

Town of Oakland, Maine

ANNUAL FINANCIAL STATEMENTS
(with required and other supplementary information)

For the Year Ended June 30, 2022

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Independent Auditor's Report

Town Council
Town of Oakland, Maine

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oakland, Maine, as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and OPEB information on pages 7 through 13 and pages 43 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

The other supplementary information on Schedule 1 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule 1 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2022, on our consideration of the Town of Oakland, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Oakland, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Oakland, Maine's internal control over financial reporting and compliance.

Partner Whibodeau & Associates

Bangor, Maine
November 16, 2022

Management Discussion and Analysis for the Year Ended June 30, 2022 (Unaudited)

As management of the Town of Oakland we offer readers of the Town's financial statements this narrative overview and analysis of our financial statements. The Town of Oakland is reporting its financial information in compliance with Governmental Accounting Standards Board (GASB) #34. This statement is now the reporting model for governmental entities.

Financial Highlights

- The assets of the Town of Oakland exceeded its liabilities at the close of the most recent fiscal year by \$18,865,075. Of this amount, \$4,788,696 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town of Oakland's total net position increased by \$1,297,844.
- At the close of the current fiscal year, the Town of Oakland's governmental fund reported combined ending fund balances of \$5,426,470 an increase of \$927,557.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,745,270 or 21% of total general fund expenditures.
- The Town of Oakland's long-term loans and leases decreased from \$4,922,833 to \$4,748,676. \$242,146 of debt was retired. State law limits municipal debt to 15% of property valuation. \$89,424,702 is the debt ceiling for the Town of Oakland.
- At the close of the current fiscal year, 99% of the 2021-2022 tax commitment was collected. The state average is 92%.
- Motor Vehicle Excise Taxes - The current year's collections were \$1,410,132, down from \$1,522,678 the previous year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Oakland's basic financial statements. The Town's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Oakland's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the Town's assets and liabilities, with the differences between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation time).

Both of the government-wide financial statements distinguish functions of the Town of Oakland that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions

that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The government activities of the Town include general government, public safety, public works, solid waste disposal, recreation, library and other activities. The Town has one business type activity, its wastewater pumping operation.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Oakland, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of expendable resources as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between funds and governmental activities.

The Town of Oakland adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town of Oakland maintains an enterprise fund to report the same functions presented as business-type activities in the government-wide financial statements. The enterprise fund is used to account for wastewater pumping operations.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town of Oakland's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Oakland assets exceeded liabilities by \$18,865,075 at the close of the most recent fiscal year.

By far the largest portion of the Town of Oakland's net assets (71%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment,) less any related debt used to acquire those assets. The Town of Oakland used these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Financial Analysis of the Government's Funds

As noted earlier, the Town of Oakland uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town of Oakland's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year of the fiscal year.

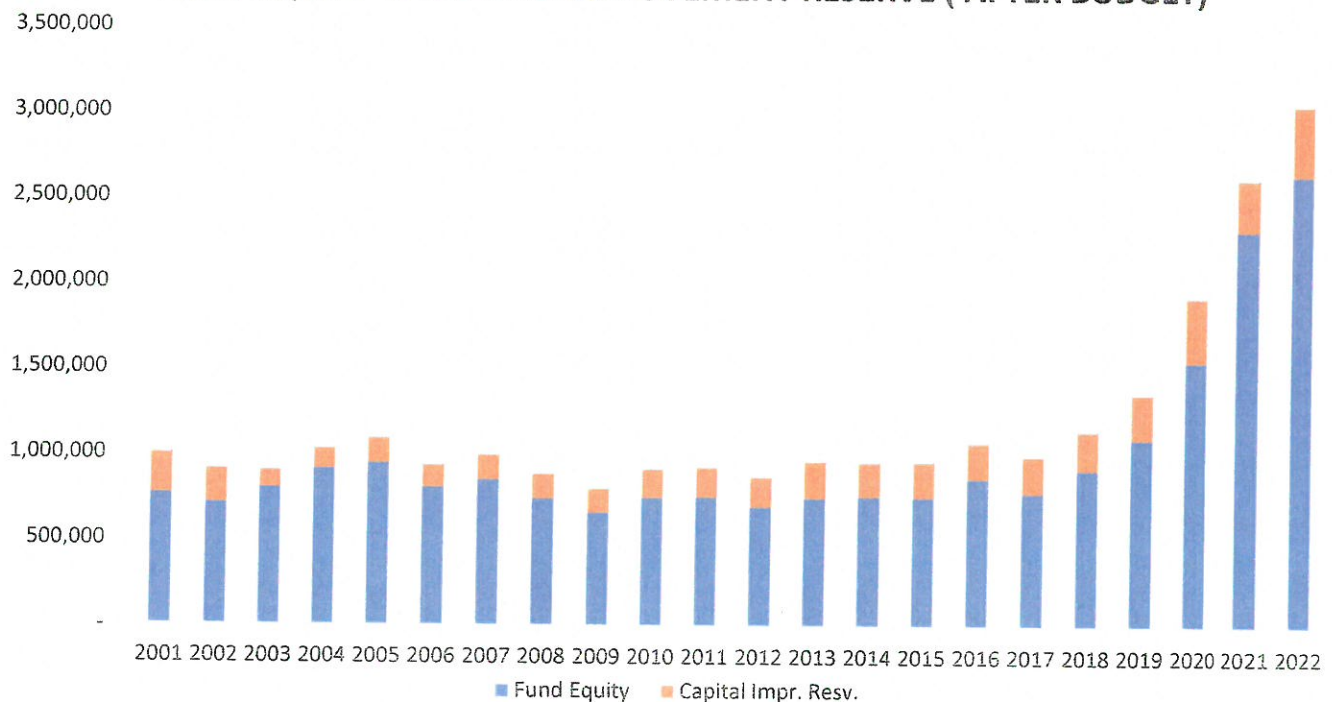
The governmental funds are comprised of the general fund and capital projects fund.

At the end of the current fiscal year, the Town of Oakland's governmental funds reported combined ending fund balances of \$5,426,470 a change of \$927,557 over the prior year.

The general fund unassigned fund equity balance increased from \$2,321,261, as of June 30, 2021, to \$2,745,270, as of June 30, 2022. Unspent appropriations, excess revenues and the overlay balance contributed to this account. \$300,000 of fund equity was used to fund the 2021-2022 budget.

The capital improvement reserve balance moved from \$300,747 last year to \$410,391 as of June 30, 2022. \$100,000 of this account was used to offset the 2021-2022 budget. This account is funded by allocating 25% of unspent appropriations and 25% of excess revenues from each year's budget and was adjusted in 2021-2022 for the prior year amount of \$209,644. That totaled \$197,239.25 in 2021-2022 calculation will be adjusted in 2022-2023.

