City of Old Town

Annual Financial Statements

As of and for the Year Ended June 30, 2022

Independently Audited By

Berry · Talbot · Royer
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

Berry · Talbot · Royer
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BTR

Independent Auditor's Report

To the City Council
City of Old Town, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Old Town, Maine as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Old Town, Maine as of June 30, 2022, and the respective changes in financial position 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 City of Old Town 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

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

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 City's ability to continue as a going concern for one year after the date that the financial statements are issued.

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Auditor’s Responsibilities for the Audit of the 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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement 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 control 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 City’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 substantial doubt about the City’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis (starting on page 4), the general fund’s budgetary comparison schedule (Schedule 1), and schedules related to pensions and other post-employment benefits (Schedules 2 – 4), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Old Town, Maine’s basic financial statements. Schedules 5 through 8 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Statement of Net Position Statement 1

As of June 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 11,971,499	$ 1,290,477	$ 13,261,976
Investments	4,558,569	-	4,558,569
Receivables, net	1,213,518	471,641	1,685,159
Inventories and prepaids	82,335	-	82,335
Interactivity balances	(262)	262	-
Total current assets	17,825,659	1,762,380	19,588,039
Capital assets:			
Land	1,526,153	179,427	1,705,580
Construction in progress	19,163	97,837	117,000
Depreciable capital assets	39,717,028	20,806,059	60,523,087
Accumulated depreciation	(16,901,081)	(11,157,250)	(28,058,331)
Total capital assets, net of depreciation	24,361,263	9,926,073	34,287,336
Noncurrent assets:			
Net pension asset	139,763	10,520	150,283
Due from RSU # 34	423,610	-	423,610
Total current assets	563,373	10,520	573,893
Total Assets	42,750,295	11,698,973	54,449,268
Deferred Outflows of Resources			
Pensions and other post-employment benefits	1,128,141	84,913	1,213,054
Liabilities			
Accounts payable	737,793	19,424	757,217
Accrued wages and other current liabilities	105,038	7,138	112,176
Accrued interest	40,384	24,430	64,814
Bonds, loans, and leases - due within one year	1,893,863	257,350	2,151,213
Total current liabilities	2,777,078	308,342	3,085,420
Accrued compensated absences	741,559	58,823	800,382
Bonds, loans, and leases - due beyond one year	6,049,320	3,898,221	9,947,541
Other post-employment benefits	559,001	42,075	601,076
Total non-current liabilities	7,349,880	3,999,119	11,348,999
Total Liabilities	10,126,958	4,307,461	14,434,419
Deferred Inflows of Resources			
Taxes collected in advance	31,786	-	31,786
Pensions and other post-employment benefits	2,122,907	159,788	2,282,695
Total Deferred Inflows of Resources	2,154,693	159,788	2,314,481
Net Position			
Net investment in capital assets	16,418,080	5,770,502	22,188,582
Restricted	10,821,530	1,991,717	12,813,247
Unrestricted	4,357,175	(445,582)	3,911,593
Total Net Position	$ 31,596,785	$ 7,316,637	$ 38,913,422

Balance Sheet

Statement 3

Governmental Funds

As of June 30, 2022

	General Fund	Capital Reserves Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 11,971,499	$ -	$ -	$ 11,971,499
Investments	2,178,941	-	2,379,628	4,558,569
Taxes receivable, net	286,486	-	-	286,486
Miscellaneous receivables, net	927,032	-	-	927,032
Inventories and prepaids	82,335	-	-	82,335
Due from other funds	33,125	8,437,882	37,145	8,508,153
Total Assets	$ 15,479,419	$ 8,437,882	$ 2,416,773	$ 26,334,074
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	$ 667,492	$ -	$ -	667,492
Payable to other governments	70,301	-	-	70,301
Accrued wages	105,038	-	-	105,038
Due to other funds	8,475,290	-	33,125	8,508,415
Total liabilities	9,318,121	-	33,125	9,351,246
Deferred Inflows of Resources				
Unavailable property taxes	249,930	-	-	249,930
Taxes collected in advance	31,786	-	-	31,786
Total deferred inflows of resources	281,716	-	-	281,716
Fund Balances				
Nonspendable	83,118	-	-	83,118
Restricted	-	8,437,882	2,383,648	10,821,530
Committed	685,000	-	-	685,000
Assigned	332,025	-	-	332,025
Unassigned	4,779,439	-	-	4,779,439
Total fund balances	5,879,582	8,437,882	2,383,648	16,701,112
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 15,479,419	$ 8,437,882	$ 2,416,773	$ 26,334,074

Statement of Revenues, Expenditures, and Changes in Fund Balances

Statement 5

Governmental Funds

For the Year Ended June 30, 2022

	General Fund	Capital Reserves Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	$ 9,795,828	$ -	$ -	$ 9,795,828
Excise taxes	1,613,149	-	-	1,613,149
Charges for services	3,059,423	-	-	3,059,423
Licenses, permits, and fees	172,900	-	-	172,900
Intergovernmental	6,628,212	103,720	-	6,731,932
Investment income/(expense)	(71,993)	228	(308,249)	(380,014)
Other revenues	268,738	63,287	8,237	340,262
Total revenues	21,466,257	167,235	(300,012)	21,333,480
Expenditures				
General government	4,601,859	-	-	4,601,859
Public safety	4,874,600	-	-	4,874,600
Public works	2,723,042	-	-	2,723,042
Sanitation	566,721	-	-	566,721
Culture and recreation	695,590	-	-	695,590
Airport	668,040	-	-	668,040
Education	5,262,440	-	-	5,262,440
County tax	733,570	-	-	733,570
Other expenditures	-	363,803	16,953	380,756
Total expenditures	20,125,862	363,803	16,953	20,506,618
Revenue Surplus (Deficit)	1,340,395	(196,568)	(316,965)	826,862
Other Financing Sources (Uses)				
Transfers in	716,712	5,934,938	(200,000)	6,451,650
Transfers out	(5,734,938)	(901,712)	185,000	(6,451,650)
Proceeds from bonds and leases	3,985,000	-	-	3,985,000
Proceeds from sales of assets	124,644	-	-	124,644
Net other financing sources (uses)	(908,582)	5,033,226	(15,000)	4,109,644
Net Change in Fund Balances	431,813	4,836,658	(331,965)	4,936,506
Beginning Fund Balances	5,447,769	3,601,224	2,715,613	11,764,606
Ending Fund Balances	$ 5,879,582	$ 8,437,882	$ 2,383,648	$ 16,701,112

Statement of Net Position

Statement 7

Proprietary Funds

As of June 30, 2022

	Sewer Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 1,290,477
Accounts receivables, net	451,695
Short term notes receivable, net	19,946
Due from other funds	262
Total current assets	1,762,380
Capital assets:	
Land	179,427
Construction in progress	97,837
Depreciable capital assets	20,806,059
Accumulated depreciation	(11,157,250)
Total capital assets, net of depreciation	9,926,073
Noncurrent assets:	
Net pension asset	10,520
Total Assets	11,698,973
Deferred Outflows of Resources	
Pensions and othe post-employment benefits	84,913
Liabilities	
Current liabilities:	
Accounts payable	19,424
Accrued wages	7,138
Accrued interest	24,430
Long-term debt - due within one year	257,350
Total current liabilities	308,342
Noncurrent liabilities:	
Accrued compensated absences	58,823
Long-term debt - due beyond one year	3,898,221
Other post-employment benefits	42,075
Total non-current liabilities	3,999,119
Total Liabilities	4,307,461
Deferred Inflows of Resources	
Pensions and other post-employment benefits	159,788
Net Position	
Net investment in capital assets	5,770,502
Restricted	1,991,717
Unrestricted	(445,582)
Total Net Position	$ 7,316,637

