

**TOWN OF OLD ORCHARD BEACH, MAINE**

**Annual Financial Report**

**For the year ended June 30, 2009**

**Prepared by:  
Jill M. Eastman  
Finance Director/Treasurer**

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Annual Financial Report**  
**For the year ended June 30, 2009**

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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, 2009, 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, 2009, 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 November 23, 2009, 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.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Old Orchard Beach, Maine's basic financial statements. The combining and individual fund schedules and statistical tables listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The information in Tables 1 through 7 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Ryan Hudson Ouellette".

November 23, 2009  
South Portland, Maine

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2009**

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Our discussion and analysis of the Town of Old Orchard Beach's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the Town's financial statements and accompanying footnotes, which begin on page 15.

**FINANCIAL HIGHLIGHTS**

- Despite the nationwide financial downturn that has adversely affected the State of Maine and many municipalities in our area, the Town's financial results were strong and the outlook continues to be positive beyond the end of the fiscal year;
- General Fund Revenues and Transfers In exceeded estimates by \$197,094;
- General Fund Expenditures and Transfers Out were less than budgeted by \$1,073,308;
- Changes to other items conforming to accounting principles generally accepted in the United States of America were positive;
- General Fund Surplus (Reduction) was (\$424,556) (budgetary basis).

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 15 and 16) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 17. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside the government.

**Reporting the Town as a Whole**

*The Statement of Net Assets and the Statement of Activities*

Our analysis of the Town as a whole begins on page 15. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's *net assets* and changes in them. You can think of the Town's net assets - the difference between assets and liabilities - as one way to measure the Town's financial position, or *financial health*. Over time, increases or decreases in the Town's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads and sewers, to assess the *overall health* of the Town. The most significant component of the reporting changes in these two statements is the inclusion of the value of the Town's capital assets (original cost less depreciation) along with the long-term debt that generally was used to purchase or construct these capital assets.

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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Net Assets includes the effect of this and several other items while the more traditional approach (Statements 3 & 4) does not. The differences are explained at the bottom of Statement 3 and in the Reconciliation shown in Statement 5.

In the Statement of Net Assets and the Statement of Activities, we divide the Town into two kinds of activities:

- **Governmental activities** – Most of the Town's basic services are reported here, including the police, fire/rescue, public works, sanitation, and recreation departments, planning and economic development, parks and recreation, and general administration. Property taxes, user fees, franchise fees, interest income, and state and federal grants finance most of these activities.
- **Business-type activities** – The Town owns the Ballpark facility, which is expected to be run like a business and to be self-supporting.

**Reporting the Town's Most Significant Funds**

***Fund Financial Statements***

Our analysis of the Town's major funds begins on page 17. The fund financial statements begin on page 45 and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State statute or by bond covenants. However, the Town establishes many other funds to help it control and manage money for particular purposes (like the Recreation programs) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the State Department of Education). The Town's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- ***Governmental funds*** – Most of the Town's basic services are reported in governmental funds, which focus on how much flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in the reconciliation shown in Statement 5.
- ***Proprietary funds*** – When the Town charges customers for the services it provides - whether to outside customers or to other units of the Town - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Town's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements but provides more detail. The only proprietary fund the Town has is for the Ballpark facility.

**TOWN OF OLD ORCHARD BEACH, MAINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

The Town as Trustee

*Reporting the Town's Fiduciary Responsibilities*

The Town, through its School Department, is the trustee for several scholarship funds. All of the Town's fiduciary activities are reported in Statements 10 and 11 on pages 24 and 25. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**THE TOWN AS A WHOLE**

The Town is providing condensed financial information for fiscal year 2009 with comparative information for fiscal year 2008. The analysis below focuses on the net assets of the Town's Governmental and Business-type Activities.

	<b>Primary Government</b>	
	<u>2009 Total</u>	<u>2008 Total</u>
Current & other assets	\$ 14,186,677	9,236,998
Capital assets	<u>15,378,386</u>	<u>15,769,332</u>
<b>Total assets</b>	<u>29,565,063</u>	<u>25,006,330</u>
Long-term debt	13,483,002	9,451,771
Other liabilities	<u>1,868,748</u>	<u>1,569,431</u>
<b>Total liabilities</b>	<u>15,351,750</u>	<u>11,021,202</u>
Net assets:		
Invested in capital assets	8,063,116	7,234,850
Unrestricted	<u>6,150,197</u>	<u>6,750,278</u>
<b>Total net assets</b>	<u>\$ 14,213,313</u>	<u>13,985,128</u>
Revenues		
Program revenues:		
Charges for services	\$ 2,158,067	1,776,653
Operating grants & contributions	2,986,333	3,529,150
Capital grants & contributions	240,047	379,084
General Revenues:		
Property taxes	18,833,149	18,140,336
Payments in lieu of taxes	33,632	23,026
Excise taxes	1,314,624	1,357,886
Interest and costs on taxes	144,641	120,653
Franchise fees	194,348	190,298
Homestead exemption	157,841	152,143
State revenue sharing	727,452	831,295
Other State & Federal aid	8,290	8,723
Investment earnings	150,912	352,740
Miscellaneous revenues	<u>97,860</u>	<u>109,533</u>
<b>Total revenues</b>	<u>\$ 27,047,196</u>	<u>26,971,520</u>

**TOWN OF OLD ORCHARD BEACH, MAINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Program expenditures:		
General government	\$ 2,039,736	1,980,521
Public Safety	5,021,204	4,341,807
Public Works	2,259,512	1,996,063
Sanitation	1,872,228	1,924,311
Recreation, culture & agencies	824,384	676,214
Health & welfare	101,475	74,298
Education	12,303,960	11,879,054
County tax	736,279	599,834
Unclassified	471,043	453,576
Interest on debt	452,597	358,337
Capital outlays	716,959	1,435,205
Ballpark	19,634	17,134
Total expenditures	<u>26,819,011</u>	<u>25,736,354</u>
Change in net assets, positive or (negative)	<u>\$ 228,185</u>	<u>1,235,166</u>

**GOVERNMENTAL ACTIVITIES**

The cost of all Governmental Activities this year was \$26,819,011. Of that amount, those who directly benefited from the programs paid \$2,152,196 and subsidies for specific programs were received from other governments and organizations totaling \$2,986,333 in operating expenses and \$240,047 in capital expenses. General purpose grants, aid and earnings on investments brought in a further \$1,142,355. Taxpayers were asked to contribute \$20,520,394 through property and excise taxes, interest and costs on delinquent taxes, and franchise fees. The Town had total revenues of \$27,047,196 available to fund its Governmental Activities programs.

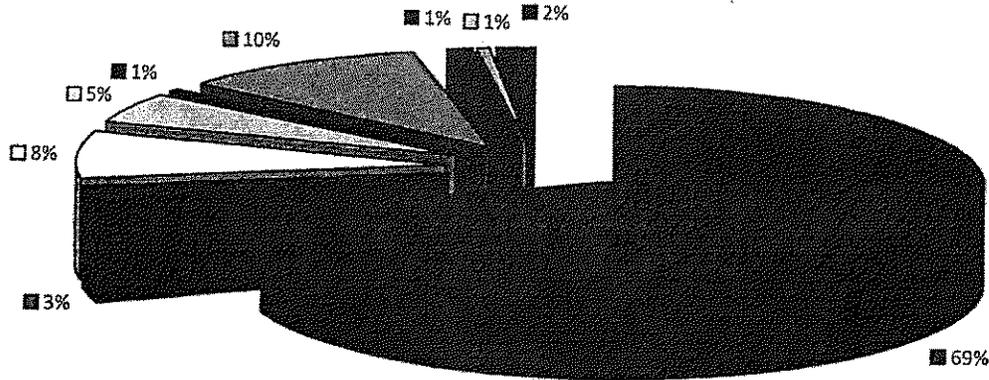
The Town's Governmental Activities programs are listed below with this year's net cost (total cost less revenues generated by the programs). Last year's net costs are shown for comparison purposes.

Governmental Activities:	<u>2009 Net (Expenses)</u>	<u>2008 Net (Expenses)</u>
General government	\$ (1,484,538)	(1,451,682)
Public safety	(4,320,436)	(3,618,011)
Public works	(2,190,736)	(1,919,963)
Sanitation	(1,632,743)	(1,865,396)
Recreation, culture & agencies	(602,657)	(431,015)
Health & welfare	(72,440)	(54,857)
Education	(9,085,738)	(8,327,888)
County tax	(736,279)	(599,834)
Unclassified	(365,725)	(351,229)
Interest on debt	(452,597)	(358,337)
Capital outlays	(476,912)	(1,056,121)
Total governmental activities	<u>\$ (21,420,801)</u>	<u>(20,034,333)</u>

Total resources available during the year to finance governmental operations were \$41,032,324, consisting of Net Assets at July 1, 2008 of \$13,985,128, program revenues of \$5,384,447 and general revenues of \$21,662,749. The total cost of Governmental Activities and Business-type Activities during the year was \$26,819,011. Net Assets were increased by \$228,185 to \$14,213,313.

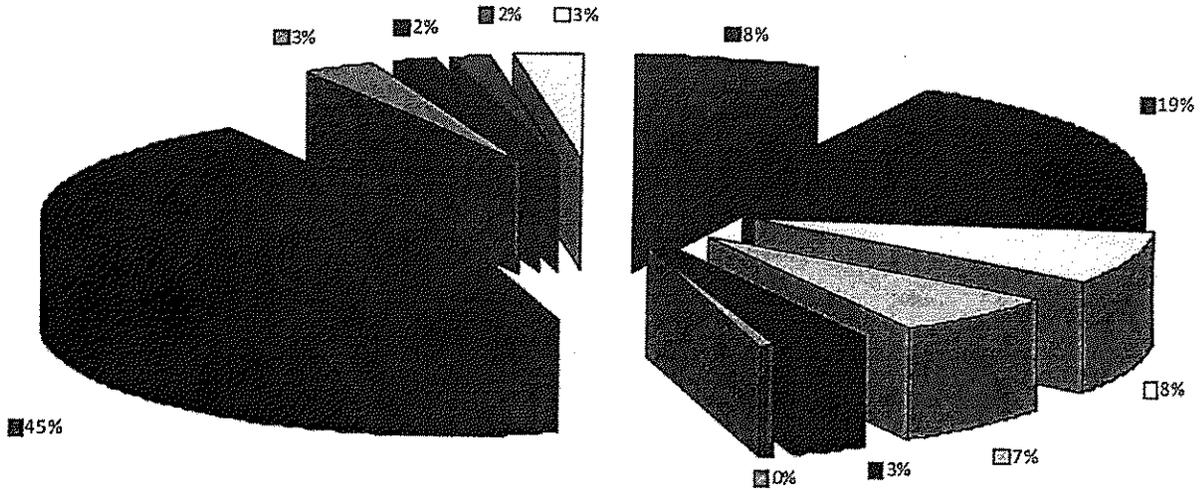
**TOWN OF OLD ORCHARD BEACH, MAINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

**2009 Governmental Activities Revenue**



Property taxes	State Revenue Sharing	Charges for services
Excise taxes	Investment earnings	Operating grants & contributions
Capital grants & contributions	Homestead exemption	All other revenues

**2009 Governmental Program Expenditures**



General government	Public Safety	Public Works
Sanitation	Recreation, culture & agencies	Health & welfare
Education	County tax	Unclassified
Interest on debt	Capital outlays	

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**BUSINESS-TYPE ACTIVITIES**

The only Proprietary (Business-type) Activity the Town has is the Ballpark Facility. The Facility was not leased during the fiscal year.

The expense for the Facility was routine maintenance of \$2,500 and annual depreciation of capital assets of \$17,134 for a total of \$19,634. Compare this figure to \$17,134 for the same purposes in the prior fiscal year.

Net Assets for the Proprietary (Business-type) Activity decreased \$13,763, from \$356,014 to \$342,251.

**THE TOWN'S FUNDS**

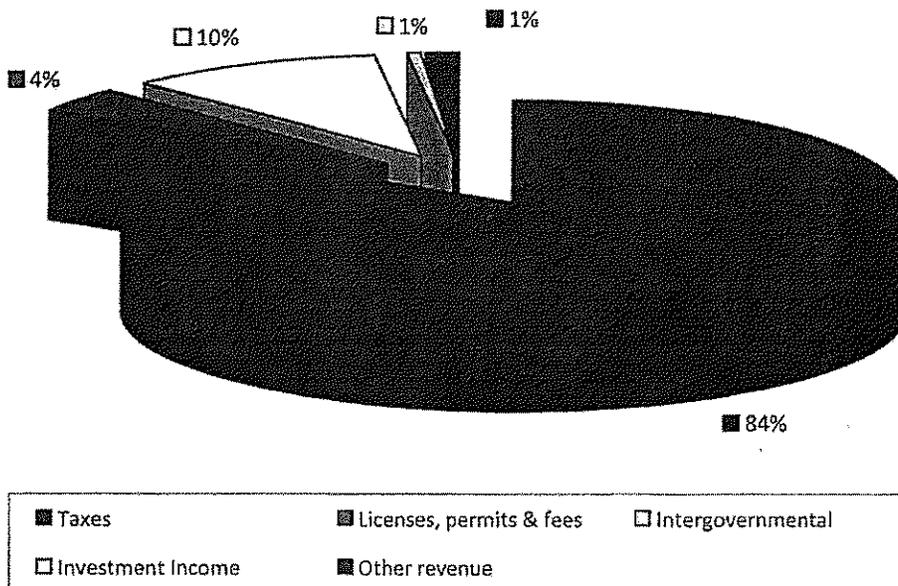
The following is an analysis of balances in the Town's major individual funds. Comparative information is provided for fiscal year 2008.

**GENERAL FUND**

Comparison of revenues of the General Fund for 2009 and 2008, respectively.

Revenues by source	2009	2008
Taxes	\$ 20,369,950	19,441,120
Licenses, permits & fees	963,141	940,062
Intergovernmental	2,532,807	3,252,204
Investment income	150,912	352,740
Other revenue	354,015	134,061
Total revenues	\$ 24,370,825	24,120,187

**2009 Revenues by Source**

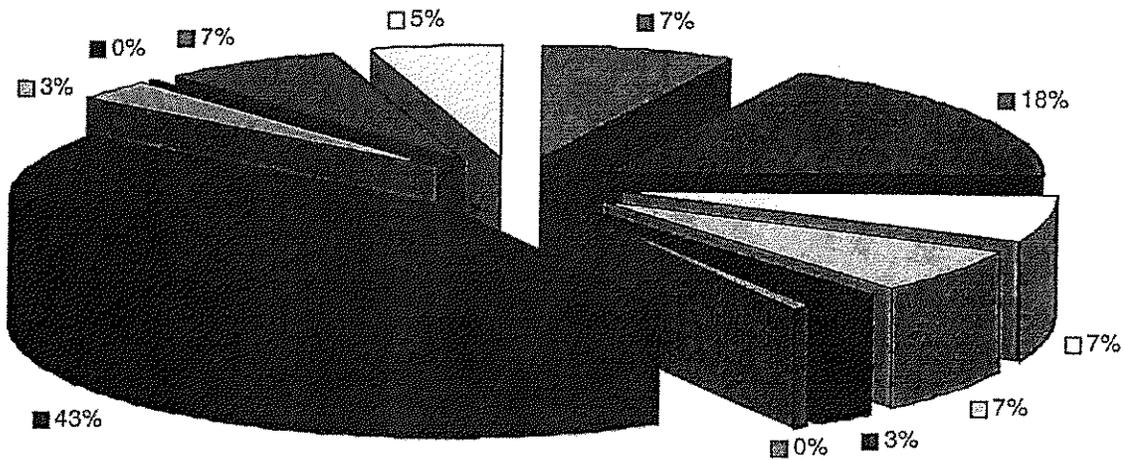


**TOWN OF OLD ORCHARD BEACH, MAINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Comparison of expenditures of the General Fund for 2009 and 2008, respectively.