FUND EQUITY & CAPITAL IMPROVEMENT RESERVE (AFTER BUDGET)



TOWN OF OAKLAND'S NET POSITION

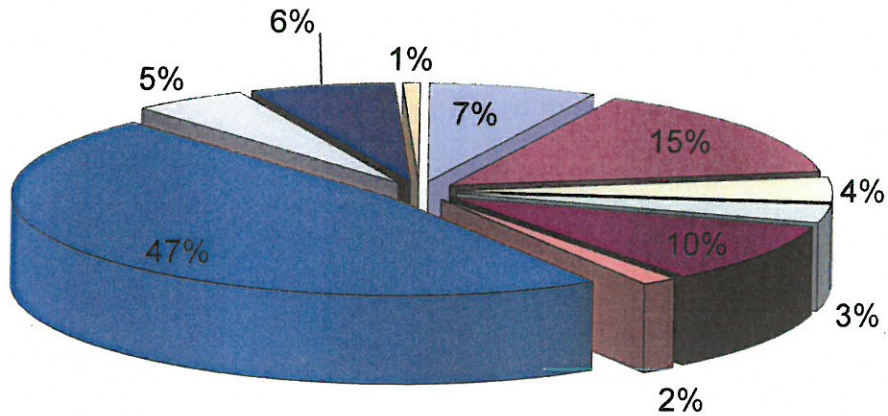
	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITIES		TOTAL	
	2022	2021	2022	2021	2022	2021
CURRENT AND OTHER ASSETS	\$5,769,892	\$ 4,952,823	\$379,605	\$389,915	\$6,149,497	\$5,342,738
CAPITAL ASSETS	\$10,665,009	\$ 10,153,429	\$7,481,620	\$7,663,254	\$18,146,629	\$17,816,683
TOTAL ASSETS	\$16,434,901	\$ 15,106,252	\$7,861,225	\$8,053,169	\$24,296,126	\$23,159,421
DEFERRED INFLOWS RELATED TO OPEB	\$59,833	\$ 75,195			\$59,833	\$75,195
LONG TERM LIABILITIES						
OUTSTANDING	\$3,176,977	\$ 3,355,754	\$1,887,058	\$1,961,606	\$4,748,586	\$5,317,360
OTHER LIABILITIES	\$143,743	\$ 207,937	\$119,649	\$50,714	\$578,841	\$258,651
TOTAL LIABILITIES	\$3,320,720	\$ 3,563,691	\$2,006,707	\$2,012,320	\$5,327,427	\$5,576,011
DEFERRED INFLOWS OF RESOURCES DEFERRED						
INFLOWS RELATED TO OPEB	\$125,197	\$ 38,618			\$125,197	\$38,618
PREPAID TAXES	\$38,260	\$ 52,756			\$38,260	\$52,756
NET ASSETS:						
INVESTED IN CAPITAL ASSETS						
NET OF RELATED DEBT	\$7,803,391	\$ 7,192,201	\$5,594,562	\$5,701,648	\$13,397,953	\$12,893,849
RESTRICTED	\$ 678,426	\$ 56,654	\$ -	\$ -	\$ 678,426	\$ 56,654
UNRESTRICTED	\$ 4,528,740	\$ 4,277,527	\$ 259,956	\$ 339,201	\$4,528,740	\$ 4,616,728
TOTAL NET POSITION	\$13,010,557	\$ 11,526,382	\$5,854,518	\$ 6,040,849	\$18,865,075	\$17,567,231

General Fund Budgetary Highlights

Expenditures

The 2021-2022 budget included appropriations of \$5,875,706 for municipal services, \$5,893,306 for RSU #18 costs and \$618,482 for Kennebec County government services. The municipal services budget increased 11.3%. The Kennebec County budget assessment increased 4.3% and the RSU #18 assessment was up .7%. 94% of the total budget was spent and \$752,401 remained unspent at year end. \$362,325 was carried forward into the 2022-2023 fiscal year. \$229,393 was returned to fund equity and reserve for other purposes.

2021-2022 General Fund Expenditures



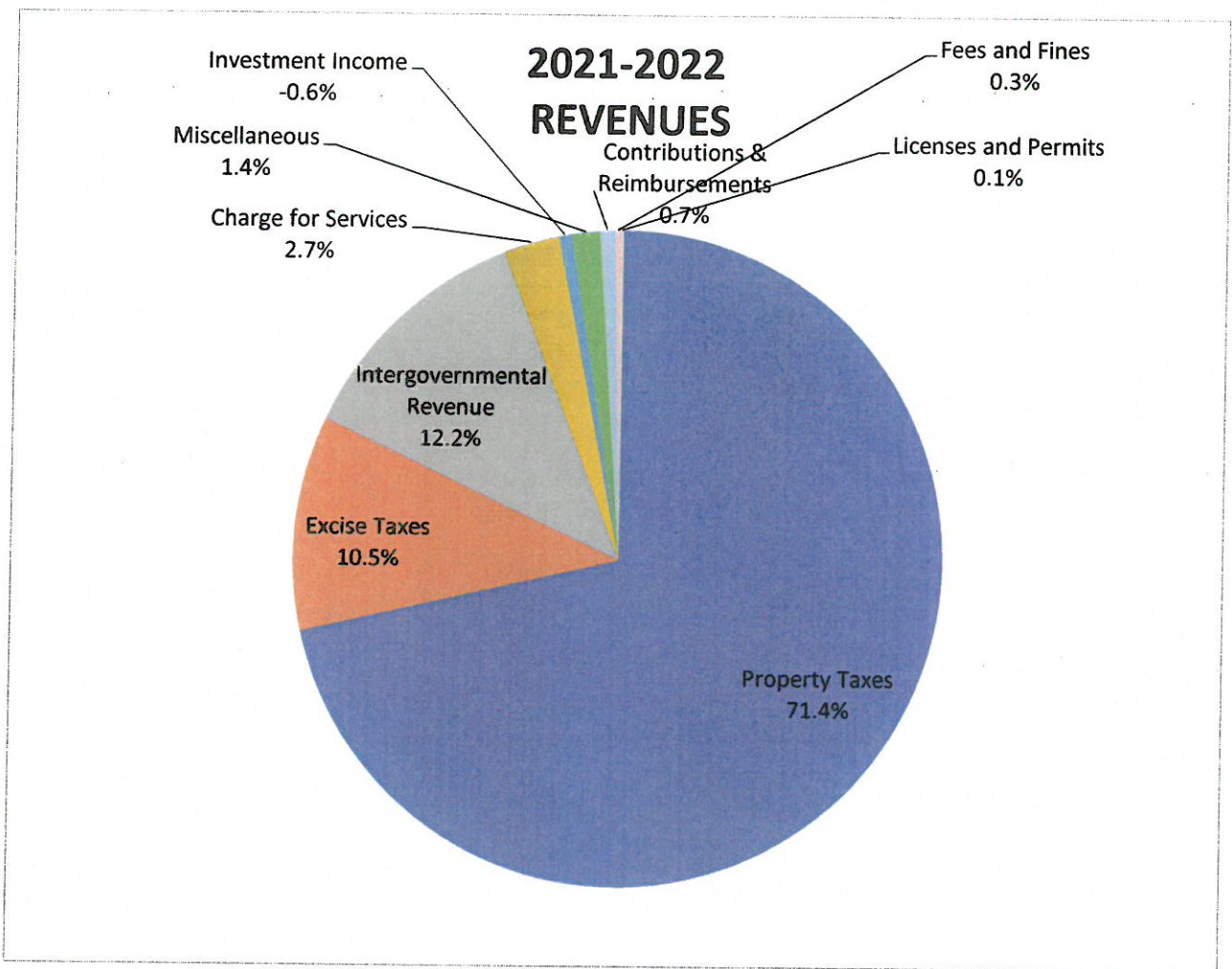
■ General Government - 7.2%	■ Public Safety - 15.1%
□ Sanitation - 4.1%	□ Town Property Maint - 3.0%
■ Public Works - 10%	■ Leisure Services - 1.5%
■ Education - 47.2%	□ County Tax - 4.9%
■ Special Appropriations - 6.3%	□ Debt Service - .7%

Revenues

Revenues for 2021-2022 were budgeted at \$2,978,310. Included in this was \$300,000 from fund equity and \$100,000 from capital improvements reserve. Total revenue collections on budgeted revenues were \$3,054,268; \$475,958 or 19% more than budgeted.

Motor Vehicle Excise Tax collections decreased, from \$1,522,677 last year to \$1,410,123 in 2021-2022. State Revenue Sharing has increased from \$675,258 to \$1,002,187 in 2021-2022.

The current year property tax collection rate remained the same at 99%.



Capital Assets

Spending on capitalized assets decreased this year compared to the prior year. In 2021-2022 \$974,875 was spent. Total capital assets, net of depreciation, increased from \$17,651,843 last year to \$18,146,629 this year.

OPEB Liability

The Total Health Plan Other Pension Employer Liability (OPEB) decreased from \$309,923 to \$229,009 as of 6/30/2022.