Statement of Revenues, Expenses, and Changes in Net Position

Statement 8

Proprietary Funds

For the Year Ended June 30, 2022

	Sewer Fund
Operating Revenues	
Service charges	$ 1,624,515
Fees, permits, and other operating revenue	18,918
Total operating revenues	1,643,433
Operating Expenses	
Administration	626,481
Repairs, maintenance, and small equipment	80,820
Water treatment facility	202,095
Sludge disposal	76,436
Depreciation	536,128
Total operating expenses	1,521,960
Net Operating Income	121,473
Non-Operating Revenues (Expenses)	
Interest income	2,180
Other non-operating revenue	5,044
Interest expense	(108,233)
Net non-operating expenses	(101,009)
Change in Net Position	20,464
Beginning Net Position	7,296,173
Ending Net Position	$ 7,316,637

Statement of Cash Flows

Statement 9

Proprietary Funds

For the Year Ended June 30, 2022

	Sewer Fund
Cash Flows from Operating Activities	
Cash received from customers for services	$ 1,618,305
Cash paid to suppliers for goods and services	(508,855)
Cash paid to employees for wages and benefits	(476,176)
Net cash provided by operating activities	633,274
Cash Flows from Capital and Related Financing Activities	
Repayment of long-term debt	(407,348)
Interest payments	(153,741)
Capital outlays	(36,205)
Net cash used in capital and related financing activities	(597,294)
Cash Flows from Investing Activities	
Receipt of interest	2,180
Other cash inflows	5,044
Net cash provided by investing activities	7,224
Net Increase in Cash	43,204
Beginning Cash and Cash Equivalents	1,247,273
Ending Cash and Cash Equivalents	$ 1,290,477

Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities

Net Operating Income	$ 121,473
Non-Cash Items in Net Operating Income	
Depreciation expense	536,128
Changes in Operating Assets and Liabilities	
(Increase) decrease in:	
Accounts and other receivables	(25,128)
(Decrease) increase in:	
Accounts payable	346
Accrued wages	455
Net Cash Provided By Operating Activities	$ 633,274

Note 1: Summary of Significant Accounting Policies

The Reporting Entity

The City of Old Town (the "City") was incorporated on March 30, 1891 under the laws of the State of Maine. The City operates under a Council-Manager form of government and provides the following services: general government administration, public safety, public works, health and welfare, sanitation, airport, wastewater treatment, education, and library.

The City has one component unit, Old Town Development, LLC. Old Town Development, LLC is a legally separate organization that has its board appointed by the city council and whose sole member is the City. Therefore, the City reports Old Town Development, LLC's balances and transactions as though they were a part of the City, using the blending method. Old Town Development, LLC is member managed.

Old Town Development, LLC was created in 2010 for purposes related to the promotion and facilitation of economic development within the City of Old Town, including, but not limited to, the application for and receipt of grant and/or other funds identified by the Managers and the disbursement of such funds, to own, hold, manage, develop, rehabilitate and/or lease land and buildings located in Old Town, Maine and for such other purposes reasonably related to, or ancillary, to the foregoing as approved by the Managers.

The accompanying basic financial statements present all accounts and operations of the City. Its accounting policies and financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), applicable to governmental entities, as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the City's significant accounting policies.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements comprise the Statement of Net Position and the Statement of Activities and report information on all the non-fiduciary activities of the City.

The Statement of Net Position presents the financial condition of the *governmental activities* and *business-type activities* of the City as of the end of the fiscal year. Governmental activities are supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely primarily on fees for goods and services provided. The Statement of Activities presents the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those that clearly identifiable with a specific function. Program revenue includes charges for services, operating grants and contributions that are restricted to meeting the operational requirements of a particular function, and capital grants and contributions. Revenue not categorized as program revenue is reported as general revenue. The comparison of program revenues and direct expenses identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

The financial transactions of the City are reported in 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, liabilities, fund balance/net position, revenues, and expenditures. The City currently presents two category of funds – *governmental funds* and *proprietary funds*.

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide financial statements and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*. All economic resources and claims on those economic resources are measured, including fixed assets, other non-current assets, and long-term liabilities. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The current financial resources measurement focus excludes from measurement resources such as fixed assets, other non-current assets, and long-term liabilities. Under modified accrual accounting, revenues are recognized when they are both *measurable* and *available*. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due

Interfund Transactions

During the course of normal operations, transactions occur between individual funds. Interfund transactions are classified depending on the nature of the transaction.

Interfund loans are recorded as receivables and payables and are presented as “due from other funds” and “due to other funds,” respectively, on the balance sheets of the fund financial statements. For reporting purposes, current amounts due from and due to the same funds are offset and the net amounts are shown in the respective fund balance sheets. Non-fiduciary interfund loans are eliminated in the government-wide financial statements.

Interfund services provided and used are recorded as revenues in the fund providing the goods or services and as expenditures/expenses in the fund receiving the goods or services. Any unpaid amounts are recorded as receivables and payables and presented in the same manner as interfund loans.

Interfund transfers are flows of assets from one fund to another without equivalent flows of assets in return. Interfund transfers are recorded and are presented as “transfers in” and “transfers out” in the fund financial statements. In the governmental funds, these transfers are reported as other financing sources and uses.

Interfund reimbursements are repayments from funds responsible for particular expenditures/expenses to funds that initially paid for them. Reimbursements are not displayed in the financial statements.

Cash

The City's cash consists of cash on hand and demand deposits.

Investments

Investments are reported at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Note 1: Summary of Significant Accounting Policies (Continued)

Receivables

Accounts receivable include amounts due from local, county state, or federal governments. These intergovernmental receivables are generally collected within 90 days of the end of the fiscal year and are considered fully collectible. As such, no allowance for doubtful accounts is recorded for these types of receivables.

With regard to tax receivables, the City can lien real estate for delinquent real estate property taxes and are generally considered fully collectible. Liens, however, cannot be made against delinquent personal property taxes. Long-overdue personal property taxes are analyzed for their collectability and an allowance for uncollectible accounts is applied to their balance and charged to bad debt expenditures.

Inventories

Inventories of gasoline, diesel and aviation fuel in the general fund are valued at the lower of cost or market value.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements, if applicable. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are stated at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

General fixed assets capitalized have an original cost of $5,000 or more and over one year of useful life. General infrastructure assets capitalized have an original cost of $25,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight- line method over the following estimated useful lives in years:

Land improvements	20 - 75 years
Buildings and improvements	10 - 75 years
Furniture and fixtures	10 - 25 years
Machinery and equipment	5 - 50 years
Vehicles	3 - 25 years
Infrastructure	15 - 100 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as expenditures upon acquisition, not capitalized. Accordingly, depreciation of capital assets is not reported in the fund financial statements.

Accrued Compensated Absences

In the government-wide financial statements and proprietary fund financial statements, liabilities that are attributable to services already rendered are accrued as employees earn the rights to the benefits and are recognized in the period incurred. In the governmental fund financial statements, compensated absences are recognized as related payments come due each period. Pursuant to the terms of the personnel policies, vacation time and sick time is granted in varying amounts according to length of service.

Note 1: Summary of Significant Accounting Policies (Continued)

Long-Term Liabilities

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, proceeds from new debt issuances are presented as other financing sources and payments on debt principal are recorded as expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position (government-wide financial statements) and Balance Sheet (fund financial statements) will sometimes report an additional financial statement element called *deferred outflows of resources*. This element represents a consumption of resources that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position (government-wide financial statements) and Balance Sheet (fund financial statements) will sometimes report an additional financial statement element called *deferred inflows of resources*. This element represents an acquisition of resources that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time.

