

Town of **Old Orchard Beach**

June 30, 2025

Financial Statement Presentation

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The RHR Smith & Company, CPAs office building pictured in 1914

Presented by:

Heather Hunter, Director of Audit

April 7, 2026

- Design, implement, and maintain internal controls
- Provide an understanding of the company's control environment, including software programs utilized
- Comply with applicable laws, regulations, and accounting standards (GASB and GAAP)
- Responsible for the selection and use of appropriate accounting policies
- Communication accounting estimate rationale and preparation/review of financial statements
- Provide key financial information including reconciliations, trial balances, and supporting documentation on a timely basis
- Provide supplementary information requested by the firm
- Create and utilize various accounting and financial related policies
- Understand financial and compliance related details that accompany grant accepted

- Audit in accordance with AICPA guidelines including understanding your control environment sufficient to assess the risk of material misstatement. We do not render an opinion on your control environment.
- Identify and propose adjustments to remedy material misstatements
- Audit the financial statements of the governmental activities and where applicable, business-type activities, each major fund and the aggregate of the remaining fund information.
- Determine the client's adherence with GAAP and GASB
- Evaluate key factors and assumptions used to develop accounting estimates
- Identify and resolve any disagreements with management that could be significant to the financial statements and auditor's report
- Prepare the draft financial statements, footnotes, required supplementary information and if required, federal compliance report
- Make recommendations to improve the control environment



Proven Expertise & Integrity

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, 2025 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, 2025 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

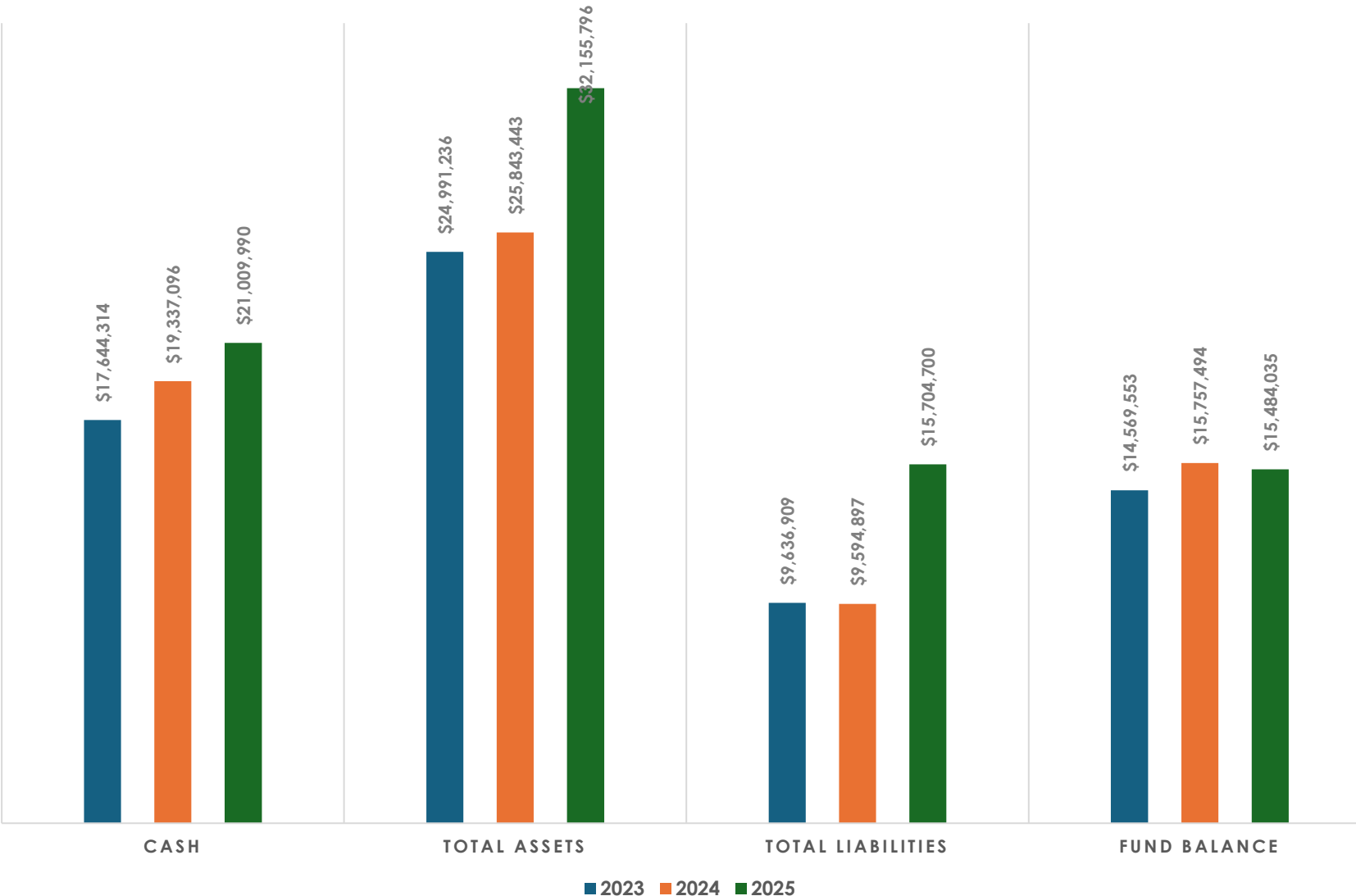
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those 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.