Expenditures by function:	2009	2008
General government	\$ 1,851,871	1,913,524
Public safety	4,429,964	4,178,862
Public works	1,696,363	1,618,224
Sanitation	1,644,676	1,542,780
Recreation, culture & agencies	686,550	505,462
Health & welfare	101,475	74,298
Education	11,020,573	10,675,002
County tax	736,279	599,834
Unclassified	53,165	46,508
Debt service	1,726,929	1,521,034
Capital outlays	1,228,471	2,215,271
Total expenditures	<u>\$ 25,176,316</u>	<u>24,890,799</u>

**2009 Expenditures by Program**



■ General government	■ Public Safety	□ Public Works
□ Sanitation	■ Recreation, culture & agencies	■ Health & welfare
■ Education	■ County tax	■ Unclassified
■ Interest on debt	□ Capital outlays	

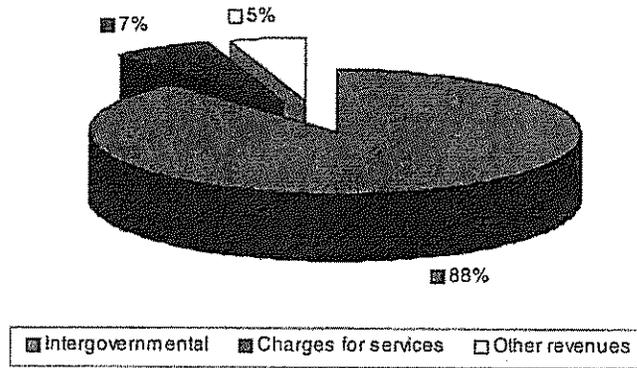
**TOWN OF OLD ORCHARD BEACH, MAINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

**SCHOOL SPECIAL REVENUES FUND**

Comparison of revenues of the School Special Revenue Fund for 2009 and 2008, respectively.

Revenues by source:	2009	2008
Intergovernmental	\$ 1,346,325	1,259,907
Charges for services	105,318	102,347
Other revenues	74,329	93,029
Total revenues	\$ 1,525,972	1,455,283

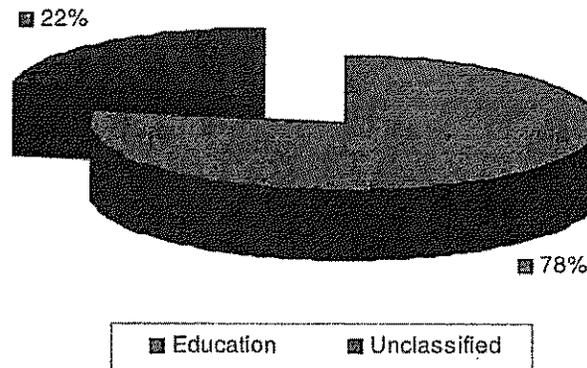
**2009 Revenues by Source**



Comparison of expenditures of the School Special Revenue Fund for 2009 and 2008, respectively.

Expenditures by function:	2009	2008
Education	\$ 1,180,772	1,126,504
Unclassified	338,283	332,061
Total expenditures	\$ 1,519,055	1,458,565

**2009 Expenditures by Function**



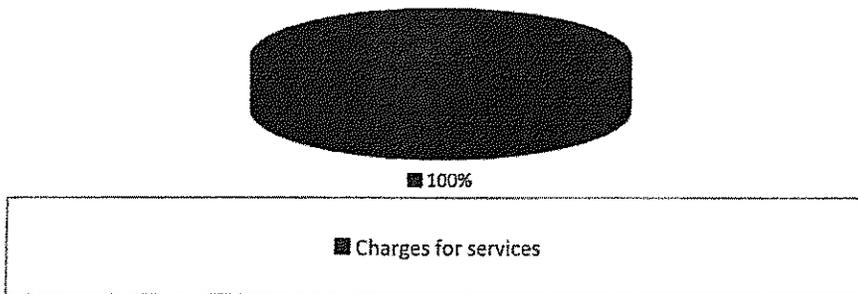
**TOWN OF OLD ORCHARD BEACH, MAINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

**RESCUE CALL FEES FUND**

Comparison of revenues of the Rescue Call Fees Fund for 2009 and 2008, respectively.

Revenues by source:	2009	2008
Other revenues	\$ -	39,972
Charges for services	388,033	422,888
<b>Total revenues</b>	<b>\$ 388,033</b>	<b>462,860</b>

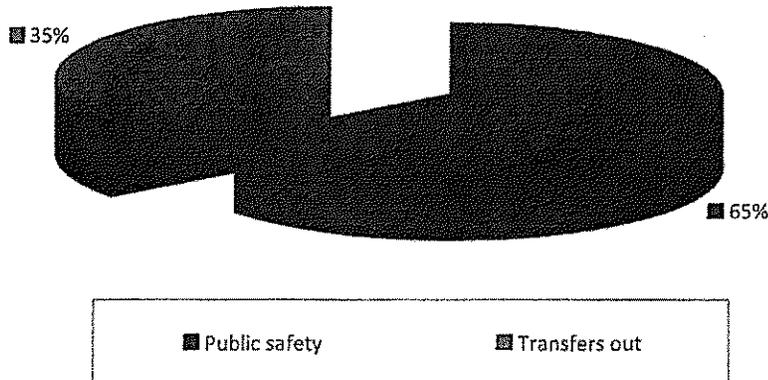
**2009 Revenues by Source**



Comparison of expenditures of the Rescue Call Fees Fund for 2009 and 2008, respectively.

Expenditures by function:	2009	2008
Public safety	\$ 411,941	-
Transfers out	225,000	250,000
<b>Total expenditures and transfers</b>	<b>\$ 636,941</b>	<b>250,000</b>

**2009 Expenditures by Function**



**TOWN OF OLD ORCHARD BEACH, MAINE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**BALLPARK FUND**

The Town's only (and therefore major) Proprietary (Business-type) Fund is the Ballpark Fund. As its revenues, expenses, net assets and comparisons to the prior year were noted earlier, no further explanation is necessary.

**DEBT ADMINISTRATION**

Debt, considered a liability of Governmental Activities, increased during fiscal year 2009 by \$4,010,000. Per capita debt increased from \$941 to \$1,397 as a result of the issuance of \$4,100,000 in General Obligation Bonds and \$1,200,000 through a Sewer Revolving Fund both for capital projects.

The Governmental Activity debt summary for fiscal year 2009 is as follows.

Debt payable at June 30, 2008	\$	8,280,000
Add: debt issuance		5,300,000
Less: debt retired		<u>1,290,000</u>
Debt payable at June 30, 2009	\$	12,290,000

The debt payable does not include the long-term portion of compensated absences of \$864,253 or the long-term accrual for landfill monitoring of \$120,000.

**CAPITAL ASSETS**

The capital assets of the Town are those assets that are used in the performance of the Town's functions, including infrastructure assets (roads, sidewalks, sewers, etc.). At June 30, 2009, net capital assets of the Governmental Activities totaled \$15,018,569 and net capital assets of the Business-type Activities totaled \$359,817. Annual depreciation on capital assets is recognized in the Government-wide financial statements as an expense of the appropriate program in the Statement of Activities.

The Town has elected to use the Depreciation Method as defined by GASB Statement No. 34 for infrastructure reporting. Under this method, all capital assets except land are assigned an anticipated useful life and the initial cost of acquiring or constructing that asset is reduced each year by an amount equal to its cost divided by its years of useful life (depreciation). The depreciation is then treated as an expense in each year. Any capital improvements that renew the life of a capital asset are recorded in a similar fashion. For example, the replacement of a particular sewer line would trigger the following: (1) the historical cost of the replaced sewer line and its accumulated depreciation would be removed from the listing of capital assets, and (2) the cost of the new sewer line would be recorded in the listing of capital assets and assigned a useful life to begin its depreciation cycle. Capital improvement projects that significantly extend the useful life of a capital asset but fall short of a full replacement are recorded by adding the cost of the improvements to the remaining depreciated cost of the original asset and applying the revised useful life to depreciate from that point on.

Use of depreciation for capital assets forces the Town to recognize that there is still a cost associated with the aging of infrastructure even if no cash is spent on its improvement. The Town is continuously taking actions to arrest the deterioration of its infrastructure. These actions do not extend the useful life of the infrastructure, are considered to be maintenance, and are recorded as current year expenditures only.

**TOWN OF OLD ORCHARD BEACH, MAINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**BUDGETS AND BUDGETARY ACCOUNTING**

Comparing the fiscal year 2009 original (adopted) General Fund budget to the final (amended) budget on Statement 6 shows that there was an increase in the total amount budgeted for education of \$170,000.

The Town does not use "carry forward" or "encumbrance" budgeting to account for prior year items not spent by year-end. Instead, the Town Council is asked to appropriate these particular amounts as items in Designated Fund Balance for ease in tracking and recording. Therefore, additions to adopted budget amounts are rare and occur generally for extraordinary items needing attention during the year. The increase for education was due to fuel costs that were double the amount budgeted and the funds came from prior year fund balance.

Comparing the fiscal year 2009 actual results to the final budget shows that there was a positive variance for revenues and expenditures. Management's policy has been to estimate revenues conservatively but realistically, based on historical amounts and trends and on future economic forecasts. This approach has resulted in small amounts of extra revenue each year in the recent past. This year the most significant amounts were generated from property taxes, cable franchise fees, and education other revenue.

Four areas of expenditure went beyond their amended budget amounts. Public works exceeded their budget primarily due to overtime costs and increased fuel and electrical costs, Recreation, culture and agencies saw an increase due to the rising cost of heating fuel and electricity, General Assistance due to the increased number of requests for financial help, due to the downturn in the economy, and abatements due to more requests from citizens to review. It is Management's practice not to make budget amendments simply to cover unavoidable shortfalls in Department allocations, but rather to let these negative variances show into the future in order to highlight items that deserve closer scrutiny during the budget process. The basic philosophy of managing budgeted expenditures is to require the Department Head to monitor spending levels, to inform Management of anticipated problems and to hold down discretionary spending as much as possible while maintaining public services at an acceptable level. Management reports anticipated problems to the Town Council as they are identified.

Under other financing sources and uses, actual amounts for operating transfers in and out are skewed each year due to the uncertainty of the assessed valuation of property captured by a Tax Increment Financing (TIF) District. The final figure is not available at budget preparation time and, historically, the prior year's figure is used as an estimate. The Utilization of prior year fund balance amount shown in the budget columns is an offset to the amounts shown as budgeted expenditures from designated and undesignated fund balance within Capital outlays. The budgetary figures for these expenditures are listed and then reversed as they are not part of the budget adoption or adjustment processes but rather are authorized by the Town Council as separate appropriations from either Designated or Undesignated Fund Balance.

**THE CLIMATE, THE PAST AND THE FUTURE**

The Town is not dependent on an industrial tax base to fund its property tax levies. As a major summer vacation resort destination, the Town attracts businesses that are primarily seasonal. Management is exploring avenues to create more of a year-round appeal for tourism. Over the last two decades, there has been a marked increase in the number of seasonal residences being converted to year-round use by retirees and by commuters to the Portland area, New Hampshire and even to Massachusetts. New construction has emphasized more upscale properties, whether as primary or secondary residences.

While all of the states and many of the major municipalities in the nation have been experiencing economic conditions that have severely affected their revenue streams, the Town has not seen that strain. Several years of good financial management, conservative budgeting and watchful spending have brought increasing fund balances. In November 2006, Standard & Poor's upgraded its rating of the Town's outstanding bonded debt from A- to A, stating "The rating upgrade reflects strong reserves supported by well-thought-out fiscal policies,

**TOWN OF OLD ORCHARD BEACH, MAINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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evidence of continued economic growth and a moderate debt burden with limited capital needs." This event is a significant achievement for Management.

*Fund Balance*

Town Council policy requires an Undesignated Fund Balance level at least equal to 12% of the current year's General Fund operating budget. This represents approximately one and a half months' worth of expenditures. Historically, available amounts above the 12% level have been used to fund capital projects or to hold when indications of economic downturn are seen, as a safeguard against falling revenues. The amounts of Undesignated Fund Balance and the excess above the 12% level for the last nine years are as follows:

<u>Year</u>	<u>Undesignated F.B.</u>	<u>Excess Amt.</u>
2001	\$ 2,322,811	87,913
2002	2,621,161	320,489
2003	2,891,132	545,716
2004	4,355,690	1,826,671
2005	4,954,874	2,277,667
2006	4,988,706	2,259,878
2007	4,949,578	2,097,414
2008	4,964,498	2,057,162
2009	5,379,907	2,368,530

*Next Year Budget*

The Town Council approved a budget for fiscal year 2010 of \$25,094,807 a 3.58% increase over 2009's budget. Total property tax revenue to be raised was \$18,963,007, a 2.37% increase from the previous year. The tax rate remained the same at 12.94 mils. This was accomplished through expansion of the tax base the use of \$1,847,100 of the available excess Fund Balance.

*Further Historical Comparisons*

The reader is strongly encouraged to study Tables 1-7 at the end of the Financial Statements to view 10-year comparisons of relevant data.

*Significant Subsequent Events*

Since the end of fiscal year 2009, the taxpayers approved bonding of \$2,500,000 to build a new Police Station.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Town's citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need any additional financial information, contact the Finance Office at 1 Portland Avenue, Old Orchard Beach, ME 04064, phone 207-934-5714 ext. 222, or email [finance@oobmaine.com](mailto:finance@oobmaine.com).