Debt Service

\$242,646 of the Town's debt was retired in 2021-2022. The beginning debt balance was \$4,922,834. The ending balance was \$4,748,676.

Property Valuations

Total real estate and personal property valuation increased by 2.4%, from \$574,015,600 last year to \$587,813,900 in 2021-2022. The mil rate remained the same at 16.4 in 2021-2022.

Proprietary Funds.

The unrestricted net position of the Town's wastewater pumping fund decreased from \$339,201 last year to \$259,956 this year. This enterprise fund generates its' revenues from user fees.

Special Revenue Funds

The town received a federal grant (American Rescue Plan Act) in the amount of \$667,104 that remained unspent. Plans for its use will begin in the summer of 2023.

Economic Factors and Next Year's Budgets and Rates

- The residential property market has strengthened over this past year. New economic business growth continues to strengthen Oakland's tax base.
- Overall revenues exceeded the budgeted revenues.
- Oakland's financial health continues to strengthen. Uncollected taxes remain below the state average and declined from the previous year. Capital spending was increased over prior years and funded adequately the operational needs of the Town of Oakland
- LD1, passed in January 2005, limits future municipal tax levy increases to the increase in the percentage of disposable income, as calculated by the State Economist, added to the percentage increase in valuation. The 2021-22 budget passed at the May 2021 town meeting, was under the tax levy limit.
- State revenue sharing finished the year at \$1,022,187 which was more than what was budgeted. The current projection for 2022-2023 is \$700,000.
- Construction of the sewer line sending wastewater to the Waterville Sewerage District was completed in May 2013. The project, which cost about \$6,400,000, went online in August 2012. A forgivable loan of \$1.7 million in American Reinvestment and Recovery funds was received from MEDEP to fund a portion of the project. The remainder of the project was funded thru a loan/grant package with the USDA. The loan portion was \$2,501,000. In August 2022 the 11th annual bond payment of \$136,580 was made. 18 years remain on this bond.
- The financial position of the sewer fund has improved significantly since this increase in rates in 2015. The sewer fund net position increased from \$154,662 in June 2015 to \$335,923 in June 2022.
- Construction of the main natural gas pipeline from Pittston to Madison was completed in 2014. A Tax Increment Financing district was created for the construction in Oakland. In the fall of 2021 natural gas pipeline was extended into First Park.
- The Town of Oakland council approved to accept \$666,104 in American Rescue Plan Act Funds (ARPA) which will be used to replace old clay sewer pipes in Oakland starting in the summer of 2023.

Respectfully submitted,
Kelly Pinney-Michaud
Finance Director

Town of Oakland, Maine
Statement of Net Position
June 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,962,613	\$ 295,187	\$ 3,257,800
Cash - restricted	13,303	-	13,303
Investments	2,498,142	-	2,498,142
Taxes receivable, net	192,408	-	192,408
Sewer fees receivable	-	48,384	48,384
Due from other governmental agencies	126,634	-	126,634
Internal balances	(36,034)	36,034	-
Prepaid expenses	12,826	-	12,826
Capital assets not being depreciated	1,593,854	500	1,594,354
Capital assets being depreciated, net	9,071,155	7,481,120	16,552,275
	<u>16,434,901</u>	<u>7,861,225</u>	<u>24,296,126</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	59,833	-	59,833
LIABILITIES			
Accounts payable and accrued expenses	85,714	59,499	145,213
Due to other governmental agencies	4,748	-	4,748
Due to fiduciary fund	7,228	-	7,228
Accrued compensated absences	33,430	1,601	35,031
Accrued interest	12,623	58,549	71,172
Long-term liabilities			
Due within one year			
Bonds and notes payable	118,997	72,709	191,706
Capital lease obligations	18,294	-	18,294
Due in more than one year			
Bonds and notes payable	2,724,327	1,814,349	4,538,676
Net OPEB liability	229,009	-	229,009
Accrued compensated absences	86,350	-	86,350
	<u>3,320,720</u>	<u>2,006,707</u>	<u>5,327,427</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	125,197	-	125,197
Prepaid taxes	38,260	-	38,260
	<u>163,457</u>	<u>-</u>	<u>163,457</u>
NET POSITION			
Net investment in capital assets	7,803,391	5,594,562	13,397,953
Restricted, expendable for			
Capital projects	11,322	-	11,322
Special revenue	667,104	-	667,104
Unrestricted	4,528,740	259,956	4,788,696
	<u>\$ 13,010,557</u>	<u>\$ 5,854,518</u>	<u>\$ 18,865,075</u>

Town of Oakland, Maine
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs Primary government	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental activities							
General government	\$ 851,467	\$ 50,544	\$ 6,243	\$ -	\$ (794,680)	\$ -	\$ (794,680)
Town properties	379,272	34,190	-	-	(345,082)	-	(345,082)
Public safety	1,885,570	138,714	-	50,625	(1,696,231)	-	(1,696,231)
Public works	1,249,071	-	-	43,152	(1,205,919)	-	(1,205,919)
Sanitation	510,100	124,055	-	-	(386,045)	-	(386,045)
Education	5,893,306	-	-	-	(5,893,306)	-	(5,893,306)
Leisure services	189,905	18,236	103,812	-	(67,857)	-	(67,857)
County tax	618,481	-	-	-	(618,481)	-	(618,481)
Cemeteries	-	15,950	-	-	15,950	-	15,950
Special appropriations	782,048	-	51,967	-	(730,081)	-	(730,081)
Grant program expenses	-	-	667,104	-	667,104	-	667,104
Interest and other charges on long-term debt	92,873	-	-	-	(92,873)	-	(92,873)
Capital outlay	45,468	-	136	-	(45,332)	-	(45,332)
Total governmental activities	12,497,561	381,689	829,262	93,777	(11,192,833)	-	(11,192,833)
Business-type activities							
Sewer fund	709,720	543,837	-	-	-	(165,883)	(165,883)
Total primary government	\$ 12,497,561	\$ 381,689	\$ 829,262	\$ 93,777	(11,192,833)	(165,883)	(11,358,716)
General revenues							
Taxes							
Property taxes					9,645,350	-	9,645,350
Excise taxes, permits, licenses and other fees					1,423,391	-	1,423,391
Interest and lien costs					36,992	-	36,992
Grants and contributions not restricted to specific programs					1,553,694	-	1,553,694
Unrestricted investment earnings (loss) and interest					(84,921)	602	(84,319)
Miscellaneous					125,446	-	125,446
Special item - gain on disposal of assets					30,165	-	30,165
Transfers					(39,675)	39,675	-
Total general revenues					12,690,442	40,277	12,730,719
Change in net position					1,497,609	(125,606)	1,372,003
NET POSITION - BEGINNING					11,526,382	6,040,849	17,567,231
Restated for beginning accrued interest payable					(13,434)	(60,725)	(74,159)
NET POSITION - BEGINNING, RESTATED					11,512,948	5,980,124	17,493,072
NET POSITION - ENDING					\$ 13,010,557	\$ 5,854,518	\$ 18,865,075

See accompanying notes to basic financial statements.