Pensions and Other Post-Employment Benefits (OPEB)

For purposes of measuring the City's pension liability, deferred outflows and deferred inflows related to pensions, and pension expense, information about the fiduciary net position of the MainePERS Participating Local Districts (PLD) Plan, and additions to/deductions from the pension plans' fiduciary net positions have been determined on the same basis as they are reported by the pension plans. For purposes of measuring the City's other post-employment benefits (OPEB) liability, deferred outflows and deferred inflows related to OPEB, and OPEB expense, information about the fiduciary net position of the MainePERS Group Life Insurance (GLI) Plan and the Maine Municipal Employees Health Trust (MMEHT) Plan (collectively, the OPEB plans) and additions to/deductions from the OPEB plans' fiduciary net positions have been determined on the same basis as they are reported by the OPEB plans.

For these purposes, the Pension Plan and the OPEB Plans recognize additions when earned and measurable, and deductions when due and payable in accordance with the terms of the statutes. In addition, an estimate is made for group life insurance death benefits incurred before year end but not reported to the GLI OPEB Plan until after year end. Investments of the plans are measured at fair value.

Due to timing differences between audited information about the plans becoming available from MainePERS and MMEHT and the statutorily required deadlines for audited financial statements for the City, the City uses measurement dates from the plans' account balances and activities that are 12 months (MainePERS) and 6 months (MMEHT) prior to the date of the Statement of Net Position. Appropriate adjustments are made to the Statement of Net Position and Statement of Activity to reflect these divergent measurement dates. The use of the different measurement date is allowed under GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

Note 1: Summary of Significant Accounting Policies (Continued)

Components of Net Position

Net position in the government-wide Statement of Net Position is required to be classified into the following three components:

Net Investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Capital assets	$ 62,345,667
Accumulated depreciation	(28,058,331)
Bonds and lease obligations	(12,098,754)
Net investment in capital assets	$ 22,188,582

Restricted consists of constraints placed on the use of net position which are either externally imposed by debt covenants, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted consists of net position that does not meet the definition of *restricted* or *net investment in capital assets*.

Fund Balance

Fund balances in the governmental funds Balance Sheet are required to be classified into five components. Classifications are hierarchical and are based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The components of fund balance are:

Nonspendable includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

Restricted represents those portions of fund equity on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation.

Committed describes the portion of the fund balance that represents resources of which use is constrained by limitations that the government imposes upon itself at its highest level of decision making and that remain binding unless removed in the same manner.

Assigned reflects the amounts constrained by the City's intent to be used for specific purposes but are neither restricted nor committed.

Unassigned represents amounts that are available for any purpose. The balance of the unassigned fund balance is available to help fund the operations of the subsequent fiscal year.

The City has no formal revenue spending policy for programs with multiple revenue sources. For expenditures where funds from more than one classification could be made, management makes the decision on a case-by-case basis.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

As described previously, the government-wide financial and fiduciary fund financial statements are reported on the accrual basis of accounting. Under this method, revenue is recognized in the period earned, regardless of the timing of cash flows. Property taxes and special assessments are recognized in the fiscal year for which they are certified for levy; penalties are recognized in the period assessed; interest is recognized in the period earned. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other grant requirements have been met. Charges for services and other exchange and exchange-like transactions are recognized when the exchange takes place.

The governmental fund financial statements are reported on the modified accrual basis of accounting. Under this method, revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes, special assessments, intergovernmental revenue, penalties, interest, and charges for services are susceptible to accrual, given the measurable and available requirement. Excise taxes, licenses, permits, fees, and miscellaneous revenue are not susceptible to accrual because they are not measurable until collected. Such revenue is recorded only when received.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance.

Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities, and the reported revenues and expenses.

Note 2: Bank Deposits

Custodial credit risk of bank deposits is the risk that, in the event of the bank's failure, the City will not be able to recover the value of its deposits and investments that are in the possession of an outside party. The City does not have a deposit policy for custodial credit risk.

As of June 30, 2022, of the City's $13,498,621 bank deposits, $13,055,793 was either insured by the FDIC or were collateralized with securities held by the financial institutions, which were in the City's name. Due to a timing issue with purchasing $442,828 was not covered.

Note 3: Investments

Maine statutes authorize the City to invest in certificates of deposit, repurchase agreements, and other available bank investments. Additionally, the City can invest in direct debt securities obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, certain corporate stocks and bonds and certificates of deposit.

Note 3: Investments (Continued)

Custodial Credit Risk: Custodial credit risk of investments is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments. The City does not have an investment policy for custodial credit risk. The City's investments are in money market funds, U.S. Agency notes, corporate bonds, stock mutual funds, and common stock, and are not exposed to custodial credit risk as the investments are in the City's name.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. There is no concentration of credit risk policy for the City's investments. At June 30, 2022, there were no investments that represent five percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds are excluded from this requirement.

Credit Risk: Credit risk of investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This credit risk is measured by the credit quality ratings of investments as described by nationally recognized statistical rating organizations. Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement.

Interest Rate Risk: Interest rate risk of investments is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City does not have a policy related to interest rate risk. The City is required to disclose the interest rate risk of its debt investments as follows:

	Due in Less Than One Year	Due in One to Five Years	No Maturity	Total
U.S. agency notes	$ -	$ 1,440,944	$ -	$ 1,440,944
Corporate bonds	-	616,720	132,856	749,576
Equities	-	-	1,573,115	1,573,115
Mutual funds	-	-	723,240	723,240
Real estate	-	-	71,694	71,694
Total	$ -	$ 2,057,664	$ 2,500,905	$ 4,558,569

Fair Value Measurements: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the City's investments use Level 1 inputs

Note 4: Receivables

Receivable balances are segregated by type and presented in the financial statements net of allowance for uncollectible amounts. The following table disaggregates amounts by activity type and receivable type as of June 30, 2022:

	Gross Receivables	Allowance for Uncollectibles	Net Receivables
Governmental activities			
Taxes receivable	$ 286,486	$ -	$ 286,486
Accounts receivable	1,004,798	(78,549)	926,249
Loans Receivable	2,775	(1,992)	783
	1,294,059	(80,541)	1,213,518
Business-type activities			
Accounts receivable	502,748	(51,053)	451,695
Loans receivable	24,946	(5,000)	19,946
	527,694	(56,053)	471,641
Total	$ 1,821,753	$ (136,594)	$ 1,685,159

Note 5: Interfund Balances and Transactions

Interfund balances among governmental funds and the proprietary fund at year end were as follows:

	Due From Other Funds	Due To Other Funds
General fund	$ 33,125	$ 8,475,290
Capital reserves fund	8,437,882	-
Other governmental funds	37,145	33,125
Sewer fund (proprietary)	262	-
	$ 8,508,415	$ 8,508,415

The City's central operating checking account for governmental funds is maintained in the General Fund. Thus, cash inflows and outflows in the other governmental funds creates interfund balances between them and the General Fund. The Sewer Fund maintains its own checking account and transacts most of its cash flows itself, but occasionally has interfund receivables or payables between it and the General Fund.

Interfund transactions for the year were limited to transfers between the General Fund and the Capital Reserves Fund. The General Fund transferred $5,734,938 to the Capital Reserves Fund, representing amounts approved to be appropriated and added to the various reserve accounts. The Capital Reserves Fund, in turn, transferred $701,712 to the General Fund, representing amounts expended out of the General Fund for which the various reserves were authorized to cover the cost of those outlays. There was also a transfer from the Cemetery Fund to the General Fund in the amount of $15,000 to cover approved expenditures. The Capital Reserves Fund also transferred $200,000 from one sub-account to another within the fund.

