

2011

Town of Old Orchard Beach, Maine Annual Financial Report for the Year Ended June 30, 2011

Old Orchard Beach (Me.)

Jill M. Eastman

Old Orchard Beach (Me.). Finance Director/Treasurer

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TOWN OF OLD ORCHARD BEACH, MAINE

Annual Financial Report

For the year ended June 30, 2011

Prepared by:

Jill M. Eastman

Finance Director/Treasurer



Certified Public Accountants and Business Consultants

Independent Auditor's Report

Town Council
Town of Old Orchard Beach, Maine

We have audited the accompanying financial statements of the governmental activities, business-type 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, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town of Old Orchard Beach, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Old Orchard Beach, Maine, as of June 30, 2011, and respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 31, 2011, on our consideration of the Town of Old Orchard Beach, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Old Orchard Beach, Maine's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting records and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



October 31, 2011
South Portland, Maine

TOWN OF OLD ORCHARD BEACH, MAINE
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,392,844	-	4,392,844
Investments	3,383,517	-	3,383,517
Receivables:			
Taxes receivable	997,925	-	997,925
Tax liens	630,347	-	630,347
Accounts receivable	337,096	-	337,096
Prepaid items	3,891	-	3,891
Inventory	45,443	-	45,443
Internal balances	21,237	(21,237)	-
Nondepreciable capital assets	635,404	-	635,404
Capital assets, net	16,636,957	325,549	16,962,506
Total assets	27,084,661	304,312	27,388,973
LIABILITIES			
Accounts payable and payroll withholdings	343,842	-	343,842
Accrued expenses	211,091	-	211,091
Refundable deposits	142,328	-	142,328
Due to Regional School Unit #23	357,806	-	357,806
Other postemployment benefits liability	227,227	-	227,227
Noncurrent liabilities:			
Due within one year	1,810,390	-	1,810,390
Due in more than one year	10,636,163	-	10,636,163
Total liabilities	13,728,847	-	13,728,847
NET ASSETS			
Invested in capital assets, net of related debt	8,052,820	325,549	8,378,369
Restricted	3,022,951	-	3,022,951
Unrestricted	2,280,044	(21,237)	2,258,808
Total net assets	\$ 13,355,815	304,312	13,660,128

See accompanying notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE
Statement of Activities
For the Year Ended June 30, 2011

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net assets		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 2,025,670	443,539	-	-	(1,582,131)	-	(1,582,131)
Public safety	4,752,353	782,780	-	34,556	(3,935,017)	-	(3,935,017)
Public works	1,986,440	-	70,987	-	(1,915,453)	-	(1,915,453)
Sanitation	1,972,926	160,480	-	-	(1,812,446)	-	(1,812,446)
Recreation, culture and agencies	776,253	417,616	735	2,519	(355,383)	-	(355,383)
Health and welfare	106,693	-	31,274	-	(75,419)	-	(75,419)
Education	9,399,388	-	-	-	(9,399,388)	-	(9,399,388)
County tax	777,785	-	-	-	(777,785)	-	(777,785)
Unclassified	81,483	-	-	-	(81,483)	-	(81,483)
Interest on debt	543,841	-	-	-	(543,841)	-	(543,841)
Capital outlays	561,512	-	-	83,744	(477,768)	-	(477,768)
Total governmental activities	22,984,344	1,804,415	102,996	120,819	(20,956,114)	-	(20,956,114)
Business-type activities:							
Ballpark	17,134	-	-	-	-	(17,134)	(17,134)
Total business-type activities	17,134	-	-	-	-	(17,134)	(17,134)
Total primary government	\$ 23,001,478	1,804,415	102,996	120,819	(20,956,114)	(17,134)	(20,973,248)
General revenues:							
Property taxes, levied for general purposes					\$ 19,961,399	-	19,961,399
Payment in lieu of taxes					25,016	-	25,016
Excise taxes					1,253,525	-	1,253,525
Interest and costs on taxes					122,642	-	122,642
Franchise fees					211,016	-	211,016
Grants and contributions not restricted to specific programs:							
Homestead exemption					126,196	-	126,196
Other State and Federal aid					10,616	-	10,616
State Revenue Sharing					596,045	-	596,045
Unrestricted investment earnings					20,662	-	20,662
Miscellaneous revenues					50,654	-	50,654
Total general revenues					22,377,771	-	22,377,771
Change in net assets					1,421,657	(17,134)	1,404,523
Net assets - beginning					11,934,158	321,446	12,255,604
Net assets - ending					\$ 13,355,815	\$ 304,312	\$ 13,660,127