Town of Oakland, Maine
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Special Revenue Fund	Other Governmental Fund- Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,962,613	\$ -	\$ -	\$ 2,962,613
Cash - restricted	-	-	13,303	13,303
Investments	2,498,142	-	-	2,498,142
Taxes receivable, net	192,408	-	-	192,408
Due from other governmental agencies	126,634	-	-	126,634
Due from other funds	-	667,104	-	667,104
Prepaid expenses	12,826	-	-	12,826
Total assets	\$ 5,792,623	\$ 667,104	\$ 13,303	\$ 6,473,030
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 37,582	\$ -	\$ -	\$ 37,582
Due to other funds	708,385	-	1,981	710,366
Payable to other governments	4,748	-	-	4,748
Accrued payroll	48,132	-	-	48,132
Accrued compensated absences	33,430	-	-	33,430
Total liabilities	832,277	-	1,981	834,258
Deferred inflows of resources				
Prepaid taxes	38,260	-	-	38,260
Unavailable property taxes	174,042	-	-	174,042
Total deferred inflows of resources	212,302	-	-	212,302
Fund balances				
Nonspendable for				
Prepaid expenses	12,826	-	-	12,826
Restricted for				
Capital projects	-	-	11,322	11,322
Special revenue funds	-	667,104	-	667,104
Committed for				
Other purposes	1,627,623	-	-	1,627,623
Assigned for				
Other purposes	362,325	-	-	362,325
Unassigned	2,745,270	-	-	2,745,270
Total fund balances	4,748,044	667,104	11,322	5,426,470
Total liabilities, deferred inflows of resources and fund balances	\$ 5,792,623	\$ 667,104	\$ 13,303	\$ 6,473,030

See accompanying notes to
basic financial statements.

Town of Oakland, Maine
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022

Total fund balance, governmental funds	\$ 5,426,470
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	10,665,009
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.	
Deferred inflows related to property taxes	174,042
Certain deferred outflows of resources and deferred inflows of resources related to OPEB are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	(65,364)
Some liabilities, (such as Accrued interest, Capital Lease Contract Payable, Accrued Compensated Absences, Other Postemployment Benefit Obligation, and Bonds and Notes Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	<u>(3,189,600)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 13,010,557</u>

See accompanying notes to
basic financial statements.

Town of Oakland, Maine
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Other Governmental Fund- Capital Projects Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 9,664,525	\$ -	\$ -	\$ 9,664,525
Excise and miscellaneous taxes	1,423,391	-	-	1,423,391
Fees and fines	36,992	-	-	36,992
Licenses and permits	16,001	-	-	16,001
Intergovernmental	1,644,660	667,104	-	2,311,764
Charges for services	365,688	-	-	365,688
Investment and interest earnings (loss)	(84,921)	-	136	(84,785)
Contributions and reimbursements	99,821	-	-	99,821
Miscellaneous	190,458	-	-	190,458
	<u>13,356,615</u>	<u>667,104</u>	<u>136</u>	<u>14,023,855</u>
EXPENDITURES				
Current				
General government	844,796	-	-	844,796
Public safety	1,779,669	-	-	1,779,669
Public works	1,657,284	-	-	1,657,284
Sanitation	504,620	-	-	504,620
Leisure services	187,898	-	-	187,898
Education	5,893,306	-	-	5,893,306
County tax	618,481	-	-	618,481
Town properties	313,064	-	-	313,064
Special appropriations	980,918	-	-	980,918
Debt service				
Principal	167,600	-	-	167,600
Interest and loan fees	93,684	-	-	93,684
Capital outlay	67,989	-	45,468	113,457
	<u>13,109,309</u>	<u>-</u>	<u>45,468</u>	<u>13,154,777</u>
Excess (deficiency) of revenues over expenditures	<u>247,306</u>	<u>667,104</u>	<u>(45,332)</u>	<u>869,078</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	67,989	-	-	67,989
Transfers out	(39,675)	-	-	(39,675)
	<u>28,314</u>	<u>-</u>	<u>-</u>	<u>28,314</u>
SPECIAL ITEM				
Proceeds from sale of property	30,165	-	-	30,165
Net change in fund balances	305,785	667,104	(45,332)	927,557
FUND BALANCES - BEGINNING	<u>4,442,259</u>	<u>-</u>	<u>56,654</u>	<u>4,498,913</u>
FUND BALANCES - ENDING	<u>\$ 4,748,044</u>	<u>\$ 667,104</u>	<u>\$ 11,322</u>	<u>\$ 5,426,470</u>

See accompanying notes to
basic financial statements.

Town of Oakland, 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, 2022

Net change in fund balances - total governmental funds:	\$	927,557
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>		
Capital outlays	\$ 974,875	
Depreciation	<u>(463,295)</u>	511,580
<p>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.</p>		
		(19,175)
<p>Some deferred outflows of resources and deferred inflows of resources related to pensions reported in the statement of activities do not require the use of current financial resources and these are not reported in governmental funds:</p>		
Deferred outflows related to OPEB	(15,362)	
Deferred inflows related to OPEB	<u>(86,579)</u>	(101,941)
<p>Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds.</p>		
Lease proceeds	\$ (67,989)	
Debt payments	<u>167,599</u>	99,610
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Change in net OPEB liability	80,914	
Change in accrued compensated absences	<u>(1,747)</u>	79,167
Change in net position of governmental activities	\$	<u><u>1,496,798</u></u>

**Town of Oakland, Maine
Statement of Net Position
Proprietary Fund
June 30, 2022**

	Enterprise Fund Sewer Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 295,187
Accounts receivable, net	48,384
Due from other funds	36,034
Total current assets	379,605
Non-current assets	
Property, plant and equipment	11,334,720
Less accumulated depreciation	(3,853,100)
Total non-current assets	7,481,620
Total assets	7,861,225
LIABILITIES	
Current liabilities	
Accounts payable	58,282
Salaries payable	1,217
Accrued interest payable	58,549
Compensated absences	1,601
Bond payable	72,709
Total current liabilities	192,358
Noncurrent liabilities	
Bond payable	1,814,349
Total liabilities	2,006,707
NET POSITION	
Net investment in capital assets	5,594,562
Unrestricted	259,956
Total net position	\$ 5,854,518

Town of Oakland, Maine
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2022

	Enterprise Fund
	Sewer Fund
REVENUES	
Charges for services	\$ 538,822
Interest and liens on user fees	3,908
Total operating revenues	542,730
OPERATING EXPENSES	
Administration	91,931
Contracted services	289,880
Supplies and materials	4,414
Plant maintenance and equipment	82,005
Depreciation	181,634
Total operating expenses	649,864
Operating income (loss)	(107,134)
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	602
Miscellaneous revenue	1,107
Interest expense	(59,856)
Total net non-operating revenues (expenses)	(58,147)
Income before contributions and transfers	(165,281)
Transfers in	39,675
Change in net position	(125,606)
TOTAL NET POSITION - BEGINNING	6,040,849
Restatement of beginning accrued interest payable	(60,725)
TOTAL NET POSITION - BEGINNING - RESTATED	5,980,124
TOTAL NET POSITION - ENDING	\$ 5,854,518

Town of Oakland, Maine
Statement of Cash Flows - Proprietary Fund
For the Year ended June 30, 2022

	Enterprise Fund Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from user charges	\$ 538,842
Interest and lien charges	3,908
Payments to suppliers for goods and services	(365,760)
Payments for administrative services	<u>(88,444)</u>
Net cash provided by operating activities	<u>88,546</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest payments	(62,032)
Bond and note payments	<u>(74,548)</u>
Net cash used by capital and related financing activities	<u>(136,580)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income and other	<u>1,709</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(46,325)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>341,512</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 295,187</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	<u>\$ (107,134)</u>
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	181,634
Decrease in the following assets	
Accounts receivable	19
Increase (decrease) in the following liabilities	
Accounts payable	10,539
Accrued payroll and DTF liabilities	<u>3,488</u>
Total adjustments to income	<u>195,680</u>
Net cash provided by operating activities	<u>\$ 88,546</u>

See accompanying notes to basic financial statements.

