</u>	<u>8,167,235</u>	<u>9,885,798</u>	<u>13,579,341</u>	<u>13,618,645</u>	<u>14,857,840</u>
Fund balances - ending	<u>\$ 5,102,086</u>	<u>\$ 4,807,494</u>	<u>\$ 6,660,022</u>	<u>\$ 7,052,009</u>	<u>\$ 8,200,703</u>	<u>\$ 9,883,176</u>	<u>\$ 12,535,890</u>	<u>\$ 14,622,792</u>	<u>\$ 14,569,553</u>	<u>\$ 15,757,494</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
2015	22,471,605	21,894,481	502,738	22,397,219	97.43%	99.67%	577,124	2.57%
2016	23,144,351	22,552,544	568,990	23,121,534	97.44%	99.90%	591,807	2.56%
2017	24,162,398	23,668,350	558,846	24,227,196	97.96%	100.27%	494,048	2.04%
2018	25,223,008	25,188,256	377,082	25,565,338	99.86%	101.36%	469,809	1.86%
2019	26,537,476	25,802,697	499,205	26,301,902	97.23%	99.11%	734,779	2.77%
2020	27,797,456	26,688,808	644,495	27,353,303	96.01%	98.40%	1,108,648	3.99%
2021	28,082,431	27,383,355	647,895	28,031,250	97.51%	99.82%	699,076	2.49%
2022	29,076,417	28,729,791	744,192	29,473,983	98.81%	101.37%	346,626	1.19%
2023	31,513,277	30,939,016	572,248	31,511,264	98.18%	99.99%	574,261	1.82%
2024	33,748,423	32,834,699	707,758	33,542,457	97.29%	99.39%	915,037	2.71%

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
2015	1,483,197,090	27,051,400	1,510,248,490	1,510,248,490	100.00%	1,494,200,000	101.07%
2016	1,497,609,370	27,051,400	1,524,660,770	1,524,660,770	100.00%	1,554,450,000	98.08%
2017	1,531,444,770	31,453,520	1,562,897,690	1,562,897,690	100.00%	1,611,300,000	97.00%
2018	1,573,769,900	32,791,120	1,606,561,020	1,606,561,020	100.00%	1,669,300,000	96.24%
2019	1,700,305,000	34,170,500	1,734,475,500	1,734,475,500	100.00%	1,750,600,000	99.08%
2020	1,756,690,000	36,694,250	1,793,384,250	1,793,384,250	100.00%	1,856,850,000	96.58%
2021	1,781,857,000	39,312,349	1,821,169,349	1,821,169,340	100.00%	1,935,350,000	94.10%
2022	2,016,939,360	36,479,940	2,053,419,300	2,053,419,300	100.00%	2,120,900,000	96.82%
2023	2,531,526,070	43,083,210	2,574,609,280	2,574,609,280	100.00%	2,428,200,000	106.03%
2024	2,913,143,625	47,244,350	2,960,387,975	2,960,387,975	100.00%	2,859,450,000	103.53%

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
2015	5.95	0.59	7.29	1.05	14.88
2016	5.83	0.60	7.44	1.31	15.18
2017	6.16	0.60	7.60	1.10	15.46
2018	6.77	0.56	6.77	1.60	15.70
2019	6.65	0.51	7.06	1.08	15.30
2020	6.20	0.51	7.15	1.64	15.50
2021	6.45	0.51	7.11	1.35	15.42
2022	6.12	0.42	6.37	1.25	14.16
2023	5.34	0.37	5.14	1.39	12.24
2024	5.79	0.29	3.93	1.39	11.40

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
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	1,524,661	9,327,960	0.61	1,082	25,291	369
2018	8,624	1,562,898	9,254,380	0.59	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	1,793,384	7,390,601	0.41	784	26,093	283
2022	9,299	1,821,169	8,327,734	0.46	896	26,093	319
2023	9,128	2,574,609	5,391,335	0.21	591	25,795	209
2024	9,128	2,859,450	4,419,202	0.15	484	25,795	171