## TOWN OF OLD ORCHARD BEACH, MAINE

## Statement of Net Assets

June 30, 2009

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,591,105	-	4,591,105
Cash held in escrow by the Maine Municipal Bond Bank	1,200,000	-	1,200,000
Investments	6,764,909	-	6,764,909
Receivables:			
Taxes receivable	771,878	-	771,878
Tax liens	416,248	-	416,248
Accounts receivable	399,579	-	399,579
Prepaid items	3,431	-	3,431
Inventory	39,527	-	39,527
Internal balances	15,066	(15,066)	-
Nondepreciable capital assets	1,890,258	-	1,890,258
Capital assets, net	13,128,311	359,817	13,488,128
<b>Total assets</b>	<b>29,220,312</b>	<b>344,751</b>	<b>29,565,063</b>
<b>LIABILITIES</b>			
Accounts payable and payroll withholdings	656,980	2,500	659,480
Accrued expenses	994,724	-	994,724
Refundable deposits	92,953	-	92,953
Other postemployment benefits liability	121,591	-	121,591
Noncurrent liabilities:			
Due within one year	1,642,691	-	1,642,691
Due in more than one year	11,840,311	-	11,840,311
<b>Total liabilities</b>	<b>15,349,250</b>	<b>2,500</b>	<b>15,351,750</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	7,703,299	359,817	8,063,116
Unrestricted	6,167,763	(17,566)	6,150,197
<b>Total net assets</b>	<b>\$ 13,871,062</b>	<b>342,251</b>	<b>14,213,313</b>

See accompanying notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE  
Statement of Activities  
For the Year Ended June 30, 2009

Functions/programs	Program Revenues				Net (expense) revenue and changes in net assets		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 2,039,736	555,198	-	-	(1,484,538)	-	(1,484,538)
Public safety	5,021,204	700,768	-	-	(4,320,436)	-	(4,320,436)
Public works	2,259,512	-	68,776	-	(2,190,736)	-	(2,190,736)
Sanitation	1,872,228	239,485	-	-	(1,632,743)	-	(1,632,743)
Recreation, culture and agencies	824,384	220,943	784	-	(602,657)	-	(602,657)
Health and welfare	101,475	-	29,035	-	(72,440)	-	(72,440)
Education	12,303,960	330,484	2,887,738	-	(9,085,738)	-	(9,085,738)
County tax	736,279	-	-	-	(736,279)	-	(736,279)
Unclassified	471,043	105,318	-	-	(365,725)	-	(365,725)
Interest on debt	452,597	-	-	-	(452,597)	-	(452,597)
Capital outlays	716,959	-	-	240,047	(476,912)	-	(476,912)
<b>Total governmental activities</b>	<b>26,799,377</b>	<b>2,152,196</b>	<b>2,986,333</b>	<b>240,047</b>	<b>(21,420,801)</b>	<b>-</b>	<b>(21,420,801)</b>
<b>Business-type activities:</b>							
Ballpark	19,634	5,871	-	-	-	(13,763)	(13,763)
<b>Total business-type activities</b>	<b>19,634</b>	<b>5,871</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,763)</b>	<b>(13,763)</b>
<b>Total primary government</b>	<b>\$ 26,819,011</b>	<b>2,158,067</b>	<b>2,986,333</b>	<b>240,047</b>	<b>(21,420,801)</b>	<b>(13,763)</b>	<b>(21,434,564)</b>
<b>General revenues:</b>							
Property taxes, levied for general purposes		\$ 18,833,149					18,833,149
Payment in lieu of taxes		33,632					33,632
Excise taxes		1,314,624					1,314,624
Interest and costs on taxes		144,641					144,641
Franchise fees		194,348					194,348
<b>Grants and contributions not restricted to specific programs:</b>							
Homestead exemption		157,841					157,841
Other State and Federal aid		8,290					8,290
State Revenue Sharing		727,452					727,452
Unrestricted investment earnings		150,912					150,912
Miscellaneous revenues		97,860					97,860
<b>Total general revenues</b>		<b>21,662,749</b>					<b>21,662,749</b>
<b>Change in net assets</b>					<b>241,948</b>	<b>(13,763)</b>	<b>228,185</b>
<b>Net assets - beginning</b>					<b>13,629,114</b>	<b>356,014</b>	<b>13,985,128</b>
<b>Net assets - ending</b>					<b>\$ 13,871,062</b>	<b>342,251</b>	<b>14,213,313</b>

See accompanying notes to financial statements.

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2009**

	General	School Special Revenues	Rescue Call Fees	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Assets:					
Cash and cash equivalents	\$ 4,440,161	150,944	-	-	4,591,105
Investments	6,764,435	474	-	-	6,764,909
Receivables:					
Taxes receivable	771,878	-	-	-	771,878
Tax liens	416,248	-	-	-	416,248
Accounts receivable	175,358	88,898	135,323	-	399,579
Prepaid items	3,431	-	-	-	3,431
Inventory	36,148	3,379	-	-	39,527
Interfund loans receivable	-	122,477	114,065	4,583,657	4,820,199
<b>Total assets</b>	<b>\$ 12,607,659</b>	<b>366,172</b>	<b>249,388</b>	<b>4,583,657</b>	<b>17,806,876</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and payroll withholdings	564,062	24,323	9,871	58,724	656,980
Accrued wages	828,571	37,298	-	-	865,869
Interfund loans payable	4,702,727	-	-	102,406	4,805,133
Deferred tax revenue	998,165	-	-	-	998,165
Refundable deposits	92,953	-	-	-	92,953
<b>Total liabilities</b>	<b>7,186,478</b>	<b>61,621</b>	<b>9,871</b>	<b>161,130</b>	<b>7,419,100</b>
Fund balances:					
Reserved	41,274	3,379	-	-	44,653
Unreserved:					
Designated	-	-	-	-	-
Undesignated, reported in:					
General Fund	5,379,907	-	-	-	5,379,907
Special Revenue Funds	-	301,172	239,517	472,460	1,013,149
Capital Project Funds	-	-	-	3,950,067	3,950,067
<b>Total fund balances</b>	<b>5,421,181</b>	<b>304,551</b>	<b>239,517</b>	<b>4,422,527</b>	<b>10,387,776</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,607,659</b>	<b>366,172</b>	<b>249,388</b>	<b>4,583,657</b>	

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.	15,018,569
Cash held in escrow by the Maine Municipal Bond Bank	1,200,000
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	998,165
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	12,290,000
Capital leases	208,749
Landfill closure	120,000
Other postemployment benefits liability	121,591
Accrued vacation and sick leave	864,253
Accrued interest	128,855
	(13,733,448)

**Net assets of governmental activities**

**\$ 13,871,062**

*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, 2009**

	General	School Special Revenues	Rescue Call Fees	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 20,369,950	-	-	206,334	20,576,284
Licenses, permits and fees	963,141	-	-	209,259	1,172,400
Intergovernmental	2,532,807	1,346,325	-	240,047	4,119,179
Charges for services	-	105,318	388,033	-	493,351
Program income	-	-	-	154,994	154,994
Investment income	150,912	-	-	-	150,912
Other revenues	354,015	74,329	-	1,751	430,095
<b>Total revenues</b>	<b>24,370,825</b>	<b>1,525,972</b>	<b>388,033</b>	<b>812,385</b>	<b>27,097,215</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	1,851,871	-	-	-	1,851,871
Public safety	4,429,964	-	411,941	-	4,841,905
Public works	1,696,363	-	-	-	1,696,363
Sanitation	1,644,676	-	-	-	1,644,676
Recreation, culture and agencies	686,550	-	-	148,071	834,621
Health and welfare	101,475	-	-	-	101,475
Education	11,020,573	1,180,772	-	-	12,201,345
Intergovernmental - County tax	736,279	-	-	-	736,279
Unclassified	53,165	338,283	-	31,831	423,279
Debt service	1,726,929	-	-	-	1,726,929
Capital outlays	1,228,471	-	-	269,861	1,498,332
<b>Total expenditures</b>	<b>25,176,316</b>	<b>1,519,055</b>	<b>411,941</b>	<b>449,763</b>	<b>27,557,075</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(805,491)</b>	<b>6,917</b>	<b>(23,908)</b>	<b>362,622</b>	<b>(459,860)</b>
<b>Other financing sources (uses):</b>					
Transfers - in	434,334	79,090	-	9,530	522,954
Transfers - out	(88,620)	-	(225,000)	(209,334)	(522,954)
Proceeds from sale of bond	-	-	-	4,100,000	4,100,000
<b>Total other financing sources (uses)</b>	<b>345,714</b>	<b>79,090</b>	<b>(225,000)</b>	<b>3,900,196</b>	<b>4,100,000</b>
<b>Net change in fund balances</b>	<b>(459,777)</b>	<b>86,007</b>	<b>(248,908)</b>	<b>4,262,818</b>	<b>3,640,140</b>
<b>Fund balances, beginning of year</b>	<b>5,880,958</b>	<b>218,544</b>	<b>488,425</b>	<b>159,709</b>	<b>6,747,636</b>
<b>Fund balances, end of year</b>	<b>\$ 5,421,181</b>	<b>304,551</b>	<b>239,517</b>	<b>4,422,527</b>	<b>10,387,776</b>

*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, 2009**

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Net change in fund balances - total governmental funds (from Statement 4) \$ 3,640,140

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 depreciation expense exceeded capital outlays in the current period. (373,812)

Statement 4 Capital outlays	1,498,332	
Statement 2 Capital outlays	716,959	
<hr/>		
Variance	781,373	
Less: depreciation	1,155,185	
<hr/>		
To reconciliation	(373,812)	

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. (55,890)

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. (2,764,267)

New debt incurred	5,300,000	
Cash held in escrow	(1,200,000)	
Lease payments	(45,733)	
Retired debt	(1,290,000)	
<hr/>		
Net debt service	2,764,267	

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. (15,668)

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. (188,555)

Change in landfill reserve	6,000	
Other postemployment benefits	(121,591)	
Change in long-term accrued vacation and sick	(72,964)	
<hr/>		
To reconciliation	(188,555)	

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Change in net assets of governmental activities (see Statement 2) \$ 241,948

*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, 2009**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 20,074,039	20,074,039	20,369,950	295,911
Licenses, permits and fees	1,047,300	1,047,300	963,141	(84,159)
Intergovernmental	1,667,794	1,667,794	1,486,209	(181,585)
Investment income	225,000	225,000	150,912	(74,088)
Other revenue:				
Municipal	20,000	20,000	97,860	77,860
School	93,000	93,000	256,155	163,155
<b>Total revenues</b>	<b>23,127,133</b>	<b>23,127,133</b>	<b>23,324,227</b>	<b>197,094</b>
<b>Expenditures:</b>				
Current:				
General government	1,921,758	1,921,758	1,851,871	69,887
Public works	1,597,114	1,597,114	1,696,363	(99,249)
Sanitation	1,654,435	1,654,435	1,644,676	9,759
Public safety	4,457,532	4,457,532	4,429,964	27,568
Recreation, culture and agencies	675,608	675,608	686,550	(10,942)
Health and welfare	77,395	77,395	101,475	(24,080)
Education	9,799,391	9,969,391	9,938,754	30,637
Intergovernmental	739,574	739,574	736,279	3,295
Other expenditures	40,000	40,000	53,165	(13,165)
Debt service	2,024,570	2,024,570	1,726,929	297,641
Capital outlays	2,019,958	2,019,958	1,228,471	791,487
<b>Total expenditures</b>	<b>25,007,335</b>	<b>25,177,335</b>	<b>24,094,497</b>	<b>1,082,838</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,880,202)</b>	<b>(2,050,202)</b>	<b>(770,270)</b>	<b>1,279,932</b>
<b>Other financing sources (uses):</b>				
Transfers - In	434,334	434,334	434,334	-
Transfers - out	(79,090)	(79,090)	(88,620)	(9,530)
Utilization of prior year fund balance	1,524,958	1,694,958	-	(1,694,958)
<b>Total other financing sources (uses)</b>	<b>1,880,202</b>	<b>2,050,202</b>	<b>345,714</b>	<b>(1,704,488)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>(424,556)</b>	<b>(424,556)</b>
<b>Reconciliation to GAAP:</b>				
Less: Prior year encumbrances			(12,110)	
Less: Increase in school summer salaries			(28,237)	
Add: Current year encumbrances			5,126	
<b>Fund balance, beginning of year</b>			<b>5,880,958</b>	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>5,421,181</b>	

*See accompanying notes to financial statements.*

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Proprietary Fund - Ballpark Facility**  
**Statement of Net Assets**  
**June 30, 2009**

<b>Business-type Activities - Enterprise Funds</b>		
<b>ASSETS</b>		
Noncurrent assets:		
Capital assets	\$	993,250
Accumulated depreciation		(633,433)
Total noncurrent assets		359,817
Total assets		359,817
<b>LIABILITIES</b>		
Accounts payable		2,500
Interfund loans payable		15,066
Total liabilities		17,566
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt		359,817
Unrestricted		(17,566)
Total net assets		\$ 342,251

*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, 2009**

<b>Business-type Activities - Enterprise Funds</b>		
<b>Operating revenues:</b>		
Other revenues	\$	5,871
<b>Total operating revenues</b>		<b>5,871</b>
<b>Operating expenses:</b>		
Maintenance		2,500
Depreciation		17,134
<b>Total operating expenses</b>		<b>19,634</b>
<b>Operating loss</b>		<b>(13,763)</b>
<b>Nonoperating revenues (expenses):</b>		
Interest expense		-
<b>Total nonoperating expense</b>		<b>-</b>
<b>Change in net assets</b>		<b>(13,763)</b>
<b>Net assets, beginning of year</b>		<b>356,014</b>
<b>Net assets, end of year</b>	<b>\$</b>	<b>342,251</b>

*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, 2009**

<b>Business-type Activities - Enterprise Funds</b>		
<b>Cash flows from operating activities:</b>		
Cash received from donation	\$	5,871
Net cash provided by (used in) operating activities		5,871
<b>Cash flows from noncapital financing activities:</b>		
Interfund transactions with General Fund		(5,871)
Net cash used in noncapital financing activities		(5,871)
<b>Cash flows from capital and related financing activities:</b>		
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		-
<b>Cash, end of year</b>	<b>\$</b>	<b>-</b>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>		
Operating loss		(13,763)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense		17,134
Changes in operating assets and liabilities:		
Accounts payable		2,500
Net cash provided by (used in) operating activities	\$	5,871

*See accompanying notes to financial statements.*

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2009**

	Private-purpose Trust Funds (Scholarships)	Agency Funds Student Activities
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	107,943
Investments	494,575	-
Total assets	494,575	107,943
<b>LIABILITIES</b>		
Amounts held for student groups	-	107,943
Total liabilities	-	107,943
<b>NET ASSETS</b>		
Held in trust	\$ 494,575	-

*See accompanying notes to financial statements.*

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the year ended June 30, 2009**

	Private-purpose Trust Funds (Scholarships)
<b>Additions:</b>	
Investment income	\$ 39,275
Unrealized gains (losses)	(60,518)
Contributions and other receipts	-
<b>Total additions</b>	<b>(21,243)</b>
<b>Deductions:</b>	
Scholarships	53,293
<b>Total deductions</b>	<b>53,293</b>
Change in net assets	(74,536)
Net assets, beginning of year	569,111
<b>Net assets, end of year</b>	<b>\$ 494,575</b>

*See accompanying notes to financial statements.*

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Notes to Basic Financial Statements**

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**THE REPORTING ENTITY AND ITS SERVICES**

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The Town of Old Orchard Beach, Maine was incorporated in 1883 and is located in southeastern Maine, 12 miles south of Portland. A popular summer resort with 7 miles of sandy beaches, the Town encompasses 7.8 square miles. It's year round population of approximately 8,800 expands to 100,000 during the summer. The Town has operated under a Council-Manager form of government since 1950.

The Town provides the full range of municipal services contemplated by State statutes. These include public safety, public works, sanitation, health and welfare services, parks and recreation, education, planning, zoning and general administrative services.