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, 2025 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.

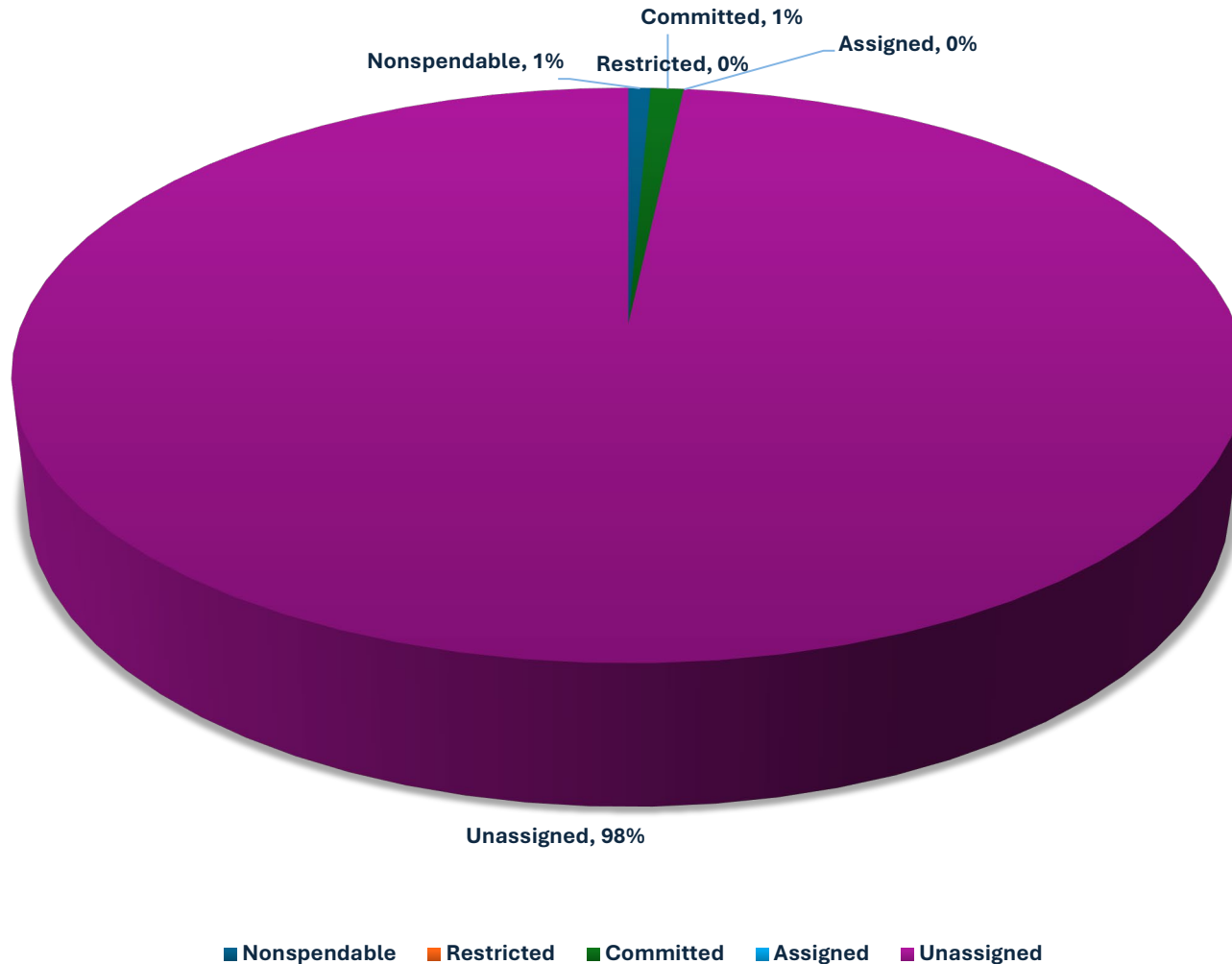
**Town of Old Orchard Beach
Balance Sheet Analysis (3-Year Comparison)
General Fund**