Note 6: Capital Assets

Capital asset activity of governmental activities for the year are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Non-depreciable Capital Assets				
Land	$ 1,526,153	$ -	$ -	$ 1,526,153
Construction in process	-	19,163	-	19,163
Depreciable Capital Assets				
Land improvements	2,063,578	-	-	2,063,578
Buildings and improvements	11,733,873	478,712	-	12,212,585
Furniture and fixtures	88,768	-	-	88,768
Machinery and equipment	3,421,936	364,079	(61,643)	3,724,372
Vehicles	4,196,292	181,913	(88,463)	4,289,742
Infrastructure	16,393,557	944,426	-	17,337,983
Gross capital assets	39,424,157	1,988,293	(150,106)	41,262,344
Less: Accumulated Depreciation				
Land improvements	683,940	102,491	-	786,431
Buildings and improvements	3,907,497	311,265	-	4,218,762
Furniture and fixtures	86,280	636	-	86,916
Machinery and equipment	2,616,060	228,896	(43,148)	2,801,808
Vehicles	2,687,985	385,045	(88,463)	2,984,567
Infrastructure	4,971,670	1,050,927	-	6,022,597
Total accumulated depreciation	14,953,432	2,079,260	(131,611)	16,901,081
Net capital assets	$ 24,470,725	$ (90,967)	$ (18,495)	$ 24,361,263

Depreciation expense of governmental activities was charged as a direct expense to programs as follows:

General government	$ 1,242,385
Public safety	412,261
Public works	185,228
Culture and recreation	46,584
Airport	192,802
Total	$ 2,079,260

Note 6: Capital Assets (Continued)

Capital asset activity for business-type activities for the year are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Non-depreciable Capital Assets				
Land	$ 179,427	$ -	$ -	$ 179,427
Construction in process	68,927	28,910	-	97,837
Depreciable Capital Assets				
Buildings and improvements	5,682,700	-	-	5,682,700
Machinery and equipment	6,672,885	7,295	-	6,680,180
Vehicles	336,791	-	-	336,791
Infrastructure	8,106,388	-	-	8,106,388
Gross capital assets	21,047,118	36,205	-	21,083,323
Less: Accumulated Depreciation				
Buildings and improvements	3,508,418	121,489	-	3,629,907
Machinery and equipment	5,433,131	259,839	-	5,692,970
Vehicles	316,503	6,762	-	323,265
Infrastructure	1,363,070	148,038	-	1,511,108
Total accumulated depreciation	10,621,122	536,128	-	11,157,250
Net capital assets	$ 10,425,996	$ (499,923)	$ -	$ 9,926,073

Depreciation expense for business-type activities was $536,128.

Note 7: Long-term Liabilities

Activity of the City's general obligation bonds during the year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
2002 public improvement bond	$ 250,000	$ -	$ (125,000)	$ 125,000
2002 school construction bond	1,131,620	-	(565,810)	565,810
2009 city hall bond	634,860	-	(70,540)	564,320
2016 road bond	367,347	-	(122,449)	244,898
2019 road bond	424,000	-	(106,000)	318,000
2019 border protection bond	1,319,000	-	(100,000)	1,219,000
2021 road bond	1,000,000	-	(142,857)	857,143
2022 general obligation bond	-	3,300,000	(98,890)	3,201,110
	5,126,827	3,300,000	(1,331,546)	7,095,281
Business-type activities				
2002 treatment facility bond	150,000	-	(150,000)	-
2003 treatment facility bond	97,500	-	(32,500)	65,000
2003 treatment facility bond	785,715	-	(71,428)	714,287
2007 treatment facility bond	457,001	-	(32,642)	424,359
2016 street project bond	371,456	-	(16,885)	354,571
2017 street project bond	1,169,105	-	(44,964)	1,124,141
2018 pump station bond	1,532,142	-	(58,929)	1,473,213
	4,562,919	-	(407,348)	4,155,571
Total	$ 9,689,746	$ 3,300,000	$ (1,738,894)	$ 11,250,852

Outstanding bonds for governmental activities were:

Public improvement bond, held by the Maine Municipal Bond Bank, issued in May 2002 for $2,500,000. It carries a variable interest rate from 3.05% to 5.25%, with annual principal payments of $125,000 due in November, and semi-annual interest payments due in May and November. The bond matures in November 2022. The portion of principal that is due to be paid within one year is $125,000.

School construction bond, held by the Maine Municipal Bond Bank, issued in May 2002 for $11,316,198. It carries a variable interest rate from 3.05% to 5.25%, with annual principal payments of $565,810 due in November, and semi-annual interest payments due in May and November. The bond matures in November 2022. The portion of principal that is due to be paid within one year is $565,810.

City hall bond, held by Bangor Savings Bank, issued in September 2009 for $1,410,825. It carries a variable interest rate from 2.91% to 3.70%, with annual principal payments of $70,540 due in September, and semi-annual interest payments due in March and September. The bond matures in September 2029. The portion of principal that is due to be paid within one year is $70,540.

Road bond, held by Bangor Savings Bank, issued in May 2016 for $1,000,000. It carries an interest rate of 2.15%, with annual principal payments of $122,449 due in November, and semi-annual interest payments due in May and November. The bond matures in November 2023. The portion of principal that is due to be paid within one year is $122,449.

Note 7: Long-term Liabilities (Continued)

Road bond, held by Bangor Savings Bank, issued in November 2019 for $530,000. It carries an interest rate of 2.70%, with annual principal payments of $106,000 due in November, and semi-annual interest payments due in May and November. The bond matures in November 2024. The portion of principal that is due to be paid within one year is $106,000.

Border protection bond, held by Camden National Bank, issued in November 2019 for $1,419,000. It carries an interest rate of 4.89%, with annual principal payments of $100,000 due in November, and semi-annual interest payments due in May and November. The bond matures in November 2034. The portion of principal that is due to be paid within one year is $100,000.

Road bond, held by Camden National Bank, issued in May 2021 for $1,000,000. It carries an interest rate of 2.17%, with annual principal payments of $142,857 due in September, and annual interest payments due in September. The bond matures in September 2027. The portion of principal that is due to be paid within one year is $142,857.

General obligation bond, held by Bangor Savings Bank, issued in February 2022 for $3,300,000. It carries an interest rate of 2.25%, with annual principal payments due in June, and annual interest payments due in June. The bond matures in June 2032. The portion of principal that is due to be paid within one year is $299,840.

Outstanding bonds for business-type activities were:

Treatment facility bond, held by Maine Municipal Bond Bank, issued in May 2002 for $3,000,000. It carries an interest rate of 2.38%, with annual principal payments of $150,000 plus interest due in May. The bond matures in May 2022. The portion of principal that is due to be paid within one year is $150,000.

Treatment facility bond, held by Maine Municipal Bond Bank, issued in November 2003 for $1,525,290. It carries an interest rate of 1.60%, with annual principal payments of $32,500 plus interest due in October. The bond matures in October 2023. The portion of principal that is due to be paid within one year is $32,500.

Treatment facility bond, held by the USDA Rural Development, issued in July 2003 for $2,000,000. It carries an interest rate of 4.25%, with annual principal payments of $71,428 due in July, and semi-annual interest payments due in January and July. The bond matures in July 2031. The portion of principal that is due to be paid within one year is $71,428.

Treatment facility bond, held by the USDA Rural Development, issued in March 2007 for $914,000. It carries an interest rate of 4.125%, with annual principal payments of $32,642 due in March, and semi-annual interest payments due in March and September. The bond matures in March 2035. The portion of principal that is due to be paid within one year is $32,642.

Street project bond, held by the USDA Rural Development, issued in December 2016 for $439,000. It carries an interest rate of 1.375%, with annual principal payments of $16,885 due in December, and semi-annual interest payments due in June and December. The bond matures in December 2042. The portion of principal that is due to be paid within one year is $16,885.

Street project bond, held by the USDA Rural Development, issued in November 2017 for $1,304,000. It carries an interest rate of 1.875%, with annual principal payments of $44,964 due in November, and semi-annual interest payments due in May and November. The bond matures in November 2046. The portion of principal that is due to be paid within one year is $44,964.