In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by accounting principles generally accepted in the United States of America. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based on the application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

**Libby Memorial Library** - The Library provides library services and is not considered to be a component unit because it is a separate legal organization whose board is not controlled by officials of the Town. The only activity that flows through the Town's financial records is the Town's yearly appropriation to the Library. All other financial activity of the Libby Memorial Library has not been reported in the Town's financial statements.

**Biddeford-Saco-Old Orchard Beach Transit Committee** - The Town is a member of the Biddeford-Saco-Old Orchard Beach Transit Committee, which is a jointly governed organization. The Committee operates a public mass transit passenger bus service within and between the three municipalities under a voluntary interlocal agreement. The Town of Old Orchard Beach's contribution to the committee for the year ended June 30, 2009 was \$55,000. The Transit Committee does not meet the definition of a component unit or a joint venture because there is no ongoing financial interest or responsibility by the participating governments.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**A. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town.

For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for property taxes and one year for all other revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The School Special Revenue Fund is used to account for grants for educational purposes, the School Lunch program and the Adult Education program, all of which require separate accounting because of legal or regulatory provisions or administrative action.

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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The Rescue Call Fees Fund is established to account for revenues derived from the billings of fees for rescue calls, which are earmarked by Council action to provide for the purchase of Public Safety vehicles.

The Town reports the following major proprietary fund:

The Ballpark Fund accounts for the ownership and expenses of a leased sports facility.

Additionally, the Town reports the following fund types:

Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's fiduciary funds include private-purpose trust funds and agency funds for the student activity programs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Town has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Town's proprietary fund is lease payments by the lessee of the facility, however, the facility is not currently rented; operating expenses consist solely of depreciation and maintenance on capital assets at this time. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**C. Investments**

Investments are stated at fair value, unless otherwise indicated.

**D. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of three years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the assets' estimated useful lives ranging from 3 to 60 years.

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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For the business-type fund, an estimated useful life of 40 years is used to compute depreciation.

The Town performed an inventory of all other capital assets and conducted a survey of all infrastructure assets for fiscal year 2003 and completes an internal update annually. This process determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: 1) historical records; 2) standard unit costs appropriate for the construction/acquisition date; or 3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each capital asset. The book value was then computed by deducting the accumulated depreciation from the original cost.

**E. Vacation and Sick Leave**

Under the terms of personnel policies and a union contract, vacation and sick leave are granted in varying amounts according to length of service. In some cases, employees are entitled to payment for unused vacation and a percentage of sick leave upon termination or retirement. The Town and the School Department accrue accumulated vacation leave and vested sick leave. In the fund financial statements, no amount is recorded unless the amount is to be paid out shortly after year-end. The full liability is recorded in the government-wide statements.

**F. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as bond issuance costs if material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**G. Inventory**

Inventory consists of vehicle fuel, trash bags and the School Lunch Program food, supplies and donated commodities and is recorded at the lower of cost or market on the first-in, first-out basis.

**H. Interfund Transactions**

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets and service debt. These transactions are reported as transfers.

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**I. Fund Balances**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

**J. Use of Estimates**

Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**K. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriations, is employed in the governmental funds. Encumbrances do not constitute expenditures or liabilities, except that they are included as expenditures for budgetary purposes (Statement 6).

**L. Comparative Data/Reclassifications**

Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

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**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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**A. Budgetary Information**

A budget is formally adopted for the General Fund each year through the passage of the Town budget and is prepared on a basis consistent with generally accepted accounting principles with the exception of on-behalf payments and that encumbrances are treated as expenditures for budgetary purposes. The Town's other funds do not have legally adopted budgets but have adopted budgets through formal authorizations by the Town Council or School Committee and through grant agreements.

In the General Fund, the level of control (level at which expenditures may not exceed budget) is the Department. The gross appropriation for each department shall not be exceeded except by consent of the Town Council. The Town Council may, by resolution, transfer an unencumbered appropriation balance or portion thereof including surplus between the general accounts.

For the School Department, the level of control is also the Department. Generally, all unexpended School budgetary accounts lapse to the School Department's fund balance at the close of the fiscal year. Once adopted, the budget can be amended by the School Committee, but only through transfers between expenditure accounts.

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

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**B. Budgetary vs. GAAP Basis of Accounting**

As required by generally accepted accounting principles (GAAP), the Town has recorded a revenue and expenditure for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the Old Orchard Beach School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$1,046,598. These amounts have been included as an intergovernmental revenue and an education expenditure on both Statements 2 and 4 (GAAP basis). There is no effect on the fund balance at the end of the year.

Additionally, the School Department compensates its teachers under a contract for services rendered between the months of September and June. However, compensation is remitted over a twelve-month period, September through August. At June 30, 2009, the balance on such contracts amounted to approximately \$644,849 and is fully accrued and reflected in the financial statements.

**C. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2009, expenditures exceeded appropriations in the following departments:

Legal	\$ 54,160
Tax collector	328
Building maintenance	8,373
Planning, Zoning and Registration Board	4,074
Public works	99,249
Solid waste	4,185
Animal Control	1,248
Fire/rescue	50,716
Hydrants	319
Recreation	5,075
Conservation commission	6,909
General assistance	24,080
Abatements	13,165

**D. Deficit Fund Balance**

The Recreation Fund deficit of \$74,976 is due to the timing of purchases for the Summer Playground Program and will be repaid from program revenues collected next year. The Canopy Grant has a deficit of \$279 that will be repaid with future grant funds from the State. The CDBG Grant Fund has a deficit of \$77 that will be repaid with future grant funds from the State. The West Grand Pump Station has a deficit of \$51,789 that will be repaid with future bond proceeds. These obligations are accounted for as an interfund liability in the Recreation Fund, Canopy Grant Fund, CDBG Grant Fund and the West Grand Pump Station, and an interfund asset in the General Fund.

**E. Ballpark Update**

On April 15, 2001, the Town entered into a lease with Seacoast Sports, LLC for the Ballpark. The lease was renewed in 2002 and 2003. In 2006, a master plan was developed for the development of the ballpark. A volunteer group known as the Ballpark Committee has begun work on the ballpark. New sod has been laid and repairs and improvements to some of the buildings have been made. They have also done fund raising to help pay for these improvements.

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Notes to Basic Financial Statements, Continued**

**DEPOSITS AND INVESTMENTS**

The Town's policy is to invest all available funds at the highest possible rates, in conformance with legal and administrative guidelines, while avoiding unreasonable risk. The funds are invested in liquid investments with maturities planned to coincide with the Town's cash needs during the year.

**A. Deposits**

*Custodial Credit Risk-Town Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. Town policy is that deposits can only be made in financial institutions insured by the FDIC and that funds over the \$250,000 insurance limit be collateralized or placed in other financial institutions.

At year end, the carrying amount of the Town's deposits was \$4,699,048 and the bank balance was \$4,908,945, of which \$2,302,141 was covered by Federal Depository Insurance or collateral securities.

Deposits have been reported as follows:

Reported in governmental funds	\$ 4,591,105
<u>Reported in fiduciary funds</u>	<u>107,943</u>
<b><u>Total deposits</u></b>	<b><u>\$ 4,699,048</u></b>

**B. Investments**

*Credit Risk:* Maine statutes authorize the Town to invest in obligations of the U. S. Treasury and U. S. agencies, repurchase agreements and certain corporate stocks and bonds. Generally, the Town invests such excess funds in a government money market mutual fund accounts and the School Department invests the excess funds of its trust funds and certain special revenue funds in stocks and money market accounts through an investment company.

At June 30, 2009, the Town reported investments with the following maturities:

	Fair value	Less than 1 year	1-5 years	6-10 years	More than 10 years
Money funds/sweep options	\$ 157,242	157,242	-	-	-
Certificate of deposits	6,670,706	6,670,706	-	-	-
Equities/stocks	142,374	-	Not applicable		
Mutual funds (1)	289,162	-	Not applicable		
<b><u>Total investments</u></b>	<b><u>\$ 7,259,484</u></b>	<b><u>6,827,948</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

(1) Mutual funds are not considered securities and are exempt from risk disclosure noted above.

Investments have been reported as follows:

Reported in the general fund	\$ 6,764,909
<u>Reported in fiduciary funds</u>	<u>494,575</u>
<b><u>Total deposits</u></b>	<b><u>\$ 7,259,484</u></b>

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Notes to Basic Financial Statements, Continued**

**DEPOSITS AND INVESTMENTS, CONTINUED**

*Custodial credit risk- investments* – For investments, this is the risk that in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Town currently does not have an investment policy for custodial credit risk. Of the Town's \$157,242 investment in money funds/sweep options, \$0 was exposed to custodial credit risk. Of the Town's \$6,670,706 in certificates of deposits, \$4,342,261 was insured by the FDIC and \$2,328,445 was uninsured and uncollateralized.

*Interest rate risk* – The Town does not have a deposit policy for interest rate risk.

**PROPERTY TAX**

Property taxes for the current year were committed on July 17, 2008 on the assessed value listed as of April 1, 2008 for all real and personal property located in the Town. All real property taxes were due in two installments, 50% on September 5, 2008 and 50% on March 6, 2009. All personal property taxes were due in full on September 5, 2008. Interest at the rate of 11% per annum was charged on any amounts remaining unpaid after these respective due dates. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. The assessed value was 100% of the estimated market value and 93% of the 2009 state valuation of \$1,575,350,000.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$437,783 for the year ended June 30, 2009.

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

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

The following summarizes the 2009 and 2008 levies:

	<u>2009</u>	<u>2008</u>
Valuation:		
Land	\$528,561,100	527,255,700
Buildings	969,131,970	948,944,400
Personal property	25,294,968	23,691,240
Less - Exemptions and tax-exempt property	(57,834,900)	(58,035,500)
<b>Total assessed valuation</b>	<b>\$1,465,153,138</b>	<b>1,441,855,840</b>
Total assessed valuation	\$1,465,153,538	1,441,855,840
Tax rate (per \$1,000)	12.94	12.56
Commitment	18,959,087	18,109,709
Supplemental taxes assessed	569	8,678
	18,959,656	18,118,387
Less - collections and abatements	18,453,482	17,505,853
<b>Receivable at end of year</b>	<b>\$ 506,174</b>	<b>612,534</b>

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Notes to Basic Financial Statements, Continued**

**PROPERTY TAX, CONTINUED**

	<u>2008</u>	<u>2009</u>
Consisting of:		
Taxes	\$ 506,174	612,534
Liens	-	-
<b>Receivable at end of year</b>	<b>\$ 506,174</b>	<b>612,534</b>
Collection rate	97.33%	96.62%

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Balance June 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ -	89,530	-	89,530
Land	1,800,728	-	-	1,800,728
Total capital assets, not being depreciated	1,800,728	89,530	-	1,890,258
Capital assets, being depreciated:				
Buildings and improvements	9,771,824	-	-	9,771,824
Equipment, furniture and fixtures	3,772,886	47,924	-	3,820,810
Vehicles	5,066,991	405,589	14,055	5,458,525
Infrastructure	17,616,437	238,329	-	17,854,766
Total capital assets being depreciated	36,228,138	691,842	14,055	36,905,925
Less accumulated depreciation for:				
Buildings and improvements	5,749,050	194,137	-	5,943,187
Equipment, furniture and fixtures	2,857,947	140,337	-	2,998,284
Vehicles	2,835,822	345,512	14,055	3,167,279
Infrastructure	11,193,665	475,199	-	11,668,864
Total accumulated depreciation	22,636,484	1,155,185	14,055	23,777,614
<b>Total capital assets being depreciated, net</b>	<b>13,591,654</b>	<b>(463,343)</b>	<b>-</b>	<b>13,128,311</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 15,392,382</b>	<b>(373,813)</b>	<b>-</b>	<b>15,018,569</b>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 993,250	-	-	993,250
Less accumulated depreciation for:				
Buildings and improvements	616,299	17,134	-	633,433
Total capital assets being depreciated, net	376,951	(17,134)	-	359,817
<b>Business-type activities capital assets, net</b>	<b>\$ 376,951</b>	<b>(17,134)</b>	<b>-</b>	<b>359,817</b>

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**CAPITAL ASSETS, CONTINUED**

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Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 66,274
Public safety	179,299
Public works, including depreciation of general infrastructure assets	598,645
Sanitation	233,552
Education	77,415
<hr/>	
<b>Total depreciation expense – governmental activities</b>	<b>\$1,155,185</b>
<b>Business-type activities:</b>	
Ballpark Fund	\$17,134
<hr/>	
<b>Total depreciation expense - business activities</b>	<b>\$ 17,134</b>

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**PENSION PLANS**

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**Maine Public Employees Retirement System (Maine PERS) - Consolidated Plan**

**Description of the Plan** - The Town contributes to the Maine Public Employees Retirement System Consolidated Plan, a cost sharing multiple-employer retirement system established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefits rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800. The Town Council has authorized the Town to rejoin the Maine Public Employees Retirement System as a full member effective July 1, 2003.

**Funding Policy** - All plan members except those included in the Teacher Group are required to contribute 6.5% of their annual covered salary and the Town is required to contribute an actuarially determined rate. The rate for the year ended June 30, 2009 and 2008 was 2.8% of covered payroll for the regular plan, 4% of covered payroll for the 2C special plan which fire employees, 6.5% of covered payroll for the 1C special plan which covers police officers hired before October 12, 1992 and 6.8% for the 3C special plan which covers police officers hired on or after October 12, 1992. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. The Town's contributions to the Maine Public Employees Retirement System Consolidated Plan for the year ended June 30, 2009 and 2008 were \$121,723 and \$99,298, respectively.

**Maine Public Employees Retirement System - School Employees**

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State Legislature. All plan members are required to contribute 7.65% of their annual covered salary to the retirement system. The School Department's payroll for employees covered by this group, for the fiscal year ended June 30, 2009, was \$5,578,883. The State of Maine Department of Education is required, by state statute, to contribute the employer contribution, which amounts to 18.76% of compensation. Contributions paid by the State totaled approximately \$1,046,598 for the year ended June 30, 2009. There is no contribution required by the School Department except for federally funded teachers for which the School Department contributes 18.76% of their compensation. This cost is charged to the applicable grant.

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Notes to Basic Financial Statements, Continued**

**PENSION PLANS, CONTINUED**

**Deferred Compensation Plan**

The Town offers all its employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets are not included in the Town's financial statements.

**LONG-TERM DEBT**

The Town is in compliance with all significant limitations and restrictions contained in the various bond indentures.