Town of Oakland, Maine
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	<u>Private Purpose</u> <u>Trust Funds</u>
ASSETS	
Investments	\$ 328,695
Due from other funds	<u>7,228</u>
Total assets	<u>335,923</u>
NET POSITION	
Held in trust for benefits and other purposes	<u>\$ 335,923</u>

Town of Oakland, Maine
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Income	
Interest and investment income (loss)	\$ (5,137)
Other additions	
Contributions	<u>7,200</u>
Total additions	2,063
DEDUCTIONS	
Benefits	<u>1,222</u>
Total deductions	<u>1,222</u>
Change in net position	841
NET POSITION - BEGINNING	335,082
Reclassification to general fund	<u>-</u>
NET POSITION - BEGINNING (RESTATED)	<u>335,082</u>
NET POSITION - ENDING	<u><u>\$ 335,923</u></u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Oakland, Maine was incorporated in 1883 under the laws of the State of Maine. The Town operates under a Council-manager form of government and provides the following services: general government, public safety, sanitation, public works, town property maintenance, leisure services, and education.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and the Financial Accounting Standards Board, when applicable. The more significant accounting policies of the Town are described below.

A. FINANCIAL REPORTING ENTITY

In evaluating the Town as a reporting entity, management has addressed all potential component units for which the Town may be financially accountable and, as such, should be included within the Town's financial statements. In accordance with GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Town is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the Town. Additionally, the Town is required to consider other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading. Based on the application of these criteria, there are no entities that should be included as part of these financial statements.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements report information of all the activities of the Town, except for fiduciary funds. 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. The business-type activities of the Town include the sewer fund.

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

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The Town segregates transactions related to certain functions or activities in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental, proprietary, and fiduciary activities. The governmental and proprietary statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column, when applicable. The fiduciary statements aggregate and present each fund type as a separate column on the fund financial statements.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (CONTINUED)

1. Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The Town has presented the following major governmental fund:

General Fund

The general fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Fund

The special revenue fund is used to account for grant activity from federal or state sources.

2. Proprietary Fund

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting, in essentially the same manner as a private entity. The accounting objectives are determinations of net income, financial position and cash flow.

The Town has presented the following major proprietary fund:

Enterprise Fund – Sewer Fund

The enterprise fund is used to account for the operations of the waste water treatment plant. Activities of the fund include administration, operations and maintenance of the sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of long-term debt for the sewer fund. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel, contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (CONTINUED)

3. Fiduciary Funds (not included in government-wide statements)

The Town has presented the following fiduciary fund:

Private Purpose Trust Funds

Private purpose funds are funds held by the Town in a trustee capacity and are accounted for in essentially the same manner as a private entity. Capital maintenance of private purpose funds is critical. The Town accounts for the activities of endowments whose purpose benefits individuals or entities outside the government using this fund type.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and the fund financial statements for proprietary funds and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities, whether current or non-current, are included on the statement of net position and the operating statements present increases, revenues, and decreases, expenses, in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures and compensated absence expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, intergovernmental revenues, and charges for services. All other governmental fund revenues are recognized when received.

E. BUDGETS AND BUDGETARY ACCOUNTING

The Town utilizes a formal budgetary accounting system to control revenues accounted for in the general fund. These budgets are established in accordance with the various laws which govern the Town's operations. In May, the budget is voted on by taxpayers. If approved, the budget becomes legal.

Generally, appropriations for the general fund lapse at year end, except for balances approved to be carried forward by the Town Council.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Formal budgets are not adopted for the other funds.

F. FINANCIAL STATEMENT AMOUNTS

1. Cash, Cash Equivalents and Investments

For purposes of the statements of net position and cash flows, the Town consider all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash equivalents include certificates of deposits with a longer maturity. Additional information is presented in Note 2.

Investments are carried at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Additional information, including the composition of investments, is presented in Note 2.

2. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities are eliminated in the government-wide financial statement of net position. Any residual balances between the governmental activities and fiduciary funds are reported in the statement of net position as "due to/from fiduciary funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "due to fiduciary fund".

3. Interfund Transfers

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of the governmental funds on the fund financial statements. For the purposes of the government-wide statement of activities, all interfund transfers between individual funds within governmental activities and individual funds within business-type activities have been eliminated.

4. Capital Assets

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

Assets capitalized have an original cost of over \$5,000 and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

4. Capital Assets (Continued)

Estimated useful lives are as follows:

Buildings	40 years
Vehicles	5-10 years
Equipment	5-10 years
Infrastructure	20-50 years

The Town elected to utilize the infrastructure transition option in the implementation of GASB Statement #34 which does not require the Town to retroactively capitalize certain infrastructure assets.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

5. Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of direct borrowing notes and bonds payable, net current portion of direct borrowing notes and bonds, net OPEB liability and compensated absences liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

The Town's policies do not permit employees to carryover unused vacation. Full time employees will be permitted to accumulate up to 120 days of sick leave. Upon separation or retirement, an employee hired prior to February 12, 2003, will be paid for 33% of his/her then-accrued sick leave at the employees' last current hourly rate of pay. Employees hired after February 12, 2003, will not receive any payment for unused sick leave at separation. Compensated absences liability is reported in the government-wide financial statements. Governmental funds report only vacation time owed to the end of each calendar year or matured compensated absences payable to currently terminating employees.

6. 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

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

7. Government-wide Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds.

Net position is reported as restricted when there are limitations imposed on its 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 remaining net position is reported as unrestricted. For expenditures that qualify for either classification, amounts will be first spent from restricted net position then from unrestricted net position.

8. Governmental Fund Balances

Fund balance represents the difference between assets and liabilities in the fund financial statements. Fund balance must be properly reported within one of the five fund balance categories listed below:

Nonspendable such as fund balances associated with inventories or prepaid expenses. The nonspendable fund balance may also include amounts that are required to be maintained intact, such as the corpus of an endowment fund.

Restricted fund balance classification includes amounts that can be used only for the specific purposes stipulated by constitution, grantors or through enabling legislation.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority, which is a Council vote in the Town's Council-manager form of government.

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Town Council is authorized to assign amounts for a particular purpose under authority granted by the Town Charter.

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The Town has formally adopted a fund balance policy that addresses the requirements of GASB 54. For expenditures that qualify for multiple categories, amounts will be first spent from restricted fund balance, followed by committed fund balance, then assigned fund balance, and finally unassigned fund balance. It is the goal of the Town to achieve and maintain a minimum unassigned general fund balance equal to 10% of annual expenditures.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

9. Revenue Recognition - Property Taxes

Property taxes were levied on assessed values of April 1, 2021 and were due in full or in installments on August 13, 2021, October 15, 2021, January 14, 2022 and March 11, 2022. Interest was charged at 6% per annum on amounts not paid by the due date. Upon the expiration of eight months, and within one year from the date of the original commitment, a tax lien is recorded for all delinquent taxes on real estate.

For purposes of the fund financial statements, property taxes assessed and collected during the year ended June 30, 2022, and during the first sixty days of the next fiscal year are recognized as revenue in 2022. Receivables estimated to be collectible after the sixty-day period are recorded as deferred inflows of resources in the general fund.

Assessed value	
Real estate	\$ 561,588,600
Personal property	<u>26,225,300</u>
	587,813,900
Tax rate (per \$1,000)	<u>16.40</u>
Commitment	9,640,148
Less: collections and abatements	<u>(9,532,701)</u>
Receivable at June 30, 2022	<u>\$ 107,447</u>
Collection rate	99%

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2022, the Town reported deposits of \$3,271,103 with bank balances of \$3,454,718. Of the Town's total bank balance of \$3,454,718, \$0 was exposed to custodial credit risk.

Deposits in the primary government have been reported as follows:

Reported in governmental funds	\$2,975,916
Reported in proprietary funds	<u>295,187</u>
Total deposits	<u>\$3,271,103</u>

The Town had restricted cash in the capital projects fund of \$13,303 for fire station project.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

Statutes authorize the Town to invest in certificates of deposit, repurchase agreements, and other available bank investments. In addition, the Town can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments of the Town reported in the governmental and fiduciary funds as of June 30, 2022 are as follows:

	<u>Fair Value</u>	<u>Level</u>
Negotiable CDs	\$ 247,889	I
Money market mutual funds	691,536	I
Mutual funds	157,872	I
IShares – Bonds	175,388	I
U.S. Agency treasury securities	652,136	I
U.S. Agency debt securities (FFCB, FHLB, FHLMC, FNMA)	<u>902,016</u>	II
Total investments	<u>\$ 2,826,837</u>	

Concentration of Credit Risk: The Town does not have any investments that meet the criteria to be classified as a concentration of credit risk investment.