See accompanying notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE
Balance Sheet
Governmental Funds
June 30, 2011

	General	Rescue Call Fees	Other Governmental Funds	Total Governmental Funds
ASSETS				
Assets:				
Cash and cash equivalents	\$ 4,392,844	-	-	4,392,844
Investments	3,383,517	-	-	3,383,517
Receivables:				
Taxes receivable	997,925	-	-	997,925
Tax liens	630,347	-	-	630,347
Accounts receivable	184,886	152,210	-	337,096
Prepaid items	3,891	-	-	3,891
Inventory	45,443	-	-	45,443
Interfund loans receivable	-	51,590	3,380,236	3,431,826
Total assets	\$ 9,638,853	203,800	3,380,236	13,222,889
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and payroll withholdings	300,171	176	43,495	343,842
Accrued wages	100,284	-	-	100,284
Interfund loans payable	2,912,757	-	497,831	3,410,588
Due to RSU #23	357,806	-	-	357,806
Deferred tax revenue	1,398,377	-	-	1,398,377
Refundable deposits	142,328	-	-	142,328
Total liabilities	5,211,723	176	541,326	5,753,225
Fund balances:				
Nonspendable	45,443	-	-	45,443
Restricted	-	-	3,022,951	3,022,951
Assigned	22,994	203,624	319,977	546,595
Unassigned	4,358,693	-	(504,018)	3,854,675
Total fund balances	4,427,130	203,624	2,838,910	7,469,664
Total liabilities and fund balances	\$ 9,638,853	203,800	3,380,236	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				17,272,361
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				1,398,377
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.				
General obligation bonds	11,605,000			
Capital leases	113,211			
Landfill closure	108,000			
Other postemployment benefits liability	227,227			
Accrued vacation and sick leave	620,342			
Accrued interest	110,807			
				(12,784,587)
Net assets of governmental activities				\$ 13,355,815

See accompanying notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General	Rescue Call Fees	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 21,412,144	-	-	21,412,144
Licenses, permits and fees	920,275	-	127,267	1,047,542
Intergovernmental	835,118	-	83,744	918,862
Charges for services	-	444,487	-	444,487
Program income	-	-	228,646	228,646
Investment income	20,662	-	-	20,662
Other revenues	50,654	34,556	86,994	172,204
Total revenues	23,238,853	479,043	526,651	24,244,547
Expenditures:				
Current:				
General government	1,964,273	-	-	1,964,273
Public safety	4,528,474	-	-	4,528,474
Public works	1,455,600	-	-	1,455,600
Sanitation	1,707,176	-	-	1,707,176
Recreation, culture and agencies	625,376	-	162,077	787,453
Health and welfare	106,693	-	-	106,693
Education	9,399,388	-	-	9,399,388
Intergovernmental - County tax	777,785	-	-	777,785
Unclassified	25,736	-	143,835	169,571
Debt service	2,154,389	-	-	2,154,389
Capital outlays	1,218,334	-	3,278,902	4,497,236
Total expenditures	23,963,224	-	3,584,814	27,548,038
Excess (deficiency) of revenues over (under) expenditures	(724,371)	479,043	(3,058,163)	(3,303,491)
Other financing sources (uses):				
Transfers - in	522,000	-	25,000	547,000
Transfers - out	(25,000)	(519,000)	(3,000)	(547,000)
Proceeds from general obligation bonds	-	-	1,200,000	1,200,000
Total other financing sources (uses)	497,000	(519,000)	1,222,000	1,200,000
Net change in fund balances	(227,371)	(39,957)	(1,836,163)	(2,103,491)
Fund balances, beginning of year	4,654,501	243,581	4,675,073	9,573,155
Fund balances, end of year	\$ 4,427,130	203,624	2,838,910	7,469,664

See accompanying notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011

Net change in fund balances - total governmental funds (from Statement 4) \$ (2,103,491)

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. More specifically, this is the amount by which capital outlays exceeded depreciation expense in the current period. 2,806,986

Statement 4 Capital outlays	4,497,236	
Statement 2 Capital outlays	561,512	
<hr/>		
Variance	3,935,724	
Less: depreciation	1,128,738	
<hr/>		
To reconciliation	2,806,986	

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes. 161,454

Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. More specifically, this represents the net amount of principal increases (decreases) in debt service during the year. 443,847

New debt incurred	-	
Change in cash held in escrow	1,200,000	
Lease payments	(48,847)	
Retired debt	(1,595,000)	
<hr/>		
Net debt service	(443,847)	