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2009:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 8,280,000	4,100,000	1,290,000	11,090,000	1,530,000
Sewer Revolving Loan	-	1,200,000	-	1,200,000	60,000
Capital leases	254,482	-	45,733	208,749	46,691
Landfill closure	126,000	-	6,000	120,000	6,000
Accrued vacation and sick	791,289	72,964	-	864,253	-
<b>Governmental activities long-term liabilities</b>	<b>\$ 9,451,771</b>	<b>5,372,964</b>	<b>1,341,733</b>	<b>13,483,002</b>	<b>1,642,691</b>

Long-term debt payable at June 30, 2009 is comprised of the following:

	<u>Original amount issued</u>	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
<b>Governmental activities:</b>				
1989 Capital improvement bond	\$ 1,840,000	7.45 – 7.75%	2009	40,000
1998 General obligation refunding bond	5,975,000	4.15 – 5.20%	2018	2,550,000
2003 General obligation refund bond	7,520,000	2.00 – 4.5%	2023	4,400,000
2009 General obligation bond	4,100,000	4.965%	2028	4,100,000
2009 Sewer Revolving Loan Fund	1,200,000	1.9%	2028	1,200,000
<b>Total governmental activities</b>				<b>\$ 12,290,000</b>

The bond is being drawn down as construction work is being completed. As of June 30, 2009, the Town has not drawn any funds. The remaining \$1,200,000 has been recorded as cash held in escrow by the Maine Municipal Bond Bank in the governmental activities.

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Notes to Basic Financial Statements, Continued**

**LONG-TERM DEBT, CONTINUED**

The annual requirements to amortize all debt outstanding as of June 30, 2009 are as follows. Such amounts exclude overlapping debt requirements but include school debt requirements to be reimbursed by the State of Maine (currently there are none). The general fund pays all governmental activities long-term debt service requirements.

Year ended June 30,	Governmental activities		Total
	Principal	Interest	
2010	\$ 1,590,000	459,844	2,049,844
2011	1,595,000	400,659	1,995,659
2012	1,640,000	341,640	1,981,640
2013	1,020,000	289,780	1,309,780
2014	490,000	261,139	751,139
2015-2019	2,595,000	984,094	3,579,094
2020-2024	2,300,000	480,968	2,780,968
2024-2029	1,060,000	112,480	1,172,480
<b>Totals</b>	<b>\$ 12,290,000</b>	<b>3,330,604</b>	<b>15,620,604</b>

**OBLIGATIONS UNDER CAPITAL LEASES**

The Town has entered into three lease agreements. These leases qualify as capital leases for accounting purposes, and therefore have been recorded in the government-wide financial statements at the present value of future minimum lease payments as of the date of inception. These assets are recorded as capital assets in the government-wide financial statements. The amount of assets capitalized as equipment and vehicles under capital leases for the year ended June 30, 2009 was \$300,432 with accumulated depreciation of \$51,638, for a net book value of \$248,794.

Minimum future lease payments under capital leases are:

<u>Year ended June 30,</u>	
2010	\$ 56,472
2011	56,472
2012	44,757
2013	44,757
2014	34,235
<u>Thereafter</u>	-
Total minimum lease payments	236,693
<u>Less amount representing interest</u>	<u>27,944</u>
<b>Present value of future</b>	
<b>minimum lease payments</b>	<b>\$ 208,749</b>

**STATUTORY DEBT LIMIT**

In accordance with Maine law, no municipality shall incur debt for specified purposes in excess of certain percentages of State valuation of such municipality. At June 30, 2009, the Town was in compliance with these limitations.

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Notes to Basic Financial Statements, Continued**

**OVERLAPPING DEBT**

The Town is subject to an annual assessment of its proportional share of York County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation. At June 30, 2009, the Town's State valuation of \$1,575,350,000 was 5.02% of the County's State valuation of \$31,407,300,000. The Town's share is 5.02% or \$768,080 of York County's \$15,300,407 long-term debt outstanding as of June 30, 2009.

**RESERVED FUND BALANCES**

At June 30, 2009, portions of fund balance were reserved for future periods as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Reserved:		
Education:		
Encumbrances	\$ 5,126	-
School lunch inventory	-	3,379
Town inventory	36,148	-
<b>Totals</b>	<b>\$ 41,274</b>	<b>3,379</b>

**NET ASSETS**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2009:

Capital assets	\$38,796,184
Accumulated depreciation	(23,777,615)
Bonds payable	(12,290,000)
Capital leases	(208,749)
Add back unspent bond proceeds	5,183,479
<b>Total invested in capital assets net of related debt</b>	<b>\$ 7,703,299</b>

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

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Individual interfund receivables, payables (due from/to other funds) and transfers at June 30, 2009, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Net Transfers In (Out)</u>
<b>General Fund</b>	\$ -	4,702,727	345,714
<b>Special revenue funds:</b>			
Rescue call fees fund	114,065	-	(225,000)
Sewer special revenue fund	462,648	-	-
Police grants fund	11,788	-	-
Recreation fund	-	73,053	-
Playground grant fund	467	-	6,013
CDBG grant fund	-	77	-
Conservation Tree grant	-	-	3,517
School special revenues fund	122,477	-	79,090
Special dog fund	4,089	-	(3,000)
Smithwheel impact fees fund	68,800	-	-
<b>Total special revenue funds</b>	<b>784,334</b>	<b>73,130</b>	<b>(139,380)</b>
<b>Capital project funds:</b>			
FY 09 Bond Projects	4,033,339	29,276	-
Downtown TIF District	-	-	(206,334)
Landfill closure fund	2,526	-	-
<b>Total capital project funds</b>	<b>4,035,865</b>	<b>29,276</b>	<b>(206,334)</b>
<b>Enterprise funds:</b>			
Ballpark facility	-	15,066	-
<b>Totals</b>	<b>\$4,820,199</b>	<b>4,820,199</b>	<b>-</b>

The purpose of interfund loans is to charge revenues and expenditures to the appropriate fund when the activity is accounted for through the centralized checking account.

Transfers were budgeted transfers to and from the General Fund and in the case of the \$206,334 transfer to the General Fund from the Downtown TIF to reimburse for debt service paid by the General Fund each year.

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**RISK MANAGEMENT**

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The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance or participates in a public entity risk pool. Currently, the Town participates in a public entity risk pool sponsored by the Maine Municipal Association and the School Department participates in a public entity risk pool sponsored by the Maine School Management Association for workers' compensation coverage.

Based on the coverage provided by the pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2009.

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

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Under existing state law, Maine communities are required to close existing landfills under a state approved plan and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town presently has two landfills that have been closed under an approved plan and one additional landfill whose closure was completed during fiscal year 1998. The only additional costs that remain are postclosure care costs on all three of the landfills. The estimated remaining postclosure care costs at June 30, 2009 are \$120,000, which would include two mowings of each site during the year and well monitoring. This amount has been accrued in the entity-wide financial statements and is being amortized over 30 years at \$6,000 per year, as it is not expected that any of these costs will be funded with current financial resources. The actual cost of postclosure care may be higher due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

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**REORGANIZATION**

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Effective July 1, 2009, the School Department became part of the Union #7 & O.O.B. Schools also referred to as Regional School Unit #23 (RSU #23) along with the City of Saco and Town of Dayton School Department. As of that date, the Department ceased to exist as a separate legal entity. As part of the reorganization plan, the newly created Union #7 & O.O.B. Schools has assumed the bonds and notes payable and the lease disclosed in the long-term debt footnote. The agreement also specifies that RSU #23 will pay the remainder of the teacher and other employees' contracts and related benefits beginning July 1, 2009 for all of the entities making up the new RSU. All employee contracts of the Department were assumed by RSU #23 as of the operational date of July 1, 2009.

The agreement requires each of the combining units to satisfy their existing financial obligations from all legally available funds, except as otherwise specified in the agreement. The balance remaining in the existing school administrative unit's accounts after the school administrative unit has satisfied existing financial obligations are to be transferred to the RSU, verified by audit and used to reduce the municipalities contribution required by the agreement.

Each school administrative unit shall transfer remaining balances of reserve funds, scholarship funds and trust funds to the RSU. All capital assets will become assets of the RSU effective July 1.

The complete reorganization plan can be obtained at the Superintendent's office located at 90 Beach Street in Saco, Maine.

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**OTHER POST EMPLOYMENT BENEFITS**

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The Governmental Accounting Standards Board (GASB) recently issued its Statement 45, which addressed the reporting and disclosure requirements for other post employment benefits (OPEB). GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the Town of Old Orchard Beach, Maine for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The Town of Old Orchard Beach is a member of the Maine Municipal Employees Health Trust. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the Town's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in June 2009.

**Plan Descriptions** – The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees. Town employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

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**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Notes to Basic Financial Statements, Continued**

**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

**Funding Policy and Annual OPEB Cost** – GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The Town currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the year and the annual required contribution:

Normal cost	\$ 68,822
Amortization of Unfunded	50,385
Interest	2,384
<b>Annual Required Contribution</b>	<b>\$ 121,591</b>

**Funding Status and Funding Progress** – The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2009 were as follows:

Annual required contribution	\$ 121,591
Actual contribution	-
Percent contributed	0%
Actuarial accrued liability	906,106
<u>Plan assets</u>	<u>-</u>
Unfunded actuarial accrued liability	906,106
Covered payroll	\$ 4,409,525
Unfunded actuarial accrued liability as a percentage of covered payroll	20.5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information (only one year available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions** - Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/09
Actuarial cost method	Projected unit credit cost method
Amortization method	Level dollar
Remaining amortization period	30 years
<b>Actuarial assumptions:</b>	
Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.0% - 9.6%

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Required Supplementary Information**

**SCHEDULE OF FUNDING PROGRESS**

**Retiree Healthcare Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
1/1/09	\$ -	\$906,106	\$906,106	0.00%	\$4,409,525	20.5%

**GENERAL FUND**

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2009 and 2008**

	2009	2008
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,440,161	175,500
Investments	6,764,435	7,258,073
Receivables:		
Taxes receivable	771,878	902,049
Tax liens	416,248	335,447
Accounts receivable	175,358	132,506
Prepaid items	3,431	2,805
Inventory	36,148	46,783
<b>Total assets</b>	<b>\$ 12,607,659</b>	<b>8,853,163</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and payroll withholdings	564,062	487,376
Accrued wages	828,571	807,314
Interfund loans payable	4,702,727	529,330
Deferred tax revenue	998,165	1,054,056
Refundable deposits	92,953	94,129
<b>Total liabilities</b>	<b>7,186,478</b>	<b>2,972,205</b>
Fund balance:		
Reserved	41,274	228,893
Unreserved:		
Designated	-	687,567
Undesignated	5,379,907	4,964,498
<b>Total fund balance</b>	<b>5,421,181</b>	<b>5,880,958</b>
<b>Total liabilities and fund balance</b>	<b>\$ 12,607,659</b>	<b>8,853,163</b>

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**  
**(with comparative actual amounts for the year ended June 30, 2008)**

	2009		Variance positive (negative)	2008 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 18,523,873	18,833,148	309,275	18,140,336
Less TIF financing	(206,334)	(206,334)	-	(206,334)
Change in deferred property tax revenue		55,891	55,891	(184,745)
Excise taxes	1,455,500	1,314,624	(140,876)	1,357,886
Interest and costs on taxes	100,000	144,641	44,641	120,653
Cable television franchise taxes	175,000	194,348	19,348	190,298
Contributions in lieu of taxes	26,000	33,632	7,632	23,026
<b>Total taxes</b>	<b>20,074,039</b>	<b>20,369,950</b>	<b>295,911</b>	<b>19,441,120</b>
<b>Licenses, permits and fees:</b>				
Business licenses	101,000	133,468	32,468	118,523
Building, plumbing and electrical permits	92,000	73,575	(18,425)	38,010
Town Clerk fees	12,000	32,169	20,169	17,992
Town Agent fees	31,500	27,597	(3,903)	27,278
Parking fees	65,000	65,482	482	73,082
Parking meters and fines	315,000	308,026	(6,974)	296,026
Sewer impact fees	31,500	31,500	-	31,500
Sewer user and dumping fees	32,000	2,935	(29,065)	10,615
Other permits and fees	367,300	288,389	(78,911)	327,036
<b>Total licenses, permits and fees</b>	<b>1,047,300</b>	<b>963,141</b>	<b>(84,159)</b>	<b>940,062</b>
<b>Intergovernmental:</b>				
State Revenue Sharing	865,000	727,452	(137,548)	831,295
State education subsidies	549,794	494,815	(54,979)	1,131,541
Homestead exemption	155,000	157,841	2,841	152,143
M.D.O.T. block grant	75,000	68,776	(6,224)	66,900
Human services reimbursement	14,000	29,035	15,035	19,441
Other state revenue	9,000	8,290	(710)	8,723
<b>Total intergovernmental</b>	<b>1,667,794</b>	<b>1,486,209</b>	<b>(181,585)</b>	<b>2,210,043</b>
<b>Investment income</b>	<b>225,000</b>	<b>150,912</b>	<b>(74,088)</b>	<b>352,740</b>
<b>Other revenues:</b>				
School Department	93,000	256,155	163,155	24,528
Miscellaneous	20,000	97,860	77,860	109,533
<b>Total other revenues</b>	<b>113,000</b>	<b>354,015</b>	<b>241,015</b>	<b>134,061</b>
<b>Total revenues</b>	<b>23,127,133</b>	<b>23,324,227</b>	<b>197,094</b>	<b>23,078,026</b>

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis, Continued**

	2009		Variance positive (negative)	2008 Actual
	Budget	Actual		
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Town Council	\$ 43,958	42,257	1,701	41,354
Administration	329,516	317,774	11,742	377,463
Legal	80,000	134,160	(54,160)	85,518
Tax collector	93,828	94,156	(328)	87,862
Finance Director/Treasurer	128,962	123,639	5,323	113,108
Assessor	186,504	184,152	2,352	167,383
Town Clerk	113,892	112,903	989	100,115
Elections	16,850	14,739	2,111	19,200
Planning	141,583	136,076	5,507	128,395
Code enforcement	186,409	177,630	8,779	181,218
Building maintenance	108,570	116,943	(8,373)	107,806
Planning, Zoning and Registration Boards	47,515	51,589	(4,074)	42,410
Miscellaneous	16,369	4,758	11,611	9,721
Contingency	41,602	15,991	25,611	100,194
Insurances	386,200	325,104	61,096	351,777
<b>Total general government</b>	<b>1,921,758</b>	<b>1,851,871</b>	<b>69,887</b>	<b>1,913,524</b>
<b>Public works:</b>				
General	1,597,114	1,696,363	(99,249)	1,618,224
<b>Total public works</b>	<b>1,597,114</b>	<b>1,696,363</b>	<b>(99,249)</b>	<b>1,618,224</b>
<b>Sanitation:</b>				
Treatment plant	1,081,935	1,073,636	8,299	1,011,775
Solid waste	565,000	569,185	(4,185)	529,610
Comfort station	7,500	1,855	5,645	1,395
<b>Total sanitation</b>	<b>1,654,435</b>	<b>1,644,676</b>	<b>9,759</b>	<b>1,542,780</b>
<b>Public safety:</b>				
Police department	1,924,820	1,885,300	39,520	1,763,220
Parking enforcement	60,673	59,184	1,489	51,631
Communication center	500,209	481,854	18,355	452,390
Emergency management	1,215	285	930	-
Animal control	5,225	6,473	(1,248)	59,968
Public safety complex	84,700	78,587	6,113	70,514
Lifeguards	119,370	119,297	73	114,541
Fire/rescue department	1,408,320	1,459,036	(50,716)	1,350,633
Hydrants	125,000	125,319	(319)	113,052
Street lights	228,000	214,629	13,371	202,913
<b>Total public safety</b>	<b>4,457,532</b>	<b>4,429,964</b>	<b>27,568</b>	<b>4,178,862</b>