COMMENTARY

- Statement C, pg. 17
- Total general fund assets climbed \$6.3 million or 10.9%. The combined increases of \$4.1 million in amounts owed from other funds and the \$1.7 million in cash account for 91.4% of the overall increase.
- Total liabilities rose by \$6.1 million or 24.1%, all attributed to the increase in accounts payable (8.4 million), offset by a drop in amounts owed to other funds (\$2.2 million).
- Total fund balance decreased by \$273,459 or .9% to \$15.5 million.
- Current and quick ratios of 2.05 and 2.04, respectively, are at industry norms providing financial flexibility.
- Three other major funds include: Sewer Special Revenue with total assets and fund balance at \$1.1 million; PW CIP with assets and fund balance totaling \$2.9 million; and the Wastewater Admin. Building holding \$10.3 million in assets and a fund balance of \$5.7 million.



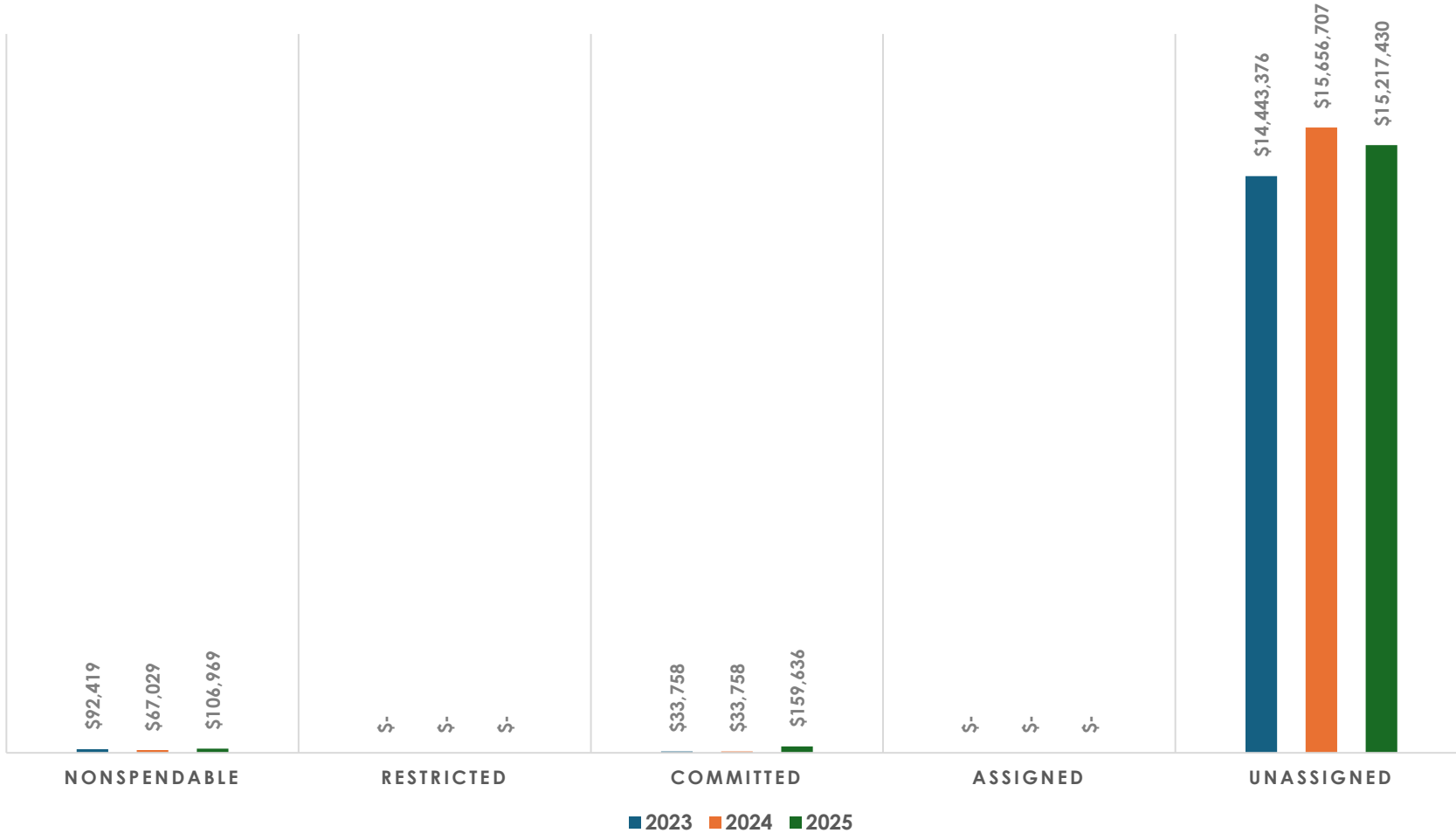
CY Fund Balance by Classification



COMMENTARY

- The Town uses 3 of the 5 classifications of fund balance.
- Nonspendable – prepaid expenses and inventory which will be used in the next fiscal year but paid in the current year (\$106,969).
- Committed – Totaled \$159,636, representing the value of encumbrances outstanding at yearend.
- Details found in Note 13, on pg. 40.