Long-term debt accrues interest between payments that is a liability in the statement of net assets. However, this accrual is not recorded in the governmental funds as a current liability. More specifically, this represents the change in the amount of accrued interest on long-term debt. 15,548

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in all non-debt long-term liabilities. 97,313

Change in landfill reserve	6,000	
Other postemployment benefits	3,225	
Change in long-term accrued vacation and sick	88,088	
<hr/>		
To reconciliation	97,313	

Change in net assets of governmental activities (see Statement 2) \$ 1,421,657

See accompanying notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2011

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 21,554,106	21,554,106	21,412,144	(141,962)
Licenses, permits and fees	909,100	909,100	920,275	11,175
Intergovernmental	936,000	936,000	835,118	(100,882)
Investment income	100,000	100,000	20,662	(79,338)
Other revenue:				
Municipal	20,000	20,000	50,654	30,654
Total revenues	23,519,206	23,519,206	23,238,853	(280,353)
Expenditures:				
Current:				
General government	2,051,095	2,068,205	1,961,463	106,742
Public works	1,546,329	1,546,329	1,460,841	85,488
Sanitation	1,739,670	1,739,670	1,708,383	31,287
Public safety	4,537,640	4,538,001	4,530,704	7,297
Recreation, culture and agencies	629,849	629,849	626,326	3,523
Health and welfare	102,990	102,990	106,693	(3,703)
Education	9,303,600	9,303,600	9,399,388	(95,788)
Intergovernmental	777,785	777,785	777,785	-
Other expenditures	100,000	100,000	25,736	74,264
Debt service	2,314,495	2,314,495	2,154,389	160,106
Capital outlays	1,437,753	1,978,698	1,228,394	750,304
Total expenditures	24,541,206	25,099,622	23,980,102	1,119,520
Excess (deficiency) of revenues over (under) expenditures	(1,022,000)	(1,580,416)	(741,249)	839,167
Other financing sources (uses):				
Transfers - in	522,000	522,000	522,000	-
Transfers - out	-	-	(25,000)	(25,000)
Utilization of prior year fund balance	500,000	1,058,416	-	(1,058,416)
Total other financing sources (uses)	1,022,000	1,580,416	497,000	(1,083,416)
Net change in fund balance - budgetary basis	-	-	(244,249)	(244,249)
Reconciliation to GAAP:				
Less: Prior year encumbrances			(6,116)	
Add: Current year encumbrances			22,994	
Fund balance, beginning of year			4,654,501	
Fund balance, end of year	\$		4,427,130	

See accompanying notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE
Proprietary Fund - Ballpark Facility
Statement of Net Assets
June 30, 2011

Business-type Activities - Enterprise Funds	
ASSETS	
Noncurrent assets:	
Capital assets	\$ 993,250
Accumulated depreciation	(667,701)
Total noncurrent assets	325,549
Total assets	325,549
LIABILITIES	
Interfund loans payable	21,237
Total liabilities	21,237
NET ASSETS	
Invested in capital assets, net of related debt	325,549
Unrestricted	(21,237)
Total net assets	\$ 304,312

See accompanying notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE
Proprietary Fund - Ballpark Facility
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2011

Business-type Activities - Enterprise Funds	
Operating revenues:	
Other revenues	\$ -
Total operating revenues	-
Operating expenses:	
Maintenance	-
Depreciation	17,134
Total operating expenses	17,134
Operating loss	(17,134)
Nonoperating revenues (expenses):	
Interest expense	-
Total nonoperating expense	-
Change in net assets	(17,134)
Net assets, beginning of year	321,446
Net assets, end of year	\$ 304,312

See accompanying notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE
Proprietary Fund - Ballpark Facility
Statement of Cash Flows
For the Year Ended June 30, 2011

Business-type Activities - Enterprise Funds		
Cash flows from operating activities:		
Cash received from donation	\$	-
Net cash provided by (used in) operating activities		-
Cash flows from noncapital financing activities:		
Interfund transactions with General Fund		-
Net cash used in noncapital financing activities		-
Cash flows from capital and related financing activities:		
Principal paid on capital debt		-
Interest paid on capital debt		-
Net cash used in capital and related financing activities		-
Net decrease in cash		-
Cash, beginning of year		-
Cash, end of year	\$	-
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss		(17,134)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense		17,134
Changes in operating assets and liabilities:		
Accounts payable		-
Net cash provided by (used in) operating activities	\$	-

See accompanying notes to financial statements.