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis, Continued**

	2009		Variance positive (negative)	2008 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Recreation, culture and agencies:				
Recreation	\$ 233,504	238,579	(5,075)	209,475
Conservation Commission	97,756	104,665	(6,909)	4,238
Donations to provider agencies	38,575	38,496	79	37,491
Memorial Library	227,773	227,773	-	187,125
Historical Society	14,000	13,037	963	12,133
Transit Committee subsidy	64,000	64,000	-	55,000
<b>Total recreation, culture and agencies</b>	<b>675,608</b>	<b>686,550</b>	<b>(10,942)</b>	<b>505,462</b>
Health and welfare:				
General assistance	77,395	101,475	(24,080)	74,298
<b>Total health and welfare</b>	<b>77,395</b>	<b>101,475</b>	<b>(24,080)</b>	<b>74,298</b>
<b>Education</b>	<b>9,969,391</b>	<b>9,938,754</b>	<b>30,637</b>	<b>9,607,045</b>
<b>Intergovernmental - county tax</b>	<b>739,574</b>	<b>736,279</b>	<b>3,295</b>	<b>599,834</b>
<b>Abatements and write offs</b>	<b>40,000</b>	<b>53,165</b>	<b>(13,165)</b>	<b>46,508</b>
Debt service:				
Principal	1,555,000	1,299,946	255,054	1,150,000
Interest	469,570	426,983	42,587	371,034
<b>Total debt service</b>	<b>2,024,570</b>	<b>1,726,929</b>	<b>297,641</b>	<b>1,521,034</b>
Capital outlays:				
Comprehensive plan update	30,000	2,400	27,600	1,529
Computer system upgrade	60,000	28,230	31,770	12,917
Video production equipment	-	-	-	4,091
Town Clerk records archive	30,000	6,217	23,783	-
Town Hall improvements	50,000	28,471	21,529	-
Town Hall vehicles	-	-	-	29,250
Ballpark improvements	25,000	17,547	7,453	-
Police equipment and vehicles	-	-	-	110,230
Facility Improvements-Public Safety	25,000	11,291	13,709	-
Police cell block improvements	50,000	33,199	16,801	-
Rescue hydraulic stretcher	-	-	-	10,030
SCBA equipment	-	-	-	16,132
GIS program	80,000	79,984	16	89,017
Road maint./improvements	200,000	205,596	(5,596)	687,342
Sidewalk maint./improvements	-	-	-	88,536
Public works vehicles	225,000	-	225,000	132,954
Public works building Improvement	50,000	11,890	38,110	31,161
Public works stormwater maintenance	30,000	23,453	6,547	-
Sewer maintenance/improvement	-	-	-	189,536
Treatment plant equipment	100,000	87,724	12,276	162,758
Recreation vehicle	-	-	-	11,715
Expenditures from designated fund balance	1,064,958	536,197	528,761	346,419
Expenditures from undesignated fund balance	-	156,272	(156,272)	(8,778)
<b>Total capital outlays</b>	<b>2,019,958</b>	<b>1,228,471</b>	<b>791,487</b>	<b>1,914,839</b>
<b>Total expenditures</b>	<b>25,177,335</b>	<b>24,094,497</b>	<b>1,082,838</b>	<b>23,522,410</b>

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis, Continued**

	2009		Variance positive (negative)	2008 Actual
	Budget	Actual		
Excess (deficiency) of revenues over (under) expenditures	\$ (2,050,202)	(770,270)	1,279,932	(444,384)
Other financing sources (uses):				
Transfers - in	434,334	434,334	-	459,334
Transfers - out	(79,090)	(88,620)	(9,530)	(74,180)
Utilization of prior year fund balance	1,694,958	-	(1,694,958)	-
Total other financing sources (uses)	2,050,202	345,714	(1,704,488)	385,154
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(424,556)	(424,556)	(59,230)
Reconciliation to GAAP (Statement 4):				
Less: Prior year encumbrances		(12,110)		(34,490)
Increase in school summer salaries		(28,237)		(3,416)
Add: Current year encumbrances		5,126		12,110
Net change in fund balance		(459,777)		(85,026)
Fund balance, beginning of year		5,880,958		5,965,984
Fund balance, end of year	\$	5,421,181		5,880,958

**ALL OTHER GOVERNMENTAL FUNDS**

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Combining Balance Sheet**  
**All Other Governmental Funds**  
**June 30, 2009**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Accounts receivable	\$ -	-	-
Interfund loans receivable	547,792	4,035,865	4,583,657
<b>Total assets</b>	<b>\$ 547,792</b>	<b>4,035,865</b>	<b>4,583,657</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and payroll withholdings	2,202	56,522	58,724
Interfund loans payable	73,130	29,276	102,406
<b>Total liabilities</b>	<b>75,332</b>	<b>85,798</b>	<b>161,130</b>
<b>Fund balances:</b>			
<b>Unreserved:</b>			
Undesignated	472,460	3,950,067	4,422,527
<b>Total fund balances</b>	<b>472,460</b>	<b>3,950,067</b>	<b>4,422,527</b>
<b>Total liabilities and fund balances</b>	<b>\$ 547,792</b>	<b>4,035,865</b>	<b>4,583,657</b>

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Other Governmental Funds**  
**For the Year Ended June 30, 2009**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Other Governmental Funds
<b>Revenues:</b>			
Taxes	\$ -	206,334	206,334
Licenses, permits and fees	209,259	-	209,259
Intergovernmental	-	240,047	240,047
Program income	154,994	-	154,994
Other revenues	1,751	-	1,751
<b>Total revenues</b>	<b>366,004</b>	<b>446,381</b>	<b>812,385</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Recreation, culture and agencies	148,071	-	148,071
Unclassified	31,831	-	31,831
Capital outlays	-	269,861	269,861
<b>Total expenditures</b>	<b>179,902</b>	<b>269,861</b>	<b>449,763</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>186,102</b>	<b>176,520</b>	<b>362,622</b>
<b>Other financing sources (uses):</b>			
Transfers - in	9,530	-	9,530
Transfers - out	(3,000)	(206,334)	(209,334)
Proceeds from Sale of bond	-	4,100,000	4,100,000
<b>Total other financing sources (uses)</b>	<b>6,530</b>	<b>3,893,666</b>	<b>3,900,196</b>
<b>Net change in fund balances</b>	<b>192,632</b>	<b>4,070,186</b>	<b>4,262,818</b>
<b>Fund balances (deficit), beginning of year</b>	<b>279,828</b>	<b>(120,119)</b>	<b>159,709</b>
<b>Fund balances, end of year</b>	<b>\$ 472,460</b>	<b>3,950,067</b>	<b>4,422,527</b>

**NONMAJOR SPECIAL REVENUE FUNDS**

TOWN OF OLD ORCHARD BEACH, MAINE  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet

June 30, 2009

(with comparative totals for June 30, 2008)

	Special Dog Fund		Police Grants Fund		Sewer Special Revenue		Gateway Grant Fund		Canopy Grant Fund		Playground Grant Fund		Conservation Tree Grant Fund		CDBG Grant Fund		Smithwheel Impact Fees		Totals		
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	
<b>ASSETS</b>																					
Assets:																					
Interfund loans receivable	\$ -	\$ -	4,089	11,788	462,648	462,648	-	-	-	-	467	467	-	-	-	-	68,800	68,800	547,792	372,041	
<b>Total assets</b>	\$ -	\$ -	4,089	11,788	462,648	462,648	-	-	-	-	467	467	-	-	-	-	68,800	68,800	547,792	372,041	
<b>LIABILITIES AND FUND BALANCES</b>																					
Liabilities:																					
Accounts payable and payroll withholdings	1,923	-	-	-	-	-	-	-	279	-	-	-	-	-	-	-	-	-	2,202	5,236	
Interfund loans payable	73,053	-	-	-	-	-	-	-	-	-	-	-	-	-	77	-	-	-	73,130	86,977	
Total liabilities	74,976	-	-	-	-	-	-	-	279	-	-	-	-	-	77	-	-	-	75,332	92,213	
Fund balances:																					
Unreserved:																					
Undesignated	(74,976)	4,089	11,788	462,648	-	-	(279)	467	467	68,800	472,460	279,828	-	-	(77)	-	-	-	68,800	472,460	
Total fund balances (deficit)	(74,976)	4,089	11,788	462,648	-	-	(279)	467	467	68,800	472,460	279,828	-	-	(77)	-	-	-	68,800	472,460	
<b>Total liabilities and fund balances</b>	\$ -	\$ -	4,089	11,788	462,648	462,648	-	-	-	-	467	467	-	-	-	-	68,800	68,800	547,792	372,041	

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2009**  
 (with comparative totals for the year ended June 30, 2008)

	Special		Police		Sewer		Gateway		Canopy		Playground		Conservation		CDBG		Smithwheel		Totals		
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund
<b>Revenues:</b>																					
Licenses and permits:																					
Dog fees	-	4,209	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,209	-	3,341
Ordinance fees and assessments	-	-	-	-	205,050	-	-	-	-	-	-	-	-	-	-	-	-	-	205,050	-	16,800
Total licenses and permits	-	4,209	-	-	205,050	-	-	-	-	-	-	-	-	-	-	-	-	-	209,259	-	20,141
<b>Intergovernmental:</b>																					
Federal grants and commodities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,244
Total intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,244
<b>Other revenues:</b>																					
Recreation programs	154,994	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	154,994	-	172,117
Other	-	-	500	-	-	-	784	-	-	-	467	-	-	-	-	-	-	-	1,751	-	10,741
Total other revenues	154,994	-	500	-	-	-	784	-	-	-	467	-	-	-	-	-	-	-	156,745	-	182,858
Total revenues	154,994	4,209	500	500	205,050	784	784	-	279	-	467	-	-	-	-	-	-	-	366,004	-	241,243
<b>Expenditures:</b>																					
Recreation	148,071	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	148,071	-	182,467
Unclassified	-	-	(25)	31,500	-	-	-	-	279	-	-	-	-	-	77	-	-	-	31,831	-	49,024
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	148,071	-	(25)	31,500	-	-	-	-	279	-	-	-	-	-	77	-	-	-	179,902	-	231,491
Excess (deficiency) of revenues over (under) expenditures	6,923	4,209	525	173,550	784	(279)	467	-	(77)	-	-	-	-	-	-	-	-	-	186,102	-	9,752
<b>Other financing sources (uses):</b>																					
Transfers - in	-	-	-	-	-	-	6,013	-	-	-	3,517	-	-	-	-	-	-	-	9,530	-	-
Transfers - out	-	(3,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,000)	-	(3,000)
Total other financing sources (uses)	-	(3,000)	-	-	-	-	6,013	-	-	-	3,517	-	-	-	-	-	-	-	6,530	-	(3,000)
Net change in fund balances	6,923	1,209	525	173,550	784	(279)	6,480	3,517	(77)	-	-	-	-	-	-	-	-	-	192,632	-	6,752
Fund balances (deficit), beginning of year	(81,899)	2,880	11,263	289,098	(784)	-	(6,013)	(3,517)	-	-	-	-	-	-	-	-	-	-	68,800	279,828	273,076
Fund balances (deficit), end of year	\$ (74,976)	4,089	11,788	462,648	-	(279)	467	(77)	68,800	472,460	279,828	273,076	279,828	279,828	279,828	279,828	279,828	279,828	279,828	279,828	279,828

**NONMAJOR CAPITAL PROJECT FUNDS**

TOWN OF OLD ORCHARD BEACH, MAINE  
 Nonmajor Capital Project Funds  
 Combining Balance Sheet  
 June 30, 2009

(with comparative totals for June 30, 2008)

	Landfill Closure	Downtown TIF	FEMA Fund	West Grand Stormwater	Summit St Sewer	Ross Rd Culvert	Ocean/Seaview Sewer	Halfway Roundabout	West Grand Pump Station	Totals
	2009	2009	2009	2009	2009	2009	2009	2009	2009	2008
<b>ASSETS</b>										
Accounts receivable	\$ -	-	-	-	-	-	-	-	-	-
Interfund loans receivable	2,526	-	-	1,821,993	896,961	342,293	772,727	199,365	-	4,035,865
<b>Total assets</b>	<b>\$ 2,526</b>	<b>-</b>	<b>-</b>	<b>1,821,993</b>	<b>896,961</b>	<b>342,293</b>	<b>772,727</b>	<b>199,365</b>	<b>-</b>	<b>4,035,865</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts payable and payroll withholdings	1,721	-	-	10,309	2,145	3,403	16,431	-	22,513	56,522
Interfund loans payable	-	-	-	-	-	-	-	-	29,276	29,276
<b>Total liabilities</b>	<b>1,721</b>	<b>-</b>	<b>-</b>	<b>10,309</b>	<b>2,145</b>	<b>3,403</b>	<b>16,431</b>	<b>-</b>	<b>51,789</b>	<b>85,798</b>
<b>Fund balances:</b>										
<b>Unreserved:</b>										
Undesignated	805	-	-	1,811,684	894,816	338,890	756,296	199,365	(51,789)	3,950,067
<b>Total fund balances (deficit)</b>	<b>805</b>	<b>-</b>	<b>-</b>	<b>1,811,684</b>	<b>894,816</b>	<b>338,890</b>	<b>756,296</b>	<b>199,365</b>	<b>(51,789)</b>	<b>3,950,067</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,526</b>	<b>-</b>	<b>-</b>	<b>1,821,993</b>	<b>896,961</b>	<b>342,293</b>	<b>772,727</b>	<b>199,365</b>	<b>-</b>	<b>4,035,865</b>
										<b>2,526</b>



TOWN OF OLD ORCHARD BEACH, MAINE  
Capital Project Funds

Cumulative Statement of Revenues and Expenditures  
Beginning of project to June 30, 2009