Note 7: Long-term Liabilities (Continued)

Pump station bond, held by the USDA Rural Development, issued in November 2018 for $1,650,000. It carries an interest rate of 1.75%, with annual principal payments of $58,929 due in November, and semi-annual interest payments due in May and November. The bond matures in November 2046. The portion of principal that is due to be paid within one year is $58,929.

Total interest expense for the year was $157,253 on governmental activities bonds, and $108,644 on business-type activities bonds.

Future maturities of governmental activities bonds are as follows:

	Principal	Interest	Payment
Fiscal Year 2023	$ 1,532,497	$ 189,610	$ 1,722,107
Fiscal Year 2024	848,407	149,175	997,582
Fiscal Year 2025	733,113	127,790	860,903
Fiscal Year 2026	634,155	109,197	743,352
Fiscal Year 2027	641,447	91,819	733,266
Fiscal Years 2028-2032	2,486,662	215,817	2,702,479
Fiscal Years 2033-2037	219,000	12,103	231,103
Totals	$ 7,095,281	$ 895,511	$ 7,990,792

Future maturities of business-type activities bonds are as follows:

	Principal	Interest	Payment
Fiscal Year 2023	257,350	$ 98,065	355,415
Fiscal Year 2024	257,350	91,056	348,406
Fiscal Year 2025	224,850	84,048	308,898
Fiscal Year 2026	224,850	77,559	302,409
Fiscal Year 2027	224,850	71,070	295,920
Fiscal Years 2028-2032	1,124,251	258,019	1,382,270
Fiscal Years 2033-2037	701,822	135,093	836,915
Fiscal Years 2038-2042	603,893	74,351	678,244
Fiscal Years 2043-2047	536,355	23,546	559,901
Totals	$ 4,155,571	$ 912,807	$ 5,068,378

As of July 1, 2009, the City of Old Town School Department joined Regional School Unit (RSU) #34. As part of the agreement, certain liabilities of the school department were transferred to RSU #34, except for general obligation bonds which remain obligations of the City of Old Town. RSU #34 is obligated to reimburse the City for the annual debt service payments on the school-related bonds of $1,131,620. This obligation has been recorded as a receivable from RSU #34 on the entity wide statement of net position.

Note 7: Long-term Liabilities (Continued)

Other long-term liabilities include capital lease obligations, accrued compensated absences, net pension obligations, and net other post-employment benefits obligations.

Capital leases are for equipment and vehicles. Amortization expense of $207,427 was incurred during the year and was included with depreciation expense. The gross cost of leased assets is $1,465,125 and is included in the capital assets of governmental activities as machinery and equipment ($125,855) and vehicles ($1,339,270), and have accumulated depreciation totaling $761,552.

Interest expense on capital lease obligations totaled $23,416 for the year.

Future minimum lease payments of capital lease obligations are as follows:

Fiscal Year 2023	$ 381,589
Fiscal Year 2024	282,440
Fiscal Year 2025	219,414
Fiscal Year 2026	1,095
Total future minimum payments	884,538
Less: Amounts representing interest	36,636
Present value of future minimum payments	847,902
Less: Current portion of lease obligations	361,366
Non-current portion of lease obligations	$ 486,536

The changes in other long-term liabilities for the fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Capital leases	$ 674,478	$ 685,000	$ (511,576)	$ 847,902
Accrued compensated absences	619,033	122,526	-	741,559
Pensions	1,703,758	-	(1,843,521)	(139,763)
Other post-employment benefits	659,508	-	(100,507)	559,001
	3,656,777	807,526	(2,455,604)	2,008,699
Business-type activities				
Accrued compensated absences	61,644	-	(2,821)	58,823
Pensions	128,240	-	(138,760)	(10,520)
Other post-employment benefits	65,226	-	(23,151)	42,075
	255,110	-	(164,732)	90,378
Total	$ 3,911,887	$ 807,526	$ (2,620,336)	$ 2,099,077

Note 8: Tax Increment Financing Districts

The City currently has two (2) approved tax increment financing (TIF) districts. The objective of these TIF districts is to stimulate new investment in the community, through various tax increment financing projects. Taxes derived from increased assessed valuation within the districts can be "captured" for approved uses. The City accounts for its portion of the activity of the TIF districts, including captured taxes and expenditures for approved purposes, in a capital reserve fund. The following is a brief description of each district:

First Omnibus (aka, Stillwater) TIF District: This TIF district was established March 2, 2015, for a term of 30 years to stimulate new development and investment in the community and to fund City improvements and development programs as allowed by State Statute. The district was originally established to include 25.11 acres within the City. This City later amended the district on February 19, 2019, to include an additional 0.60 acres, bringing the total to 25.71 acres. The total Original Assessed Value (O.A.V.) of this district is $3,845,700. The district allows for Credit Enhancement Agreements (CEA's) of up to 50% of the total captured assessed value.

Within this district the City has entered into a Credit Enhancement Agreement (CEA) with Southstreet Development Company, LLC., for a period of nine (9) years starting with tax year 2019-2020 and ending in the tax year 2028-2029, for property located at 665 Stillwater Avenue. For each of the nine (9) years of this agreement the City will provide 30% of the captured assessed value back to Southstreet Development Company, LLC.

Downtown-Second Omnibus TIF District: This district was established March 6, 2017, for a term of thirty years to stimulate new development and investment in the community and to fund City improvements and development programs as allowed by State Statute. The district comprises 80.21 acres within the City and has a total Original Assessed Value (O.A.V.) of $36,367,323. The district allows for Credit Enhancement Agreements (CEA's) of up to 50% of the total captured assessed value.

The City has entered into four (4) Credit Enhancement Agreement with DBG, LLC., for a period of ten (10) years beginning with tax year 2020-2021 and ending in the tax year 2030-2031, for properties located at 285 Main Street, 275 Main Street, 277 Main Street & 283 Main Street. For each of the ten (10) years of this agreement the City will provide 50% of the Captured Assessed Value of each property back to DBG, LLC.

Note 9: Components of Fund Balance

The General Fund's fund balance ended the year with a total balance of $5,879,769. This balance is composed of a *nonspendable* portion of $83,118 for assets that are not in spendable form, a *committed* portion of $685,000 for lease proceeds not yet spent, an *assigned* portion of $332,025 for carry forward amounts, and the remaining *unassigned* balance of $4,779,439.

The fund balances of the Capital Reserve Fund, Cemetery Fund, Library Fund, and Library Trust are all considered *restricted* because they are to be used for specific purposes and are restricted by resource providers external to the City. Their balances at year end were $8,437,882, $1,105,333, $1,063,571, and $214,744, respectively.

Note 10: Property Taxes

Property taxes (real and personal, except vehicles) are assessed to the owner of record as of April 1st of each year. The fiscal year's taxes were committed in August. Half of the taxes were due in September and the second half was due in March. Interest is assessed on overdue accounts at 6.00% per year. Tax liens on delinquent taxes may be placed on real property after eight months and within twelve months following the commitment date. The City may foreclose on property if the lien, interest, and costs are not paid within eighteen months from the date the lien is filed.

The City is permitted by statute to levy taxes up to 105% of its net budgeted expenditures for the fiscal year.

Included in the City's tax assessment of $21.70 per $1,000 of assessed valuation is $1.62 which represents the local assessment for county taxes and $11.63 which represents the local assessment for education. These taxes are collected by the City and forwarded as required by the taxing agency.