Interest Rate Risk: The Town does not have a policy related to investment rate risk. The Town is required to disclose the interest rate risk of its investments as follows:

	<u>Due in less than one year</u>	<u>Due in 1-5 years</u>	<u>Due in more than five years</u>
Negotiable CDs	\$ -	\$ 247,889	\$ -
Money market mutual funds	691,536	-	-
Mutual funds	157,872	-	-
U.S. Treasury securities	399,156	415,231	87,629
U.S. Agency debt securities	<u>49,908</u>	<u>602,228</u>	-
Total investments	<u>\$ 1,298,472</u>	<u>\$1,265,348</u>	<u>\$ 87,629</u>

The Town reported investments of \$2,498,142 in governmental funds and \$328,695 in fiduciary funds.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 3. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Additions	Disposals	Balance June 30, 2022
Governmental activities				
<i>Capital assets not being depreciated</i>				
Land and construction in progress	\$ 1,593,854	\$ -	\$ -	\$ 1,593,854
<i>Capital assets being depreciated</i>				
Buildings	5,599,917	-	-	5,599,917
Vehicles	3,060,990	36,497	-	3,097,487
Equipment	1,555,304	230,389	-	1,785,693
Infrastructure	<u>3,992,546</u>	<u>707,989</u>	-	<u>4,700,535</u>
Total	<u>14,208,757</u>	<u>974,875</u>	-	<u>15,183,632</u>
<i>Less accumulated depreciation for</i>				
Buildings	(1,263,566)	(126,829)	-	(1,390,395)
Vehicles	(2,059,267)	(171,566)	-	(2,230,833)
Equipment	(1,316,510)	(53,856)	-	(1,370,366)
Infrastructure	<u>(1,009,839)</u>	<u>(111,044)</u>	-	<u>(1,120,883)</u>
Total accumulated depreciation	<u>(5,649,182)</u>	<u>(463,295)</u>	-	<u>(6,112,477)</u>
Total capital assets being depreciated, net	<u>8,559,575</u>	<u>511,580</u>	-	<u>9,071,155</u>
Total governmental activities, net	<u>\$10,153,429</u>	<u>\$ 511,580</u>	-	<u>\$10,665,009</u>
Business-type activities				
<i>Capital assets not being depreciated</i>				
Land	\$ 500	\$ -	\$ -	\$ 500
<i>Capital assets being depreciated</i>				
Buildings	1,778,258	-	-	1,778,258
Transmission lines	8,227,499	-	-	8,227,499
Equipment	<u>1,328,463</u>	-	-	<u>1,143,588</u>
Total	<u>11,334,220</u>	-	-	<u>11,334,220</u>
<i>Less accumulated depreciation for</i>				
Buildings	(979,692)	(24,640)	-	(1,004,332)
Transmission lines	(1,463,871)	(146,143)	-	(1,610,014)
Equipment	<u>(1,227,903)</u>	<u>(10,851)</u>	-	<u>(1,238,754)</u>
Total accumulated depreciation	<u>(3,671,466)</u>	<u>(181,634)</u>	-	<u>(3,853,100)</u>
Total capital assets being depreciated, net	<u>7,662,754</u>	<u>(181,634)</u>	-	<u>7,481,120</u>
Total business-type activities, net	<u>\$ 7,663,254</u>	<u>\$ (181,634)</u>	-	<u>\$ 7,481,620</u>

Depreciation was charged to the following activities as follows:

<i>Governmental activities:</i>	
Public safety	\$ 99,252
Public works	295,414
Property maintenance	64,594
Sanitation	<u>4,035</u>
Total depreciation expense – Governmental activities	<u>\$463,295</u>
 <i>Business-type activities</i>	
Sewer fund	<u>\$181,634</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 4. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended June 30, 2022:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022	Portion due within one year
Governmental Fund-Type Liabilities					
General Obligation Bonds					
Police Building, issued 2016 due 2031, principal and interest due annually. Interest rate at 2.39%	\$ 539,968	\$ -	\$ (60,000)	\$ 479,968	\$ 60,000
Fire Building, issued 2019 due 2048, principal and interest due annually. Interest rate at 1.72-4.2%	<u>2,421,260</u>	<u>-</u>	<u>(57,904)</u>	<u>2,363,356</u>	<u>58,997</u>
Total direct borrowing bonds payable	2,961,228	-	(117,904)	2,843,324	118,997
Net OPEB liability	309,923	-	(80,914)	229,009	N/A
Capital lease	<u>-</u>	<u>67,989</u>	<u>(49,695)</u>	<u>18,294</u>	<u>18,294</u>
Compensated absences	<u>84,603</u>	<u>2,637</u>	<u>(890)</u>	<u>86,350</u>	<u>N/A</u>
Total governmental long-term liabilities	<u>3,355,754</u>	<u>70,626</u>	<u>(249,403)</u>	<u>3,176,977</u>	<u>137,291</u>
Proprietary Fund Liabilities					
Direct Borrowing Note payable					
Rural Development Loan, Issued 2011, due in annual principal and interest payments to 2040. interest rate at 3.375%	<u>1,961,605</u>	<u>-</u>	<u>(74,547)</u>	<u>1,887,058</u>	<u>72,709</u>
Total governmental fund and proprietary fund long-term liabilities	<u>\$ 5,317,359</u>	<u>\$ 70,626</u>	<u>\$ (323,950)</u>	<u>\$ 5,064,035</u>	<u>\$ 210,000</u>

Future maturities of direct borrowing general obligation bonds and notes are as follows:

Fiscal year ended	Governmental Activities		
	Principal	Interest	Total
2023	\$ 118,997	\$ 90,857	\$ 209,854
2024	120,141	88,279	208,420
2025	121,347	85,662	207,009
2026	122,609	82,943	205,552
2027	123,928	80,190	204,118
2028-2032	522,830	357,662	880,492
2033-2037	397,743	294,171	691,914
2038-2042	474,914	216,999	691,913
2043-2047	575,357	116,557	691,914
2048-2050	<u>265,458</u>	<u>11,307</u>	<u>276,765</u>
	<u>\$2,843,324</u>	<u>\$1,424,627</u>	<u>\$4,267,951</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 4. LONG-TERM LIABILITIES (CONTINUED)

Future maturities of direct borrowing notes payable are as follows:

Fiscal year ended	Proprietary Activities		
	Principal	Interest	Total
2023	\$ 72,709	\$ 63,871	\$ 136,580
2024	75,163	61,417	136,580
2025	77,699	58,881	136,580
2026	80,322	56,258	136,580
2027	83,033	53,547	136,580
2028-2032	459,138	223,762	682,900
2033-2037	542,027	140,873	682,900
2038-2041	496,967	49,353	546,320
	<u>\$1,887,058</u>	<u>\$ 707,962</u>	<u>\$2,595,020</u>

In accordance with Maine law, no municipality shall incur debt for specific purposes in excess of certain percentages of State valuation of such municipality. The Town was in compliance with these limitations.

Obligations under capital lease

The Town is the lessee of street lights under a capital lease expiring in 2023. The liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the asset acquired.

As of June 30, 2022, the Town had recorded \$67,989 equipment related to outstanding capital leases. Amortization of this asset is included with depreciation expense. Accumulated depreciation for these assets at December 31, 2021 is \$64,590.

Minimum future lease payments under capital leases as of June 30, 2022 are:

2023	\$19,698
Less amount representing interest	<u>(1,404)</u>
Present value of minimum lease payments	<u>\$ 18,294</u>

Overlapping Debt

Town is contingently responsible for a proportionate share of the overlapping debt of RSU 18's debt. At June 30, 2022, the Town's share of the total debt outstanding of share was \$6,627,963

NOTE 5. INTERFUND TRANSACTIONS

During the course of normal operations, the Town has transactions between funds including expenditures and transfers.