	Landfill Closure	Downtown TIF	FEMA Fund	West Grand Stormwater	Summit St Sewer	Ross Rd Culvert	Ocean/Seaview Sewer	Halfway Roundabout	West Grand Pump Station
<b>Revenues:</b>									
Property taxes	\$ -	2,679,149	-	-	-	-	-	-	-
Grant proceeds	186,681	628,115	1,387,213	-	-	-	17,572	-	-
Investment income	3,624	121,511	-	-	-	-	-	-	-
Sewer reimbursements	-	-	-	-	-	-	-	-	-
Other revenues	150	183,671	168,892	-	-	-	-	-	-
<b>Total revenues</b>	<b>190,455</b>	<b>3,612,446</b>	<b>1,556,105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,572</b>	<b>-</b>	<b>-</b>
<b>Expenditures:</b>									
<b>Capital improvements:</b>									
Engineering costs	2,282	360,124	198,171	34,316	3,864	10,818	60,984	-	29,185
Consultant costs	18,900	-	-	-	440	-	-	-	-
Construction costs	122,513	3,762,086	1,277,823	-	-	-	-	-	-
Equipment and associated expenses	41,631	-	4,850	-	-	-	-	-	22,513
Town labor and equipment	61,231	-	-	-	-	-	-	-	-
Miscellaneous	4,746	292,293	126,325	4,000	880	292	292	635	91
Debt service	-	3,677,633	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>251,303</b>	<b>8,092,136</b>	<b>1,607,169</b>	<b>38,316</b>	<b>5,184</b>	<b>11,110</b>	<b>61,276</b>	<b>635</b>	<b>51,789</b>
<b>Deficiency of revenues under expenditures</b>	<b>(60,848)</b>	<b>(4,479,690)</b>	<b>(51,064)</b>	<b>(38,316)</b>	<b>(5,184)</b>	<b>(11,110)</b>	<b>(43,704)</b>	<b>(635)</b>	<b>(51,789)</b>
<b>Other financing sources:</b>									
Transfers - in	61,653	1,079,690	51,064	-	-	-	-	-	-
Proceeds of general obligation bonds	-	3,400,000	-	1,850,000	900,000	350,000	800,000	200,000	-
<b>Total other financing sources</b>	<b>61,653</b>	<b>4,479,690</b>	<b>51,064</b>	<b>1,850,000</b>	<b>900,000</b>	<b>350,000</b>	<b>800,000</b>	<b>200,000</b>	<b>-</b>
<b>Cumulative excess (deficiency) of revenues and other sources over (under) expenditures</b>	<b>\$ 805</b>	<b>-</b>	<b>-</b>	<b>1,811,684</b>	<b>894,816</b>	<b>338,890</b>	<b>756,296</b>	<b>199,365</b>	<b>(51,789)</b>

**PRIVATE-PURPOSE TRUST FUNDS**

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Private-purpose Trust Funds**  
**Comparative Statement of Fiduciary Net Assets**  
**June 30, 2009**

	Total	
	2009	2008
<b>ASSETS</b>		
Investments	\$ 494,575	569,111
<b>Total assets</b>	<b>\$ 494,575</b>	<b>569,111</b>
<b>NET ASSETS</b>		
Unreserved:		
Principal	279,293	279,293
Unexpended income	215,282	289,818
<b>Total net assets</b>	<b>\$ 494,575</b>	<b>569,111</b>

TOWN OF OLD ORCHARD BEACH, MAINE  
 Private-purpose Trust Funds  
 Statement of Changes in Fiduciary Net Assets  
 For the Year Ended June 30, 2009

	Net assets beginning of year		Additions		Deductions		Net assets end of year			
	Principal	Unexpended income	Total	Investment income	Unrealized gains and (losses)	Contributions and other receipts	Expenses	Principal	Unexpended income	Total
Old Orchard Beach High School Scholarship	\$ 279,293	289,818	569,111	39,275	(60,518)	-	53,293	279,293	215,282	494,575
Totals	\$ 279,293	289,818	569,111	39,275	(60,518)	-	53,293	279,293	215,282	494,575

**LONG-TERM DEBT**

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Statement of Changes in Long-term Debt**  
**For the Year Ended June 30, 2009**

	Interest rate	Final maturity date	Annual principal payments	Amounts authorized	Issued previous years	Retired previous years	Current Period		Balance beginning of year	Balance end of year
							Issued	Retired		
<u>General Obligation Bonds</u>										
<u>Town issues:</u>										
1989 Capital improvement bond	7.45 - 7.75%	2009	\$ 40,000	1,840,000	1,840,000	1,760,000	-	40,000	80,000	40,000
1998 General obligation - refunding bond	4.15 - 5.2%	2018	Various	5,975,000	5,975,000	2,930,000	-	495,000	3,045,000	2,550,000
2003 General obligation - refunding bond	2.0 - 4.5%	2023	Various	7,520,000	7,520,000	2,365,000	-	755,000	5,155,000	4,400,000
2009 General obligation bond	4.965%	2,028	Various	4,100,000	-	-	4,100,000	-	-	4,100,000
2009 Sewer revolving loan fund	1.900%	2028	60,000	1,200,000	-	-	1,200,000	-	-	1,200,000
<b>Total general obligation bonds</b>				<b>15,335,000</b>	<b>15,335,000</b>	<b>7,055,000</b>	<b>5,300,000</b>	<b>1,290,000</b>	<b>8,280,000</b>	<b>12,290,000</b>
<b>Total long-term debt</b>				<b>\$ 15,335,000</b>	<b>7,055,000</b>	<b>7,055,000</b>	<b>5,300,000</b>	<b>1,290,000</b>	<b>8,280,000</b>	<b>12,290,000</b>

**CAPITAL ASSETS USED IN THE OPERATION OF  
GOVERNMENTAL FUNDS**

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Capital Assets Used in the Operation of Governmental Funds - By Source**  
**June 30, 2009**

<hr/>		
Capital assets:		
Land and buildings	\$	11,572,552
Equipment		3,820,810
Vehicles		5,458,525
Infrastructure		17,854,767
<hr/>		
<b>Total governmental fund capital assets</b>	<b>\$</b>	<b>38,706,654</b>
<hr/>		
Investments in capital assets by source:		
General Fund		38,706,654
Capital Project Funds		-
<hr/>		
<b>Total governmental fund capital assets by source</b>	<b>\$</b>	<b>38,706,654</b>
<hr/>		

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Schedule of Capital Assets used in the Operation of Governmental Funds - By Function and Activity**  
**June 30, 2009**

Function and Activity	Land and Buildings	Construction in Progress	Equipment	Vehicles	Infrastructure	Total
Town Hall	\$ 1,011,923	-	289,566	102,964	-	1,404,453
Public Works	1,268,344	-	266,998	2,370,846	13,612,637	17,518,825
Waste Water	2,925,331	89,530	1,708,018	289,370	4,242,130	9,254,379
Compost/Transfer Facility	304,550	-	-	-	-	304,550
Comfort Station	167,277	-	-	-	-	167,277
Police Department	439,224	-	394,839	493,934	-	1,327,997
Fire and Rescue	-	-	159,205	1,902,769	-	2,061,974
School Department	5,093,830	-	1,002,184	298,642	-	6,394,656
Tidal Gates	54,394	-	-	-	-	54,394
Animal Facility	826	-	-	-	-	826
Train Platform	306,853	-	-	-	-	306,853
<b>Total governmental fund capital assets</b>	<b>\$ 11,572,552</b>	<b>89,530</b>	<b>3,820,810</b>	<b>5,458,525</b>	<b>17,854,767</b>	<b>38,796,184</b>

## Exhibit G-3

**Schedule of Changes in Governmental Funds Capital Assets - By Function and Activity**  
**For the Year Ended June 30, 2009**

Function and Activity	Balance 2008	Additions	Deletions	Balance 2009
Town Hall	\$ 1,394,583	23,925	14,055	1,404,453
Public Works	17,280,496	238,329	-	17,518,825
Waste Water	9,164,849	89,530	-	9,254,379
Compost/Transfer Facility	304,550	-	-	304,550
Comfort Station	167,277	-	-	167,277
Police Department	1,303,997	24,000	-	1,327,997
Fire and Rescue	1,656,385	405,589	-	2,061,974
School Department	6,394,656	-	-	6,394,656
Tidal Gates	54,394	-	-	54,394
Animal Facility	826	-	-	826
Train Platform	306,853	-	-	306,853
<b>Totals</b>	<b>\$ 38,028,866</b>	<b>781,373</b>	<b>14,055</b>	<b>38,796,184</b>



Table 1

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Revenues, Expenditures, and Changes in Fund Balances -**  
**General Fund - GAAP Basis**  
**Last Ten Fiscal Years**

	2000	2001	2002+	2003+	2004+	2005+	2006+	2007+	2008+	2009+
<b>Revenues:</b>										
Property taxes	\$ 12,020,115	12,234,946	13,199,080	14,676,830	15,043,333	15,535,851	16,265,640	17,208,689	17,749,257	18,682,705
Other taxes	1,251,905	1,283,991	1,481,602	1,535,620	1,658,127	1,787,674	1,649,581	1,684,326	1,691,863	1,687,245
Licenses and permits	199,398	244,333	575,411	657,588	787,862	1,120,948	1,164,742	1,132,286	940,062	963,141
Intergovernmental revenues	3,451,608	3,481,271	3,420,726	3,104,603	2,744,653	2,378,948	2,470,827	2,174,858	2,210,043	1,486,209
Investment income	284,785	355,894	160,005	89,177	97,957	134,125	224,977	343,844	352,740	150,912
Other revenues	368,800	367,469	51,589	37,752	183,408	232,794	92,151	195,742	134,061	354,015
<b>Total revenues</b>	<b>17,576,611</b>	<b>17,967,904</b>	<b>18,888,413</b>	<b>20,101,570</b>	<b>20,515,340</b>	<b>21,190,340</b>	<b>21,867,918</b>	<b>22,739,745</b>	<b>23,078,026</b>	<b>23,324,227</b>
<b>Expenditures:</b>										
General government	827,762	888,028	2,242,861	1,523,897	1,842,364	1,855,934	1,797,347	1,761,598	1,913,524	1,851,871
Public works	595,624	672,082	714,867	941,985	1,005,234	1,059,881	1,127,144	1,482,509	1,618,224	1,696,363
Sanitation	1,228,623	1,301,527	1,400,267	1,684,667	1,576,873	1,455,194	1,677,526	1,496,170	1,542,780	1,644,676
Public safety	2,254,987	2,708,389	2,662,228	3,383,987	3,543,140	3,670,572	3,844,767	4,044,087	4,178,862	4,429,964
Recreation, culture and agencies	54,812	68,317	274,752	287,190	332,191	386,875	443,249	471,937	505,462	686,550
Health and welfare	43,477	41,116	55,649	56,515	62,202	80,503	70,732	76,463	74,298	101,475
Education	7,980,650	8,270,240	8,717,626	8,821,298	8,614,579	8,965,400	9,032,509	9,212,617	9,632,841	9,973,975
Debt service (excluding education)	1,577,472	1,766,217	1,635,917	1,621,046	1,561,729	1,238,346	1,616,746	1,543,678	1,521,034	1,726,929
Employee benefits and insurance	927,214	1,136,922	-	-	-	-	-	-	-	-
Capital outlays	535,167	1,137,159	533,291	778,051	1,149,814	1,937,383	2,710,375	2,242,068	1,914,839	1,228,471
Other	481,960	297,940	444,627	494,758	367,993	527,990	599,307	621,893	646,342	789,444
<b>Total expenditures</b>	<b>16,507,748</b>	<b>18,287,937</b>	<b>18,682,085</b>	<b>19,593,394</b>	<b>20,056,119</b>	<b>21,178,078</b>	<b>22,919,702</b>	<b>22,953,020</b>	<b>23,548,206</b>	<b>24,129,718</b>
Other financing sources	204,000	445,037	304,869	299,374	7,826,334	309,334	434,334	434,334	459,334	434,334
Other financing uses	(522,529)	(634,320)	(356,000)	(75,638)	(7,342,491)	(56,180)	(59,680)	(65,680)	(74,180)	(88,620)
<b>Net change in fund balances</b>	<b>750,334</b>	<b>(509,316)</b>	<b>155,197</b>	<b>731,912</b>	<b>943,064</b>	<b>265,416</b>	<b>(677,130)</b>	<b>155,379</b>	<b>(85,026)</b>	<b>(459,777)</b>
Fund balances, beginning	4,008,053	4,758,387	4,249,071	4,404,268	5,136,180	6,222,319	6,487,735	5,810,605	5,965,984	5,880,958
<b>Fund balances, ending</b>	<b>\$ 4,758,387</b>	<b>4,249,071</b>	<b>4,404,268</b>	<b>5,136,180</b>	<b>6,079,244</b>	<b>6,487,735</b>	<b>5,810,605</b>	<b>5,965,984</b>	<b>5,880,958</b>	<b>5,421,181</b>

+ Beginning in 2002, some classifications have been changed to better conform to reporting requirements under GASB 34.

Employee benefits and insurances have been allocated to department expenditures.

++ includes a prior period adjustment.

Table 2

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Year	Current		Collection		Total		Total current		Total		Percent of delinquent taxes and liens to tax levy
	tax levy	tax levy	Delinquent tax	Total	year collections as a percent of total tax levy	collections as a percent of total tax levy	outstanding June 30,	collections as a percent of total tax levy	outstanding June 30,		
2000	\$ 12,031,301	11,578,169	551,756	12,129,925	96.23%	100.82%	912,496	7.58%			
2001	12,579,926	12,066,392	381,531	12,447,923	95.92%	98.95%	984,499	7.83%			
2002	13,296,446	12,876,295	504,220	13,380,515	96.84%	100.63%	898,153	6.75%			
2003	14,955,562	14,335,676	484,339	14,820,015	95.86%	99.09%	1,050,437	7.02%			
2004	15,356,300	14,975,298	681,477	15,656,775	97.52%	101.96%	833,776	5.43%			
2005	15,707,863	15,320,115	429,348	15,749,463	97.53%	100.26%	842,318	5.36%			
2006	16,606,072	16,183,713	455,240	16,638,953	97.46%	100.20%	905,428	5.45%			
2007	17,503,035	16,997,147	455,329	17,452,476	97.11%	99.71%	1,016,033	5.80%			
2008	18,118,387	17,505,853	391,071	17,896,924	96.62%	98.78%	1,237,496	6.83%			
2009	18,959,656	18,453,482	338,884	18,792,366	97.33%	99.12%	1,188,126	6.27%			

Table 3

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Year	Assessed Value			Estimated actual value	Ratio of total assessed value to total actual value		State equalized valuation	Ratio of total assessed value to state equalized value
	Real	Personal	Total		assessed value to total actual value	State equalized valuation		
2000	\$ 506,579,300	15,989,927	522,569,227	533,233,905	98.00%	533,700,000	97.91%	
2001	531,735,300	17,620,800	549,356,100	560,567,449	98.00%	560,550,000	98.00%	
2002	560,259,200	18,432,350	578,691,550	609,149,000	95.00%	623,600,000	92.80%	
2003	776,373,600	19,692,966	796,066,566	796,066,566	100.00%	697,300,000	114.16%	
2004	779,156,600	20,500,743	799,657,343	799,657,343	100.00%	786,450,000	101.68%	
2005	812,166,500	20,816,750	832,983,250	832,983,250	100.00%	969,950,000	85.88%	
2006*	1,206,181,200	21,605,000	1,227,786,200	1,227,786,200	100.00%	1,150,850,000	106.69%	
2007	1,289,869,400	23,392,100	1,313,261,500	1,313,261,500	100.00%	1,368,350,000	95.97%	
2008	1,418,164,600	23,691,240	1,441,855,840	1,441,855,840	100.00%	1,565,250,000	92.12%	
2009	1,439,858,170	25,294,968	1,465,153,138	1,465,153,138	100.00%	1,575,350,000	93.00%	

\* The Town did a revaluation that became effective in 2006.