* 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		
2015	757,280	318,831	1,076,111	26,818,175	4.01%
2016	786,330	227,704	1,014,034	27,239,942	3.72%
2017	788,590	296,857	1,085,447	27,100,643	4.01%
2018	930,580	278,950	1,209,530	29,648,488	4.08%
2019	994,513	261,309	1,255,822	30,353,714	4.14%
2020	932,133	244,885	1,177,018	31,906,518	3.69%
2021	937,133	261,910	1,199,043	31,906,518	3.76%
2022	1,040,043	203,502	1,243,545	38,260,321	3.25%
2023	954,669	196,609	1,151,278	38,150,479	3.02%
2024	982,533	139,841	1,122,374	41,953,430	2.68%

TOWN OF OLD ORCHARD BEACH, MAINE

TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2024

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxes</u>	<u>% of Net Tax Levy</u>
Lafayette Old Orchard LLC	Resort	\$231,948	0.69
Central Maine Power	Utility	208,741	0.62
Sun Wild Acres	Resort	187,221	0.55
MHC Pinehirst LLC #5045	Resort	115,484	0.34
Seagate Limited Partnership	Mobile Home Park	109,990	0.33
Alouette Atlantic Resorts	Resort	107,124	0.32
Taurus Capital Group	Resort	104,615	0.31
New Heritage Builders	Apartments	92,878	0.28
Bare Properties LLC	Motel	90,711	0.27
Milliken Heights LP	Apartments	87,895	0.26

Federal Compliance Description

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

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

TOWN OF OLD ORCHARD BEACH, MAINE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal AL Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Justice				
Direct Award:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	\$ -	\$ 34,493
Total U.S. Department of Justice			-	34,493
U.S. Department of Environmental Protection Agency				
Direct Award:				
Congressionally Mandated Projects	66.202	N/A	-	1,000,000
Clean Water State Revolving Loan Fund	66.458	N/A	-	708,311
Total U.S. Department of Environmental Protection Agency			-	1,708,311
U.S. Department of Homeland Security				
Direct Award:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	-	272,799
Total U.S. Department of Homeland Security			-	272,799
Total Federal Expenditures			\$ -	\$ 2,015,603

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Old Orchard Beach, Maine under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Old Orchard Beach, Maine, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Old Orchard Beach, Maine.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal awards programs of Town of Old Orchard Beach, Maine for the fiscal year ended June 30, 2024. The reporting entity is defined in Notes to Financial Statements.
- B. Basis of Presentation - The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with Uniform Guidance.
- C. Basis of Accounting - Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- C. Indirect Cost Rate - The Town of Old Orchard Beach, Maine has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.
- D. Loan Outstanding

In addition to programs reported on the Schedule of Federal Awards, the Town of Old Orchard Beach, Maine has an outstanding federal loan program as follows. We considered the outstanding loan balances in determining programs to be tested under the Uniform Guidance.

Federal AL Number	Program Name	Outstanding Balance 6/30/2024
66.458	Clean Water State Revolving Loan Fund	<u>\$ 300,000</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Old Orchard Beach, Maine, as of and for the year ended June 30, 2024 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 March 12, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Old Orchard Beach, Maine in a separate letter dated March 12, 2025.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
March 12, 2025



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Old Orchard Beach, Maine's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Example Entity's major federal programs for the year ended June 30, 2024. The Town of Old Orchard Beach, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Old Orchard Beach, Maine complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

RHR Smith & Company

Buxton, Maine
March 12, 2025

TOWN OF OLD ORCHARD BEACH, MAINE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2024

Section I - Summary of Auditor's Results

- *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

- *Federal Awards*

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
66.202	Congressionally Mandated Projects

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

Auditee qualified as low-risk auditee? ___yes X no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None