Individual fund transfers at June 30, 2022 arising from these transactions were as follows:

	Due from	Due to	Transfers in	Transfers out
General fund	\$ -	\$708,385	\$ -	\$ 39,675
Special revenue fund	667,104	-	-	-
Other governmental fund	-	1,981	-	-
Proprietary fund	36,034	-	39,675	-
Fiduciary fund	7,228	-	-	-
	<u>\$710,366</u>	<u>\$710,366</u>	<u>\$ 39,675</u>	<u>\$ 39,675</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 6. NET INVESTMENT IN CAPITAL ASSETS

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and leases payable, adding back any unspent proceeds. The Town's net investment in capital assets was calculated as follows at June 30, 2022:

Capital assets	\$ 28,112,206
Accumulated depreciation	(9,965,577)
Related bonds and lease payable	<u>(4,748,676)</u>
Total balance	<u>\$ 13,397,953</u>

NOTE 7. FUND BALANCE – GENERAL FUND – COMMITTED

At June 30, 2022, the Town maintained committed fund balances for the following purposes:

Capital improvement reserve	\$ 410,392
Drug forfeiture reserve	1,623
Fuel reserve	4,692
Memorial hall	967
Demolition debris reserve	107,824
Digital mapping reserve	42,875
Assistance to firefighters	1,792
Swim area reserve	62,046
Pheobe Folsom recreation reserve	35,473
Flower fund	964
Police training	22,025
Underage drinking grant	5,665
Chris Curato memorial reserve	147
DARE contribution reserve	573
Wellness grant	123
Firstpark reserve	125,275
Fire equipment	2,044
Summer concert series	13,409
Field hockey reserve	2,400
Library gifts reserve	13,378
Library building improvements reserve	28,092
Don Borman donation	49,871
TIF reserve	49,600
Municipal property reserve	355,586
Wrigley recreation	7,700
Septic system replacement reserve	5,767
Summit gas road opening reserve	50,234
Fire equipment reserve	6,184
Safety equipment	1,310
Downtown broadband	15,000
Road improvement reserve	<u>204,592</u>
 Total	 <u>\$ 1,627,623</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 8. NET POSITION – FIDUCIARY FUNDS

At June 30, 2022, the Town maintained net positions in its' fiduciary funds for the following purposes:

Cemeteries	\$219,038
Distressed persons	25,300
Library trust	5,826
Schmaltz Library trust	31,742
Greenough book trust	<u>54,017</u>
	<u>\$335,923</u>

NOTE 9. FUND BALANCE – GENERAL FUND – ASSIGNED

At June 30, 2022, the Town maintained assigned fund balances for the following purposes:

Voting machines	\$ 8,276
Election expenses	13,970
Memorial hall fuel and maintenance	985
Employee separation costs	70,525
Heating fuel – police department	1,461
Heating fuel – public works	2,613
Heating fuel – fire department	2,755
Gas- police department	12,094
Memorials maintenance	2,797
150 th anniversary	5,453
Heating oil reserve	2,076
Solid waste	14,738
Library building maintenance	6,468
Sand & salt	5,136
Miscellaneous road improvements	14,920
Transfer station scale	30,000
B&G truck	1,932
Public works truck	16,738
Equipment maintenance – public works	5,413
Gas – public works	13,511
Tires and tubes– public works	4,224
Building property maintenance	1,500
Contracted service Town property	4,000
Messalonskee trail	10,013
Gas – transfer station	1,948
Fire truck	101,964
Memorial hall improvements	<u>6,815</u>
 Total	 <u>\$362,325</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 10. DEFERRED COMPENSATION PLAN

The Town provides a 401 and 457 Deferred Compensation Plan through ICMA Retirement Corporation. The plan permits salary deferral to future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Investments are managed by the plan's trustee under one of two investment options or a combination thereof chosen by the participants.

The Town's policy states the Town shall match 6.5%. The Town contribution for the year ended June 30, 2022 was \$113,701.

The Town approved joining Maine Public Employees Retirement System (Maine PERS) as a participating Local District effective October 1, 2021. The Town contribution for the year ended June 30, 2022 was \$9,339.

NOTE 11. OTHER POST RETIREMENT BENEFIT PLAN

Plan Description

The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Town Council has the authority to establish and amend the benefit terms and financing requirements.

No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Changes in the discount rate affect the measurement of the Total OPEB Liability (TOL). Lower discount rates produce higher TOL and higher discount rates produce a lower TOL. The table below shows the sensitivity of the TOL to the discount rate.

Benefits Provided

Under the Health Plan, MMEHT provides healthcare and life insurance benefits for retirees and their dependents. 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.

Employees Covered by Benefit Terms – At June 30, 2022, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employee entitled to but not yet receiving benefits	-
Active employees	<u>29</u>
 Total	 <u>29</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 11. OTHER POST RETIREMENT BENEFIT PLAN (CONTINUED)

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

The Town's total Health Plan OPEB liability of \$229,009 was measured as of January 1, 2022, and was determined by an actuarial valuation as of that date.

Changes in the Total Health Plan OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 309,923
Changes for the year:	
Service Cost	17,370
Interest	6,928
Changes of benefit terms	-
Differences between expected and actual experience	(101,897)
Changes in assumptions or other inputs	(2,271)
Benefit payments	<u>(1,044)</u>
Net changes	<u>(80,914)</u>
Balance at June 30, 2022	<u>\$ 229,009</u>

Change in assumptions reflects a change in the discount rate from 2.12% to 2.06%. As described in GASB No. 75, this actuarial valuation reflects the use of the Entry Age Normal Cost Method, consistent with GASB No. 75 requirements.

For the year ended June 30, 2022, The Town recognized OPEB expense of \$19,663 related to the Health Plan. At June 30, 2022, The Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$110,497
Changes in assumptions or other inputs	59,218	14,700
Contributions subsequent to measurement date	<u>615</u>	<u>-</u>
Total	<u>\$59,833</u>	<u>\$125,197</u>

\$615 reported as deferred outflows related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Deferred outflows of resources and deferred inflows of resources related to the Health Plan will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	\$ (4,635)
2024	(4,635)
2025	(4,634)
2026	(8,023)
2027	(4,857)
Thereafter	<u>(39,195)</u>
Total	<u>\$(65,979)</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 11. OTHER POST RETIREMENT BENEFIT PLAN (CONTINUED)

Actuarial Assumptions - Health Plan - The total OPEB liability in the January 1, 2022 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, based on the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007, and version 2022_f4, applied to all periods included in the measurement, unless otherwise specified:

Rate of Inflation	2.40%
Rate of Growth in Real Income/GDP per capita 2031+	1.10%
Extra Trend due to Taste/Technology 2029+	1.00%
Expected Health Share of GDP 2031	19.00%
Health Share of GDP Resistance Point	20.00%
Year for Limiting Cost Growth to GDP Growth costs	2042

Rates of mortality for healthy annuitants are based on 112.1% and 118.5% of the 2010 Public Plan General Benefits – Weighted Healthy Retiree Mortality Table, respectively for males and females. The proposed rates are projected generationally using the RP_2020 mode, with an ultimate rate of 1.00 % for ages 80 and under, grading down to an ultimate rate of 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale.

Rates of mortality for active employees are based on 83.5% and 88.6% of the 2010 Public Plan general Benefits – Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Discount Rate - Health Plan - The rate used to measure the total OPEB liability for the Health plan was 2.06% per annum. The discount rate was updated to reflect the December 30, 2021 Bond Buyer 20-Bond GO Index. The ultimate trend assumption was reduced to reflect the reduction in the Bond Buyer 20-Bond GO Index. In addition, medical and prescription drug trend arrays were updated.