The fiscal year 2022 tax levy is summarized as follows:

Real estate valuation	$431,681,111
Personal property valuation	20,876,100
Total valuation	452,557,211
Tax rate (per $1,000 of valuation)	21.70
Tax commitment	$ 9,820,491

The collection rate of current year taxes is calculated as follows:

Original tax commitment	$ 9,820,491
Supplemental taxes	2,229
Total tax commitment	9,822,720
Less:	
Abatements of current year taxes	113,026
Current year taxes receivable at year end	151,114
Current year tax collections	$ 9,558,580
Collection rate of current year taxes	98.4%

Note 11: Risk Management and Contingencies

General

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, and natural disasters for which the City either carries commercial insurance or participates in a public entity risk pool. Based on the coverage provided by the pools, as well as coverage provided by commercial insurance purchased, the City is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2022.

Note 11: Risk Management and Contingencies (Continued)

Grant Funds

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Litigation

The City is not aware of an existing, pending, or threated litigation against the City at this time. Consequently, there is no contingent liability recorded or reported in the financial statements.

Note 12: Defined Benefit Pension Plan

The City participates in the MainePERS Participating Local District (PLD) Consolidated Plan, which is a defined benefits pension plan.

General Information about the Pension Plan

Pension Plan Description

The PLD Consolidated Plan is a multiple-employer cost sharing plan. Eligible employers (districts) are defined in Maine statute. As of June 30, 2021, there were 305 employers in the plan. The Plan is administered by the Maine Public Employees Retirement System (MainePERS).

Pension Benefits

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the Plan, and periodically makes recommendations to the Legislature to amend them. MainePERS's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. 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. MainePERS also provides disability and death benefits which are established by contract with participating employers under applicable statutory provisions.

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 MainePERS's Board of Trustees and is currently 0.93%.

Note 12: Defined Benefit Pension Plan (Continued)

Member and Employer Contributions

Retirement benefits are funded by contributions from members and employers and by earnings from investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or by MainePERS's Board of Trustees and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

Financial Reporting

MainePERS issues annual financial reports for the Pension Plan which can be found online at:

http://www.mainepers.org/Publications/Publications.htm#Annual Reports

Pension-Related Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

The net pension liability/(asset), deferred inflows of resources and deferred outflows of resources related to pensions were measured on June 30, 2021, the latest measurement date available, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. These amounts are reported on the City's financial statements as of June 30, 2022. The City's deferred outflows of resources related to pensions balance, as of the measurement date, was increased by contributions to pensions made between the measurement date and date of the Statement of Net Position. These amounts were adjusted accordingly as reductions to expenses in the Statement of Activities.

Measured on June 30, 2021, the City reported an asset for its proportionate share of the plans' net pension liability/(asset) totaling ($150,283). The City's proportion of the plans' net pension liability/(asset) was based on a projection of the City's long-term share of contributions to the plans relative to the projected contributions of all employers, actuarially determined. Measured on June 30, 2021, the City's proportion of the PLD Plan was 0.4676% of the PLD Plan's total net liability/(asset) which was an increase of 0.0065% from its proportion measured on June 30, 2020.

For the year ended June 30, 2022, the City recognized total pension expense of $4,537 for the PLD Plan.

Measured on June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 97,215	$ 10,214
Difference between projected and actual investment earnings	-	2,048,409
Changes of assumptions	504,637	-
Changes in proportions	32,251	1,240
Contributions subsequent to the measurement date	404,560	-
	$ 1,038,663	$ 2,059,863

Note 12: Defined Benefit Pension Plan (Continued)

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

City contributions to the plans subsequent to the measurement date, totaling $404,560, are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year 2022	$ (204,473)
Fiscal year 2023	(185,786)
Fiscal year 2024	(466,291)
Fiscal year 2025	(569,212)
	$ (1,425,762)

Actuarial Methods and Assumptions

The collective total pension liability/(asset) for the plans was determined by an actuarial valuation measured as of June 30, 2021, 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 develop costs. Under this cost method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability rate.

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

Experience gains and losses (i.e., actual decreases or increases in liabilities and/or in assets which differ from the actuarial assumptions) affect the unfunded actuarial accrued liability.

Asset Valuation Method

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

Amortization

The net pension liability of the PLD 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.

Note 12: Defined Benefit Pension Plan (Continued)

Significant Actuarial Assumptions

Investment rate of return	6.50%, compounded annually
Inflation rate	2.75%
Annual salary increases	2.75% to 11.48%
Cost of living benefit increases	1.91%
Mortality rates	Based on the 2010 Public Plan General Benefits – Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

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 arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, are summarized in the following table:

	Long-term Expected Real Rate of Return
Public equities	6.0%
US government	2.3%
Private equity	7.6%
Real assets	
Real estate	5.2%
Infrastructure	5.3%
Natural resources	5.0%
Traditional credit	3.0%
Alternative credit	7.2%
Diversifiers	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.5% for 2021 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the 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.

Note 12: Defined Benefit Pension Plan (Continued)

The following table shows how the City's proportionate share of the Plan's net pension liabilities (assets) measured as of June 30, 2021, would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Rate	1% Increase
Net pension liability	$ 2,138,610	$ (150,283)	$ (2,043,499)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MainePERS financial report.

Note 13: Other Post-Employment Benefits (OPEB) Plan

The measurement dates for the OPEB plan are six months prior to the date of the Statement of Net Position, as allowed by GASB Statement No 75. Thus, amounts reported for deferred inflows of resources, deferred outflows of resources, and net OPEB liability as of June 30, 2022, were measured as of December 31, 2021.

OPEB Plan Benefits

The City participates in a single-employer OPEB plan available to full-time employees providing for retiree health benefits that is administered by the Maine Municipal Employees Health Trust (MMEHT). To the eligible for the plan, the employee must be at least 55 years of age with at least 5 years of service at retirement. Additionally, the employee must enroll when first eligible and continue coverage without interruption thereafter.

Retirees pay the premium equivalent rate for coverage selected. Retirees pay 100% for both the retirees' and retirees' spouses' premiums. The City pays no portion of the premiums.

The plan provides for medical and prescription drug coverage and life insurance coverage. Non-Medicare retirees are offered the same plans that are available to active employees. Medicare retirees are enrolled in the Retiree Group Companion Plan which includes prescription drug coverage. The plan also provides a $2,000 life insurance benefit. Retirees who retired after January 1, 2017, have access to purchase dental coverage as well.

OPEB Plan Member Data

As of the measurement date (January 1, 2022), there were 50 active employee members, 3 retiree members, and 1 retiree spouse member in the plan.

Note 13: Other Post-Employment Benefits (OPEB) Plan (Continued)

OPEB Related Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

The net OPEB liability, deferred outflows of resources, and deferred inflows of resources as of the measurement date were determined by actuarial valuation of January 1, 2022. The City's net OPEB liability was $601,076.

Changes in the net OPEB liability during the year were as follows:

Beginning balance	$ 724,734
Changes for the year:	
Service cost	31,157
Interest	15,762
Changes of benefit terms	-
Differences between expected and actual experience	(174,020)
Changes in assumptions or other inputs	28,336
Benefit payments	(24,893)
Net change	(123,658)
Ending balance	$ 601,076

Change in assumptions during the year reflect a change in the discount rate from 2.12% to 2.06%.

For the year ended December 31, 2021, the City recognized OPEB expense of $47,373.

As of June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,080	$ 192,258
Changes in assumptions and other inputs	165,768	30,574
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	7,543	-
	$ 174,391	$ 222,832

Note 13: Other Post-Employment Benefits (OPEB) Plan (Continued)

City contributions subsequent to the measurement date will be recognized as OPEB expense in the subsequent fiscal year. Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows

Fiscal year 2023	$ 454
Fiscal year 2024	454
Fiscal year 2025	454
Fiscal year 2026	454
Fiscal year 2027	(7,840)
Fiscal years thereafter	(49,960)
	$ (55,984)

Actuarial Methods and Assumptions

The Entry Age Normal Actuarial Cost Method was used to value the plan's actuarial liabilities and to set the normal cost. 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 the plan. An open 30-year amortization period was used. The amortization method is a level dollar amortization method.