Table 4

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Property Tax Rates - All Overlapping Governments**  
**(Per \$1,000 of Assessed Value)**  
**Last Ten Fiscal Years**

Year	Total	Town	School	County	Water quality control
2000	23.65	10.48	11.52	0.44	1.21
2001	23.40	10.66	11.21	0.31	1.22
2002*	24.40	8.68	11.87	0.68	3.17
2003	20.10	7.65	9.33	0.65	2.47
2004	20.10	6.67	9.64	0.59	3.20
2005	20.10	7.57	9.71	0.59	2.23
2006**	13.50	5.10	6.26	0.44	1.70
2007	13.32	5.20	6.09	0.44	1.59
2008	12.56	4.73	5.94	0.43	1.46
2009	12.94	4.85	6.40	0.40	1.29

\* Beginning in 2002, the rate for Water Quality Control is calculated on all expenses related to Wastewater Treatment, including related debt service.

\*\* The Town did a revaluation that became effective in 2006.

Table 5

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Ratio of General Bonded Debt to Assessed Value**  
**and General Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

	Estimated population	Assessed value (in thousands)	Gross bonded debt (1)	Ratio of		Gross bonded debt per capita	Estimated average population (2)	Gross bonded debt per estimated average population
				gross bonded debt to assessed value	gross bonded debt per capita			
2000	7,790	\$ 522,569	16,313,185	3.12%	2,094	24,457	667	
2001	8,800	549,356	15,074,469	2.74%	1,713	25,467	592	
2002	8,800	578,692	13,904,562	2.40%	1,580	25,467	546	
2003	8,800	796,067	13,034,440	1.64%	1,481	25,467	512	
2004	8,800	799,657	12,420,000	1.55%	1,411	25,467	488	
2005	8,800	832,983	11,740,000	1.41%	1,334	25,467	461	
2006	8,800	1,227,786	10,565,000	0.86%	1,201	25,467	415	
2007	8,800	1,313,262	9,430,000	0.72%	1,072	25,467	370	
2008	8,800	1,441,856	8,280,000	0.57%	941	25,467	325	
2009	8,800	1,465,153	12,290,000	0.84%	1,397	25,467	483	

(1) Includes all long-term general obligation debt excluding accrued vacation and sick leave. Certain school debt is reimbursed by the State of Maine.

(2) Includes estimated population for twelve months plus 100,000 seasonal population for two months.

Table 6

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Ratio of Annual Debt Service Expenditures for**  
**General Bonded Debt to Total General Fund Expenditures**  
**Last Ten Years**

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total debt service</b>	<b>Total General Fund expenditures</b>	<b>Ratio of debt service to total General Fund expenditures</b>
2000	\$ 938,538	638,934	1,577,472	16,455,506	9.59%
2001	916,699	849,518	1,766,217	18,424,005	9.59%
2002	836,630	799,287	1,635,917	18,509,600	8.84%
2003	870,122	750,924	1,621,046	19,596,364	8.27%
2004	880,000	681,729	1,561,729	20,153,706	7.75%
2005	680,000	558,346	1,238,346	21,154,646	5.85%
2006	1,175,000	441,746	1,616,746	22,807,881	7.09%
2007	1,135,000	408,678	1,543,678	22,850,277	6.76%
2008	1,150,000	371,034	1,521,034	23,512,985	6.47%
2009	1,299,946	426,983	1,726,929	24,106,607	7.16%

Table 7

**TOWN OF OLD ORCHARD BEACH, MAINE**  
**Ten Largest Taxpayers**  
**For the year ended June 30, 2009**

Name	Type of Operation	Taxes	% of Net Tax Levy
Pinehirst RV Resort	Resort	\$ 70,615	0.37%
Birch Ridge Limited	Apartments	65,881	0.35%
Central Maine Power	Utility	64,034	0.34%
Powderhorn Family Camping Resort	Resort	62,442	0.33%
Palace Playland Association	Amusements	58,495	0.31%
Donavan, Daniel T & John W	Hotel	52,505	0.28%
Dominator Golf LLC	Golf Course	51,415	0.27%
Portland Ave Associates	Hotel	49,642	0.26%
Wild Acres LLC	Resort	48,392	0.26%
DEL Associates	Elderly Housing	44,647	0.24%

**BALLPARK**  
**EXPLANATION OF ACCOUNTS AND ACTIVITY**  
**FY 2009 THROUGH SEPTEMBER 16<sup>TH</sup>, 2010**

**FY 2009**

In FY 2009 ( July 1, 2008 to June 30, 2009) the Town Council appropriated \$25,000 in the General Fund to the Ballpark for safety improvements. This money was accounted for in the Town's financial statement under account number 20201-50804 which was listed in the CIP-General Government. I have attached a report (Exhibit 1) that shows the budgeted amount, the expenditures and the balance at the end of FY 2009. There was a balance at the end of FY 2009 of \$7,452.92. This amount was carried forward into FY 2010.

**FY 2010**

In FY 2010( July 1, 2009 to June 30, 2010) the Town Council again appropriated \$25,000 in the General Fund to the Ballpark, added to the \$7,452.92 that was carried forward from FY 2009, the total available in the General Fund was \$32,452.92. This money was accounted for in the Town's financial statement under account number 20201-50804 which was listed in the CIP-General Government. I have attached a report (Exhibit 2) that shows the budgeted amount, the expenditures and the balance of zero at the end of FY 2010.

Also during FY 2010 the friends of the ballpark also started doing fund raising and volunteer work at the ballpark. At this time I set up a fund call the Ballpark Restoration Fund, which is a special revenue fund dedicated to the ballpark. I set up various different revenue accounts to keep track of all of the different types of revenue that were going to be coming in and I set up operating accounts for expenditures. All donations were deposited to this fund including a \$25,000 transfer the Town Council made to the Ballpark in March of 2010. In the spring of FY 2010 as the ballpark began to host events there were other revenues that started coming in and they were also deposited in their respective accounts. Expenditures related to the operations of the ballpark were also posted to these accounts. I have attached a report (Exhibit 3) that shows all revenues and expenditures and the fund balance at the end of the year.

The Fund Balance at the end of FY2010 becomes the beginning Fund Balance for FY 2011.

**FY 2011**

In FY 2011 the Ballpark Fund started with a Fund Balance of \$2,579.36. I have attached three reports for FY 2011, July (Exhibit 4), August (Exhibit 5) and September(Exhibit 6) (through the 16<sup>th</sup>). These reports show the cumulative activity for the current fiscal year. As of September 16, 2010, the Ballpark had a fund equity of \$3,306.11.

**BALLPARK**  
**General Fund Appropriations**  
**and Breakdown of Expenditures**  
**FY 2009**

Budgeted in General Fund \$ 25,000.00

Expenditures:

Deering Lumber	\$ 725.32
ABC Supply (Roof)	\$ 12,000.00
Lowe's	\$ 2,321.76
Winding Brook Turf Farm (Sod)	\$ 2,500.00

Total Expenditures \$ 17,547.08

**BALANCE FY 09** **\$ 7,452.92**

This amount was carried forward to FY 2010

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**BALLPARK**  
**General Fund Appropriations**  
**and Breakdown of Expenditures**  
**FY 2010**

CarryForward from Fy 2009	\$ 7,452.92
Budgeted in General Fund	<u>\$ 25,000.00</u>
<b>Total Available for FY 2010</b>	<b>\$ 32,452.92</b>

Expenditures:

Building Materials & Labor	\$ 16,038.75
Plumbing & Electrical	\$ 6,700.68
Paint & painting supplies	\$ 898.94
Carpeting	\$ 3,150.00
Field maintenance	\$ 3,322.00
Misc	\$ 2,007.87
Utilities	\$ 334.68
Total Expenditures	<u>\$ 32,452.92</u>
<b>BALANCE FY 10</b>	<u><u>\$ -</u></u>

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**TOWN OF OLD ORCHARD BEACH**  
**BALLPARK**  
**Combining Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**As of June 30, 2010**

	<b>Fund 214 Ballpark Restoration</b>
<b>Revenues:</b>	
Advertising income	1,700.00
Donations	38,152.58
Concession income	9,542.15
Gate Receipts	3,061.00
Field Rentals	1,665.00
Other	395.00
<b>Total revenues</b>	<b>54,515.73</b>
Reconciliation (for Finance Dept. use only)	
Revenue control to tie to above	79,515.73
Less transfers in	<u>(25,000.00)</u>
Adjusted Revenue control	<u>54,515.73</u>
Difference	0.00
<b>Expenditures:</b>	
Utilities	6,934.89
Operating Supplies	8,957.50
Ground maintenance & improvements	2,407.50
Concession Supplies	5,138.52
Ballpark Improvements	53,497.96
<b>Total expenditures</b>	<b>76,936.37</b>
Reconciliation (for Finance Dept. use only)	
Appropriation control to tie to above	76,936.37
Less nonoperating expenses	
Less transfers out	
Adjusted Appropriation Control	<u>76,936.37</u>
Difference	0.00
Excess (deficiency) of revenues over (under)	
expenditures/Operating income (loss)	(22,420.64)
<b>Nonoperating revenues (expenses):</b>	
Interest expense	0.00
<b>Total nonoperating revenue (expense)</b>	<b>0.00</b>
<b>Gain (loss) before operating transfers</b>	<b>(22,420.64)</b>
<b>Other financing sources (uses):</b>	
Transfers in	25,000.00
Transfers (out)	0.00
<b>Total other financing sources (uses)</b>	<b>25,000.00</b>
Excess (deficiency) of revenues and other	
financing sources over (under) expenditures/	
Net income (loss)	2,579.36
Fund equity/Retained earnings (deficit),	
beginning of period	0.00
<b>Fund equity/Retained earnings (deficit),</b>	
<b>end of period</b>	<b>\$ 2,579.36</b>

**TOWN OF OLD ORCHARD BEACH**  
**BALLPARK**  
**Combining Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**As of July 31, 2010**

	<b>Fund 214</b>
	<b>Ballpark</b>
	<b>Restoration</b>
<b>Revenues:</b>	
Advertising income	0.00
Donations	1,099.70
Concession income	4,615.25
Gate Receipts	0.00
Field Rentals	4,150.00
Other	0.00
<b>Total revenues</b>	<b>9,864.95</b>
Reconciliation (for Finance Dept. use only)	
Revenue control to tie to above	9,864.95
Less transfers in	0.00
Adjusted Revenue control	<u>9,864.95</u>
Difference	0.00
<b>Expenditures:</b>	
Utilities	2,966.99
Operating Supplies	315.11
Ground maintenance & improvements	0.00
Concession Supplies	1,118.30
Ballpark Improvements	1,575.20
<b>Total expenditures</b>	<b>5,975.60</b>
Reconciliation (for Finance Dept. use only)	
Appropriation control to tie to above	5,975.60
Less nonoperating expenses	
Less transfers out	
Adjusted Appropriation Control	<u>5,975.60</u>
Difference	0.00
Excess (deficiency) of revenues over (under)	
expenditures/Operating income (loss)	3,889.35
<b>Nonoperating revenues (expenses):</b>	
Interest expense	0.00
<b>Total nonoperating revenue (expense)</b>	<b>0.00</b>
<b>Gain (loss) before operating transfers</b>	<b>3,889.35</b>
<b>Other financing sources (uses):</b>	
Transfers in	0.00
Transfers (out)	0.00
<b>Total other financing sources (uses)</b>	<b>0.00</b>
Excess (deficiency) of revenues and other	
financing sources over (under) expenditures/	
Net income (loss)	3,889.35
Fund equity/Retained earnings (deficit),	
beginning of period	2,579.36
<b>Fund equity/Retained earnings (deficit),</b>	
<b>end of period</b>	<b>\$ 6,468.71</b>

**TOWN OF OLD ORCHARD BEACH**  
**BALLPARK**  
**Combining Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**As of August 31, 2010**

	<b>Fund 214</b>
	<b>Ballpark</b>
	<b>Restoration</b>
<b>Revenues:</b>	
Advertising income	0.00
Donations	1,190.70
Concession income	6,788.75
Gate Receipts	0.00
Field Rentals	4,850.00
Other	0.00
<b>Total revenues</b>	<b>12,829.45</b>
Reconciliation (for Finance Dept. use only)	
Revenue control to tie to above	12,829.45
Less transfers in	0.00
<b>Adjusted Revenue control</b>	<b>12,829.45</b>
Difference	0.00
<b>Expenditures:</b>	
Utilities	5,457.14
Advertising	965.00
Operating Supplies	315.11
Ground maintenance & improvements	2,798.54
Concession Supplies	1,622.65
Ballpark Improvements	1,939.95
<b>Total expenditures</b>	<b>13,098.39</b>
Reconciliation (for Finance Dept. use only)	
Appropriation control to tie to above	13,098.39
Less nonoperating expenses	
Less transfers out	
<b>Adjusted Appropriation Control</b>	<b>13,098.39</b>
Difference	0.00
Excess (deficiency) of revenues over (under) expenditures/Operating income (loss)	(268.94)
<b>Nonoperating revenues (expenses):</b>	
Interest expense	0.00
<b>Total nonoperating revenue (expense)</b>	<b>0.00</b>
<b>Gain (loss) before operating transfers</b>	<b>(268.94)</b>
<b>Other financing sources (uses):</b>	
Transfers in	0.00
Transfers (out)	0.00
<b>Total other financing sources (uses)</b>	<b>0.00</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/Net income (loss)	(268.94)
Fund equity/Retained earnings (deficit), beginning of period	2,579.36
<b>Fund equity/Retained earnings (deficit), end of period</b>	<b>\$ 2,310.42</b>

**TOWN OF OLD ORCHARD BEACH**  
**BALLPARK**  
**Combining Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**As of September 16, 2010**

	<b>Fund 214</b>
	<b>Ballpark</b>
	<b>Restoration</b>
<b>Revenues:</b>	
Advertising income	0.00
Donations	1,190.70
Concession income	7,048.75
Gate Receipts	0.00
Field Rentals	5,225.00
Other	775.00
<b>Total revenues</b>	<b>14,239.45</b>
<b>Reconciliation (for Finance Dept. use only)</b>	
Revenue control to tie to above	14,239.45
Less transfers in	0.00
<b>Adjusted Revenue control</b>	<b>14,239.45</b>
Difference	0.00
<b>Expenditures:</b>	
Utilities	5,596.44
Advertising	965.00
Operating Supplies	315.11
Ground maintenance & improvements	2,960.28
Concession Supplies	1,735.92
Ballpark Improvements	1,939.95
<b>Total expenditures</b>	<b>13,512.70</b>
<b>Reconciliation (for Finance Dept. use only)</b>	
Appropriation control to tie to above	13,512.70
Less nonoperating expenses	
Less transfers out	
<b>Adjusted Appropriation Control</b>	<b>13,512.70</b>
Difference	13,512.70
Excess (deficiency) of revenues over (under) expenditures/Operating income (loss)	726.75
<b>Nonoperating revenues (expenses):</b>	
Interest expense	0.00
<b>Total nonoperating revenue (expense)</b>	<b>0.00</b>
<b>Gain (loss) before operating transfers</b>	<b>726.75</b>
<b>Other financing sources (uses):</b>	
Transfers in	0.00
Transfers (out)	0.00
<b>Total other financing sources (uses)</b>	<b>0.00</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/Net income (loss)	726.75
Fund equity/Retained earnings (deficit), beginning of period	2,579.36
<b>Fund equity/Retained earnings (deficit), end of period</b>	<b>\$ 3,306.11</b>