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate - The following presents the Town's total OPEB liability related to the Health Plan calculated using the discount rate of 2.06%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.06%) or 1 percentage-point higher (3.06%) than the current rate:

	1% Decrease 1.06%	Discount Rate 2.06%	1% Increase 3.06%
Total OPEB Liability	\$ 273,377	\$ 229,009	\$ 192,937
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 273,377</u>	<u>\$ 229,009</u>	<u>\$ 192,937</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%

A one percent decrease in the discount rate increases the Net OPEB Liability (NOL) by approximately 19.4%. A one percent increase in the discount rate decreases the NOL by approximately 15.8%.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 11. OTHER POST RETIREMENT BENEFIT PLAN (CONTINUED)

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates - The table below presents the Town's total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Trend	1% Increase
Total OPEB Liability	\$ 188,618	\$ 229,009	\$ 281,162
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 188,618</u>	<u>\$ 229,009</u>	<u>\$ 281,162</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

A one percent decrease in the healthcare trend rate decreases the NOL by approximately 17.6%. A one percent increase in the healthcare trend rate increases the NOL by approximately 22.8%.

NOTE 12. INSURANCES AND PARTICIPATION IN PUBLIC ENTITY RISK POOL

The Town is exposed to various risks of losses related to torts, theft, damage, and destruction of assets, injuries to employees, and natural disasters. The Town maintains various commercial insurance policies to mitigate these risks to an acceptable level and to limit the Town's exposure to losses.

The Town is also a member of the Maine Municipal Association - Property and Casualty Pool ("Pool"). As with the Fund above, the Pool was created to obtain lower rates for its members. The Town pays an annual premium for its property and liability coverage. There were no deductible claims for the fiscal year.

The Town also a member of the Maine Municipal Association - Workers Compensation Fund ("Fund"). The fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for workers compensation coverage and develop a comprehensive loss control program.

NOTE 13. TAX ABATEMENT TAX INCREMENT FINANCING AGREEMENT

The Town has a property tax abatement or tax increment financing agreement with the Kennebec Regional Development Authority (KRDA) which operates FirstPark, a business park located in the Town. Under this agreement, taxes generated by a base valuation of \$178,000 is retained by the Town for their property. The remainder of the valuation on the property is transferred to KRDA. However, this agreement does not result in any net loss of tax revenue for the Town.

NOTE 14. RESTATEMENT OF BEGINNING FUND BALANCES

The Town restated its beginning net position unrestricted fund balance by \$13,434 to record prior year accrued interest payable. The Town restated the beginning proprietary fund balance – sewer fund by \$60,725 to record prior year accrued interest payable.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2022

NOTE 15. CONTINGENCIES

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time. The Town believes there are no significant contingent liabilities relating to compliance or pending legal claims or lawsuits at this time.

NOTE 16. EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 16, 2022, the date on which the financial statements were available to be issued.

Town of Oakland, Maine
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts			Actual	Variance with Final Budget - Positive (Negative)
	Original*	Changes**	Final		
REVENUES					
Property taxes	\$ 9,640,148	\$ -	\$ 9,640,148	\$ 9,664,525	\$ 24,377
Excise and miscellaneous taxes	1,312,500	-	1,312,500	1,423,391	110,891
Interest and lien costs	36,000	-	36,000	36,992	992
Licenses, permits and fines	10,300	-	10,300	16,001	5,701
Intergovernmental	1,277,080	50,625	1,327,705	1,644,660	316,955
Charges for services	309,360	24,590	333,950	365,688	31,738
Investment and interest earnings (loss)	5,000	-	5,000	(84,921)	(89,921)
Sale of tax acquired property	-	-	-	-	-
Contributions and reimbursements	1,500	99,821	101,321	99,821	(1,500)
Miscellaneous	149,150	40,482	189,632	190,458	826
Total revenues	12,741,038	215,518	12,956,556	13,356,615	400,059
EXPENDITURES					
Current					
General government	932,886	3,688	936,574	844,796	91,778
Protection	1,876,471	49,841	1,926,312	1,779,669	146,643
Public works	1,486,956	248,280	1,735,236	1,657,284	77,952
Sanitation	523,967	-	523,967	504,620	19,347
Leisure services	204,012	-	204,012	187,898	16,114
Education	5,893,306	-	5,893,306	5,893,306	-
County tax	618,482	-	618,482	618,481	1
Town properties	318,940	-	318,940	313,064	5,876
Special appropriations	1,290,062	135,537	1,425,599	1,030,918	394,681
Debt service	-	-	-	-	-
Principal	117,609	-	117,609	117,600	9
Interest and other charges	93,684	-	93,684	93,684	-
Total expenditures	13,356,375	437,346	13,793,721	13,041,320	752,401
Excess (deficiency) of revenues over expenditures	(615,337)	(221,828)	(837,165)	315,295	1,152,460
OTHER FINANCING SOURCES (USES)					
Use of carryover unrestricted fund balance	300,000	41,494	341,494	-	(341,494)
Use of committed fund balances	100,000	164,046	264,046	-	(264,046)
Use of assigned fund balances	433,319	-	433,319	-	(433,319)
Overlay	(167,982)	5,963	(162,019)	-	162,019
Transfers out	-	(39,675)	(39,675)	(39,675)	-
Total other financing sources and (uses)	665,337	171,828	837,165	(39,675)	(876,840)
SPECIAL ITEM					
Proceeds from sale of capital assets	-	-	-	30,165	30,165
Net change in fund balances	\$ 50,000	\$ (50,000)	\$ -	305,785	\$ 305,785
FUND BALANCES - BEGINNING				4,442,259	
FUND BALANCES - ENDING				\$ 4,748,044	

* includes assigned carryover accounts

** reclassification of budget, budget changes and use of additional revenues

Town of Oakland, Maine
Schedule of Changes in the Town's Total Health Plan OPEB Liability and Related Ratios
Participating Local Districts Plan
Last 10 Fiscal Years*
For the years ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 17,370	\$ 14,842	\$ 8,641	\$ 9,919	\$ 10,653
Interest	6,928	7,752	9,859	8,619	7,848
Changes of benefit terms	-	-	(5,419)	-	-
Differences between expected and actual experience	(101,897)	-	(27,092)	-	(4,964)
Changes of assumptions or other inputs	(2,271)	19,761	51,798	(25,312)	32,069
Benefit payments	(1,044)	(1,004)	(2,061)	(1,982)	(1,866)
Net change in total OPEB Liability	<u>(80,914)</u>	<u>41,351</u>	<u>35,726</u>	<u>(8,756)</u>	<u>43,740</u>
Total OPEB liability- beginning	309,923	268,572	232,846	241,602	197,862
Total OPEB liability- ending	<u>\$ 229,009</u>	<u>\$ 309,923</u>	<u>\$ 268,572</u>	<u>\$ 232,846</u>	<u>\$ 241,602</u>
Town's covered-employee payroll	\$ 1,519,528	\$ 1,551,341	\$ 1,551,341	\$ 1,366,888	\$ 1,366,888
Total OPEB liability as a percentage of its covered-employee payroll	15.1%	20.0%	17.3%	17.0%	17.7%

* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

Notes to Schedule

Net OPEB Liability

Changes of Benefit Terms - None

Changes of Assumptions - Under the Health Plan, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Discount Rate</u>
2022	2.06%
2021	2.12%
2020	2.74%
2019	4.10%
2018	3.44%
2017	3.78%

Additionally, the valuation method was changed from the Projected Unit Credit funding method in 2018 to the Entry Age Normal funding method in 2019. Also in 2020 the claim curves, trend assumptions and the repeal of the ACA Cadillac tax caused changes.



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards

To the Town Council
Town of Oakland, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oakland, Maine, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Oakland, Maine's basic financial statements and have issued our report thereon dated November 16, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brantley Whibodan & Associates

Bangor, Maine
November 16, 2022