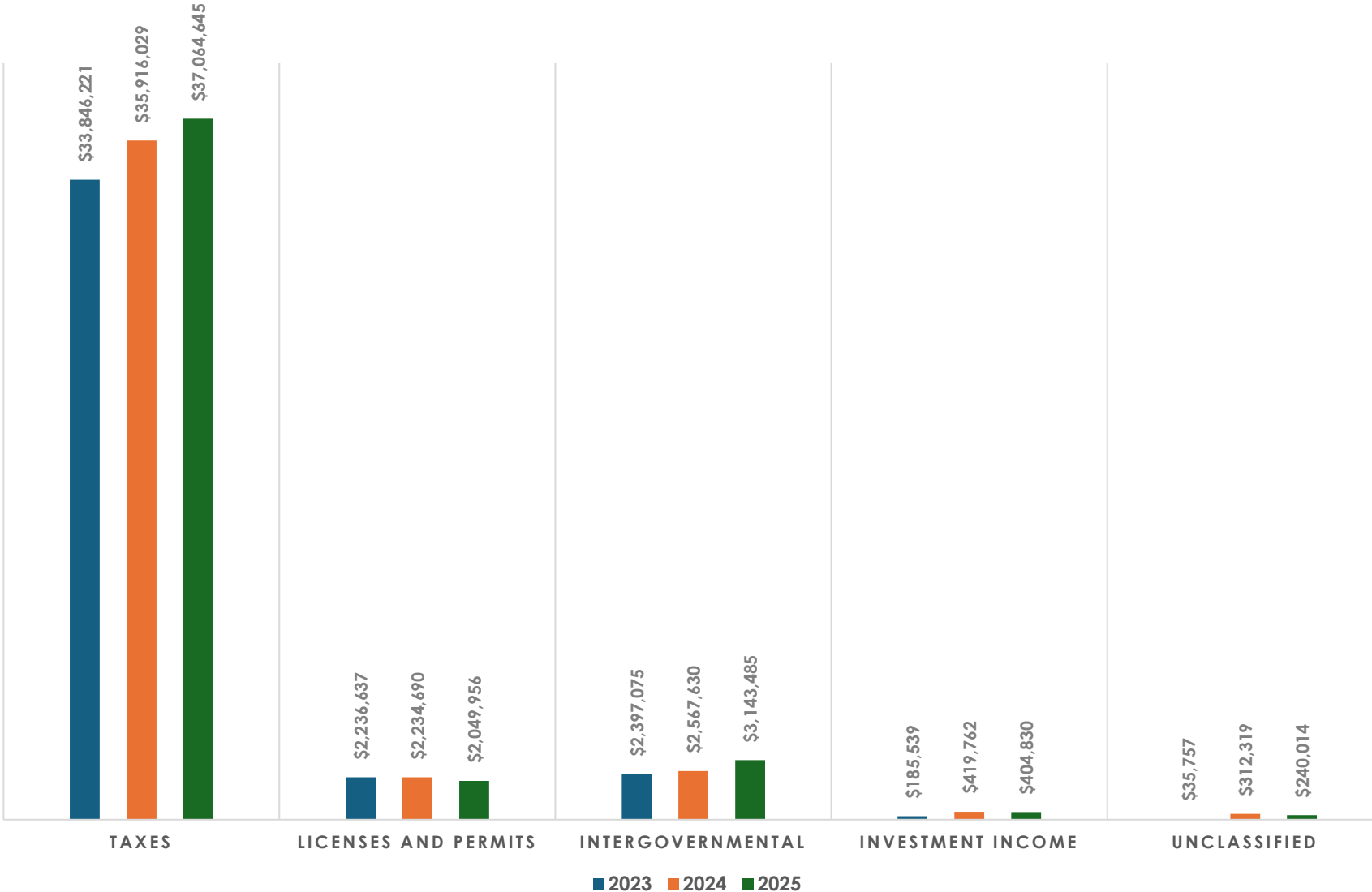
FUND BALANCE 3-YR COMPARISON



COMMENTARY

- Total fund balance equals \$15,484,035.
- Unassigned fund balance shrank by \$439,277 or 2.8%.
- Expenditures coverage is 37.7% or 4.5 months – very healthy.