The net OPEB liability was actuarily determined used the following methods and assumptions:

Measurement Date	January 1, 2022
Discount Rate	2.06% for the 2022 year-end reporting period 2.12% for the 2021 year-end reporting period
Trend Assumptions	
Non-Medicare Medical	Initial trend of 6.25% applied in FYE 2022 grading over 21 years to 3.53% per annum
Non-Medicare Drug	Initial trend of 13.10% applied in FYE 2022 grading over 21 years to 3.53% per annum.
Medicare Medical	Initial trend of 5.00% applied in FYE 2022 grading over 21 years to 3.53% per annum
Medicare Drug	Initial trend of 9.90% applied in FYE 2022 grading over 21 years to 3.53% per annum
Admin and Claims Expense	3.0% per annum

Rates of mortality are 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.

It is assumed that the current plan and cost-sharing structure remains in place for all future years. It is also assumed that retiree medical contributions will increase at the same rate as incurred claims.

Note 13: Other Post-Employment Benefits (OPEB) Plan (Continued)

Sensitivity

Changes in the discount rate and the healthcare cost trend rate affect the measurement of the City's net OPEB liability. One percent increases or decreases in the rates would affect the net OPEB liability as follows:

	Discount Rate Sensitivity		
	1% Decrease	Current Rate	1% Increase
Net OPEB liability	$ 703,641	$ 601,076	$ 517,404

	Healthcare Cost Trend Rate Sensitivity		
	1% Decrease	Current Rate	1% Increase
Net OPEB liability	$ 506,315	$ 601,076	$ 724,410

MMEHT OPEB Plan Actuarial Reports

A more detailed actuarial report may be obtained by contacting the City of Old Town's finance department.

Note 14: Deferred Compensation Plan

The City also provides a 457 Deferred Compensation Plan (defined contribution plan – DCP) and a 401 qualified plan both of which are administered by International City Manager Association (ICMA) Retirement Corporation. Copies of the most recent financial reports may be obtained from the plan administrator.

The City contributes at rates which vary from 0% to 6.5%, depending on the monthly elections and contributions of participants. Employees may elect to contribute up to 25% of earnings, but the City limits its match to 6.5%. The City made matching contributions of $37,694 and employees elected to defer $141,769 for a total contribution of $179,463, for municipal employees.

Note 15: Jointly Governed Organization

The City and various entities in the region have jointly agreed to operate a vocational education school. A separate legal entity known as the United Technologies Center (UTC) was established by State law and is governed by a nine-member board, of which one member represents the City. Complete financial statements for the UTC can be obtained from the United Technologies Center, 200 Hogan Road, Bangor, Maine, 04401.

Note 16: Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued – the date of the independent auditor's report.

Since June 30, 2022, the City has issued the following new debt:

- A general obligation bond in the amount of $2,000,000 that will mature on August 15, 2027.
- A capital lease obligation for 3 years with annual lease payments of $206,629.
- A capital lease obligation for 2 years with annual lease payments of $71,907.

Budgetary Comparison Schedule

Schedule 1

General Fund ▪ Budgetary Basis

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	$ 9,459,810	$ 9,459,810	$ 9,795,828	$ 336,018
Excise taxes	1,514,400	1,514,400	1,613,149	98,749
Charges for services	2,403,036	2,403,036	3,059,423	656,387
Licenses, permits, and fees	133,870	133,870	172,900	39,030
Intergovernmental	4,722,785	4,722,785	6,628,212	1,905,427
Investment income/(expense)	52,000	52,000	(71,993)	(123,993)
Other revenues	222,880	277,806	268,738	(9,068)
Total revenues	18,508,781	18,563,707	21,466,257	2,902,550
Expenditures				
General government	4,895,527	5,847,887	4,601,859	1,246,028
Public safety	5,154,554	5,164,554	4,874,600	289,954
Public works	1,826,762	2,723,042	2,723,042	-
Sanitation	538,780	538,780	566,721	(27,941)
Culture and recreation	768,188	782,365	695,590	86,775
Airport	468,218	804,812	668,040	136,772
Education	5,262,440	5,262,440	5,262,440	-
County tax	733,570	733,570	733,570	-
Total expenditures	19,648,039	21,857,450	20,125,862	1,731,588
Revenue Surplus (Deficit)	(1,139,258)	(3,293,743)	1,340,395	4,634,138
Other Financing Sources (Uses)				
Transfers in	1,699,258	2,616,787	716,712	(1,900,075)
Transfers out	(585,000)	(585,000)	(5,734,938)	(5,149,938)
Proceeds from bonds and leases	-	-	3,985,000	3,985,000
Proceeds from sales of assets	25,000	25,000	124,644	99,644
Net other financing	1,139,258	2,056,787	(908,582)	(2,965,369)
Change in Fund Balance	$ -	$ (1,236,956)	$ 431,813	$ 1,668,769

See the accompanying notes to the required supplementary information.

Schedule of Proportionate Share of Net Pension Liability

Schedule 2

MainePERS Participating Local Districts Consolidated Plan
Employer ID: P0111
As of the Last Eight Measurement Dates*

	2022	2021	2020	2019	2018
A City's proportion	0.467643%	0.461097%	0.445768%	0.447431%	0.472471%
B City's share	$ (150,283)	$ 1,831,998	$ 1,362,550	$ 1,224,520	$ 1,934,467
C Covered payroll	$ 3,797,390	$ 3,909,809	$ 3,812,103	$ 3,687,969	$ 3,434,500
D Payroll percentage	-3.96%	46.86%	35.74%	33.20%	56.32%
E Net position %	100.86%	88.35%	90.60%	91.14%	86.43%

	2017	2016	2015	20XX	20XX
A City's proportion	0.457773%	0.419077%	0.393519%		
B City's share	$ 2,432,289	$ 1,337,051	$ 605,552		
C Covered payroll	$ 3,451,334	$ 3,342,432	$ 3,246,713		
D Payroll percentage	70.47%	40.00%	18.65%		
E Net position %	81.61%	88.27%	94.10%		

A The City's proportion of the Plan's total net pension liability.
B The City's proportionate share of the Plan's total net pension liability.
C The City's covered-employee payroll for the fiscal year.
D The City's proportionate share (B) as a percentage of its covered-employee payroll (C).
E The Plan's fiduciary net position as a percentage of the Plan's total pension liability.

**Date headers reflect the reporting fiscal year, but measurement dates are twelve months prior. This schedule is intended to show information for ten years. However, ten years has not yet passed since implementation of GASB 68.*

Schedule of Employer Contributions

Schedule 3

MainePERS Participating Local Districts Consolidated Plan
Employer ID: P0111
As of the Last Eight Measurement Dates*

	2022	2021	2020	2019	2018
A Required	$ 404,560	$ 320,756	$ 300,724	$ 278,658	$ 249,340
B Actual	404,560	320,756	300,724	278,658	249,340
C Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
D Covered payroll	$ 3,797,390	$ 3,909,809	$ 3,812,103	$ 3,687,969	$ 3,434,500
E Payroll percentage	10.65%	8.20%	7.89%	7.56%	7.26%

	2017	2016	2015	20XX	20XX
A Required	$ 242,355	$ 214,808	$ 171,304		
B Actual	242,355	214,808	171,304		
C Deficiency (Excess)	$ -	$ -	$ -		
D Covered payroll	$ 3,451,334	$ 3,342,432	$ 3,246,713		
E Payroll percentage	7.02%	6.43%	5.28%		

A The City's contractually required contributions to the Plan.
B The City's actual contributions to the Plan.
C The City's deficiency (excess) of actual contributions (B) from (over) required contributions (A).
D The City's covered-employee payroll for the fiscal year.
E The City's contributions as a percentage of its covered-employee payroll.