Town of Old Orchard Beach
Revenues (3-Year Comparison)
General Fund



COMMENTARY

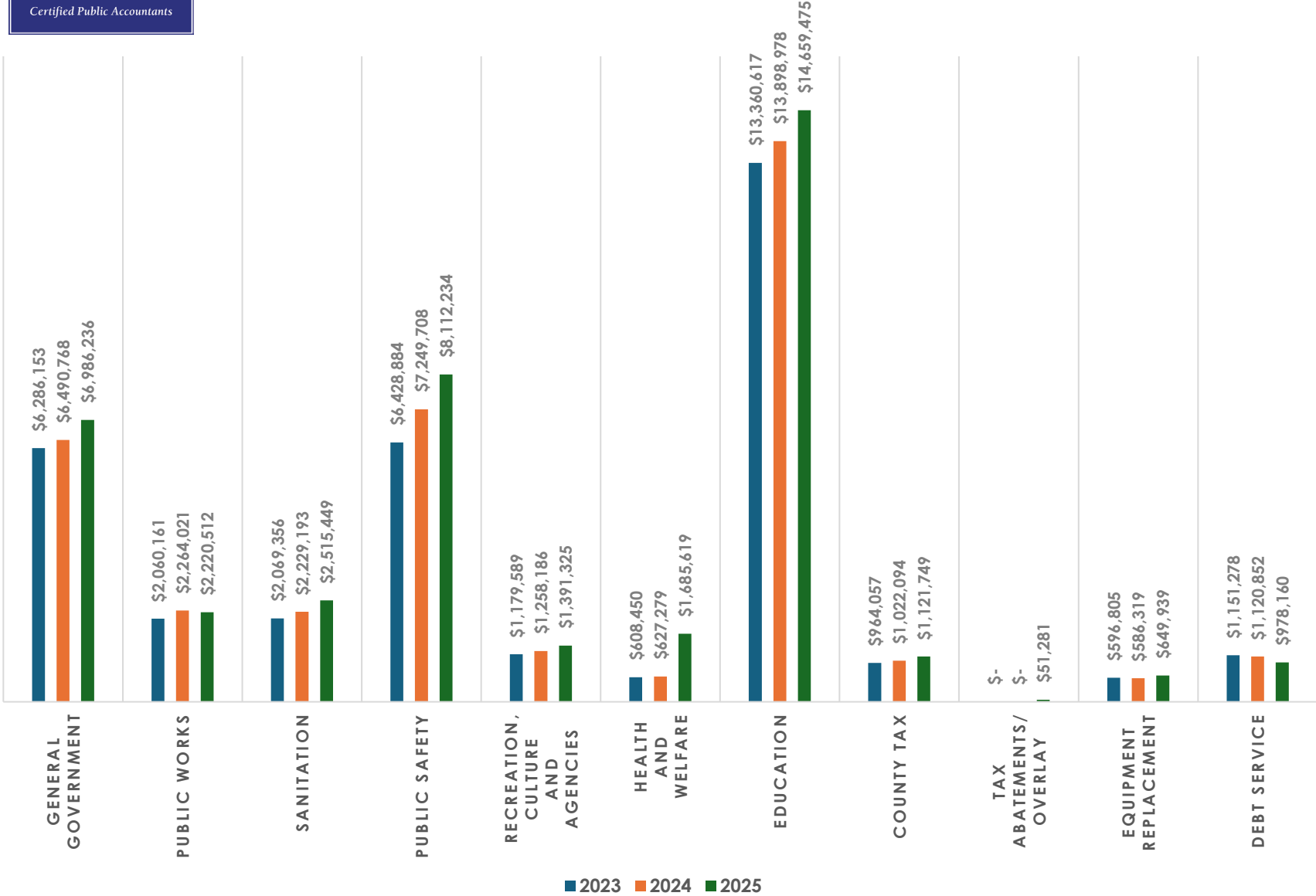
- Statement E, pg. 19
- Revenues totaled \$42.9 million, an increase of \$1.5 million or 3.5%.
- Property taxes are the largest revenue source making up 86.4% of the total and climbed \$1.1 million or 3.2%.
- Other notable fluctuations include the increase in intergovernmental revenues of \$575,855 or 22.4%, tempered by the decrease in licenses and permits of \$184,734 or 8.3%.
- Both the Sewer Special Revenue and PW CIP funds drew down fund balance in the current year by \$16,669 and \$2,156,595 respectively.
- The Wastewater Admin Building fund received bond proceeds of \$23.5 million and incurred additional capital costs of \$15.7 million in the current year.

	<i>Budget</i>	<i>Actual</i>	<i>Variance</i>
<i>Taxes</i>	\$ 37,860,373	\$ 37,064,645	\$ 795,728
<i>Licenses and permits</i>	\$ 1,888,800	\$ 2,049,956	\$ (161,156)
<i>Intergovernmental</i>	\$ 2,129,823	\$ 3,143,485	\$ (1,013,662)
<i>Unclassified</i>	\$ 34,661	\$ 240,014	\$ (205,353)
<i>Interest earned</i>	\$ 185,000	\$ 404,830	\$ (219,830)
<i>Transfers from other funds</i>	\$ 503,000	\$ 503,000	\$ -
<i>Total Revenues</i>	\$ 42,601,657	\$ 43,405,930	\$ (804,273)

COMMENTARY

- Schedule 1, pg. 60
- Revenue surplus of \$804,273 or 1.9% of budget.
- Additional intergovernmental funds received of \$1 million tempered the shortfall in tax revenue receipts.

**Town of Old Orchard Beach
Expenditures (3-Year Comparison)
General Fund**



COMMENTARY

- Statement E, pg. 19
- Total expenditures rose by \$3.6 million or 9.8% to \$40.4 million.
- Similar to other municipalities, the cost of education represents the lion's share of expenditures at 36.3% of the total and rose \$760,497 or 5.5%.
- The jump in health and welfare of \$1.1 million is the largest contributor to the overall increase at 29.5%, followed by the increase in public safety costs of \$862,526, contributing an additional 24% to the total increase.

**Town of Old Orchard Beach
Expenditures (CY budget to actual)
General Fund**

	<i>Budget</i>	<i>Actual</i>	<i>Variance</i>
<i>General government</i>	\$ 7,213,843	\$ 6,986,236	\$ 227,607
<i>Public works</i>	\$ 2,362,561	\$ 2,220,512	\$ 142,049
<i>Sanitation</i>	\$ 2,446,008	\$ 2,515,449	\$ (69,441)
<i>Public safety</i>	\$ 7,914,402	\$ 8,112,234	\$ (197,832)
<i>Recreation, culture and agencies</i>	\$ 1,427,105	\$ 1,391,325	\$ 35,780
<i>Health and welfare</i>	\$ 435,410	\$ 1,685,619	\$ (1,250,209)
<i>Education</i>	\$ 14,659,475	\$ 14,659,475	\$ -
<i>County tax</i>	\$ 1,121,750	\$ 1,121,749	\$ 1
<i>Tax abatements/overlay</i>	\$ 200,052	\$ 51,281	\$ 148,771
<i>Debt service</i>	\$ 1,475,000	\$ 978,160	\$ 496,840
<i>Equipment replacement</i>	\$ 455,500	\$ 649,939	\$ (194,439)
<i>Transfers to other funds</i>	\$ 3,340,551	\$ 3,307,410	\$ 33,141
<i>Total Expenditures</i>	\$ 43,051,657	\$ 43,679,389	\$ (627,732)

COMMENTARY

- Schedule 1, pg. 60
- There were no supplemental appropriations.
- The expenditure deficit totaled \$627,732 or 1.5% of budget, all attributed to the unanticipated additional costs in health and welfare.
- Overall, the net budget surplus amounted to \$176,541, an amount less than the planned use of \$450,000.

General Ledger Reconciliations

We noted that balance sheet accounts were not being reconciled in a timely basis.

Bank Reconciliations

We noted that bank statements are not being reconciled to the general ledger.

Real Estate Taxes

Discrepancies were found between the general ledger balances and the supporting details in the real estate tax subledger accounts. Specifically, the total real estate tax due in the general ledger did not match the sum of individual property tax records in the subledger. We also noted outstanding real estate and personal property taxes receivable dating back to 2003.

Capital Assets

We noted that capital asset tracking spreadsheet was not updated and did not include all additions, deletions or updated depreciation schedules.

This presentation is designed to support the Town Council and management in their review and understanding of the Town's financial operating results. The information contained herein should be considered alongside the audited financial statements and accompanying disclosures. It is not intended for any other use without the express written consent of **RHR Smith & Company, CPAs.**

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