**Date headers reflect both the reporting fiscal year and the measurement date. This schedule is intended to show information for ten years. However, ten years has not yet passed since implementation of GASB 68.*

Schedule of Changes to the OPEB Liability

Schedule 4

MMEHT Health Insurance OPEB Plan
As of the Last Five Measurement Dates*

	2022	2021	2020	2019	2018
Service cost	$ 31,157	$ 26,802	$ 15,195	$ 17,360	$ 14,360
Interest	15,762	18,511	24,762	22,398	21,124
Changes of benefits	-	-	(13,715)	-	-
Experience differences	(174,020)	-	(51,086)	-	2,435
Assumption changes	28,336	42,686	112,061	(55,034)	72,220
Benefit payments	(24,893)	(23,936)	(30,314)	(29,148)	(12,727)
Net Change	(123,658)	64,063	56,903	(44,424)	97,412
Beginning OPEB liability	724,734	660,671	603,768	648,192	550,780
Ending OPEB liability	$ 601,076	$ 724,734	$ 660,671	$ 603,768	$ 648,192
Covered payroll	$ 2,856,984	$ 2,888,447	$ 2,888,447	$ 2,348,020	$ 2,348,020
Payroll percentage	21.04%	25.09%	22.87%	25.71%	27.61%

	20XX	20XX	20XX	20XX	20XX
Service cost					
Interest					
Changes of benefits					
Experience differences					
Assumption changes					
Benefit payments					
Net Change					
Beginning OPEB liability					
Ending OPEB liability					
Covered payroll					
Payroll percentage					

**Date headers reflect the reporting fiscal year, but measurement dates are six months prior. This schedule is intended to show information for ten years. However, ten years has not yet passed since implementation of GASB 75.*

Note 1: Budgetary Accounting

Budgets are adopted for the General Fund on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary integration is employed as a management control device during the year for the General Fund. Generally, appropriations for the General Fund lapse at year end, except for balances approved to be carried forward by City Council. The budget is presented on the modified accrual basis of accounting, which is consistent with U.S. generally accepted accounting principles (US GAAP).

Note 2: Original and Final Budget Variances

The original budget is the original appropriated budget in place at the beginning of the fiscal year. Changes to the budget during the fiscal year are the result of expenditures from reserve funds, grants, or other donations for their designated purposes, expenditures of proceeds from general obligation bonds or new capital lease obligations, or as a result of changes adopted by the City Council.

Note 3: Over-Expended Budget Lines

For fiscal year 2021, the Sanitation line was over-expended by $27,941 or 5.2% of its total final budgets.

Note 4: Changes in Assumptions and Methods for Pensions and OPEB

There were no significant changes in the assumptions and methods used for actuarial calculations for the MainePERS Pension Plan.

The only significant change in the assumptions and methods used for actuarial calculations was the MMEHT OPEB Plan’s change in the discount rate from 2.12% to 2.06%.

Budgetary Comparison Schedule

Schedule 5

Sewer Fund ▪ Budgetary Basis

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues				
Service charges	$ 1,576,715	$ 1,576,715	$ 1,624,515	$ 47,800
Fees, permits, and other revenue	13,100	13,100	18,918	5,818
Total operating revenues	1,589,815	1,589,815	1,643,433	53,618
Operating Expenses				
Administration	1,316,327	2,444,307	626,481	1,817,826
Repairs and maintenance	133,200	133,200	80,820	52,380
Water treatment facility	209,500	209,500	202,095	7,405
Sludge disposal	73,750	73,750	76,436	(2,686)
Capital outlays	-	-	36,205	(36,205)
Repayment of debt principal	-	-	407,348	(407,348)
Total operating expenses	1,732,777	2,860,757	1,429,385	1,431,372
Net Operating Income	(142,962)	(1,270,942)	214,048	1,484,990
Non-Operating Revenues (Expenses)				
Transfers in (out)	270,162	270,162	-	(270,162)
Interest income	5,000	5,000	2,180	(2,820)
Other non-operating revenue	2,800	2,800	5,044	2,244
Interest expense	(135,000)	(135,000)	(108,233)	26,767
Net non-operating expenses	142,962	142,962	(101,009)	26,191
Change in Net Position	$ -	$ (1,127,980)	$ 113,039	$ 1,241,019

Schedule of Changes in Reserve Balances

Schedule 6

Capital Projects Fund

For the Year Ended June 30, 2022

	Beginning Balance	Additions	Reductions	Ending Balance
TIF district	$ 505,040	$ 579,761	$ (546,111)	$ 538,690
Housing reserve	-	150,000	-	150,000
Old Town Development LLC	367,617	10,203	(201,386)	176,434
Economic development	14,485	95,471	(105,989)	3,967
Projects reserve	-	2,955,926	-	2,955,926
IT equipment	140,438	50,000	(70,000)	120,438
Heavy equipment	485,996	541,274	-	1,027,270
Highway block grant	193,364	103,720	-	297,084
City facilities	381,280	628,785	-	1,010,065
Municipal trash	792,913	-	-	792,913
Airport hanger	608,848	152,647	(328,607)	432,888
ARPA funds	-	785,743	-	785,743
Garford account	(21)	-	-	(21)
Smoke detectors	1,926	221	-	2,147
Police evidence	45,546	5,311	-	50,857
Forfeitures	8,808	23,085	(8,981)	22,912
Riverfest	5,119	11,700	(142)	16,677
Parade and bicentennial	9,904	3,019	(4,299)	8,624
Skateboard park	38,291	57	-	38,348
Clerk book restore	420	-	-	420
Dog park	-	5,250	-	5,250
Bicycle coalition	1,250	-	-	1,250
	$ 3,601,224	$ 6,102,173	$ (1,265,515)	$ 8,437,882

Combining Balance Sheets

Schedule 7

Other Governmental Funds

As of June 30, 2022

	Cemetery Fund	Library Fund	Library Trust	Total
Assets				
Investments	$ 1,120,333	$ 1,044,551	$ 214,744	$ 2,379,628
Due from other funds	-	37,145	-	37,145
Total Assets	$ 1,120,333	$ 1,081,696	$ 214,744	$ 2,416,773
Liabilities and Fund Balances				
Liabilities				
Due to other funds	$ 15,000	$ 18,125	$ -	$ 33,125
Fund Balances				
Restricted	1,105,333	1,063,571	214,744	2,383,648
Total Liabilities and Fund Balances	$ 1,120,333	$ 1,081,696	$ 214,744	$ 2,416,773

Schedule 8

Combining Statements of Revenues, Expenditures, and Changes in Fund Balances

Other Governmental Funds

For the Year Ended June 30, 2022

	Cemetery Fund	Library Fund	Library Trust	Total
Revenues				
Investment income/(loss)	$ (148,445)	$ (139,092)	$ (20,712)	$ (308,249)
Other revenues	-	8,237	-	8,237
Total revenues	(148,445)	(130,855)	(20,712)	(300,012)
Expenditures				
Transfer out	15,000	-	-	15,000
Other expenditures	3,273	11,480	2,200	16,953
Total expenditures	18,273	11,480	2,200	31,953
Net Change in Fund Balances	(166,718)	(142,335)	(22,912)	(331,965)
Beginning Fund Balances	1,272,051	1,205,906	237,656	2,715,613
Ending Fund Balances	$ 1,105,333	$ 1,063,571	$ 214,744	$ 2,383,648

Berry · Talbot · Royer
CERTIFIED PUBLIC ACCOUNTANTS

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

City Council
City of Old Town, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Old Town as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Old Town's basic financial statements, and have issued our report thereon dated February 10, 2023.

Internal Control over Financial Reporting

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Old Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berry Talbot Royer

Berry Talbot Royer
Certified Public Accountants
Falmouth, Maine
February 10, 2023