

Town of Oakland, Maine

ANNUAL FINANCIAL STATEMENTS
(with required and other supplementary information)

For the Year Ended June 30, 2023

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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, 2023, 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, 2023 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, pension and OPEB information on pages 7 through 13 and pages 48 through 51 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 30, 2023, 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.

Brantron Whibodian & Associates

Bangor, Maine
November 30, 2023

Management Discussion and Analysis for the Year Ended June 30, 2023 (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 \$19,840,349. Of this amount, \$5,541,344 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the Town of Oakland's governmental funds reported combined ending fund balances of \$6,146,717 an increase of \$720,247.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,278,786 or 24% 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 2022-2023 tax commitment was collected. The state average is 92%.
- Motor Vehicle Excise Taxes - The current year's collections were \$1,435,951, up from \$1,410,132 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 governmental-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 \$19,840,349 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.

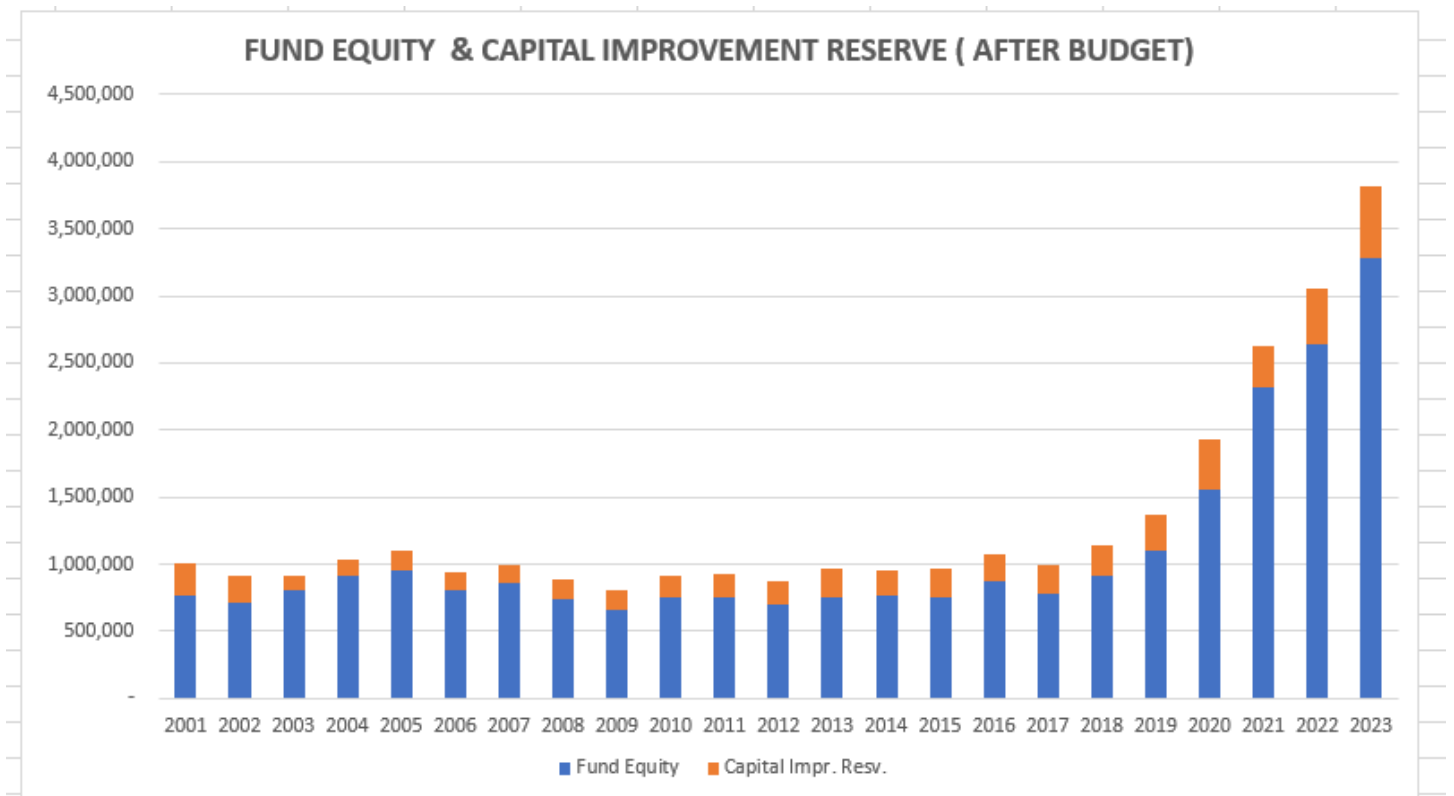
Governmental funds. The focus of the Town of Oakland’s governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town’s financing requirements. Unassigned fund balance may serve as a useful measure of 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 \$6,146,717 a change of \$720,247 over the prior year.

The general fund unassigned fund equity balance increased from \$3,024,891, as of June 30, 2022, to \$3,278,786, as of June 30, 2023. Unspent appropriations, excess revenues and the overlay balance contributed to this account. \$500,000 of fund equity was used to fund the 2022-2023 budget.

The capital improvement reserve balance moved from \$300,747 last year to \$540,503 as of June 30, 2023. \$150,000 of this account was used to offset the 2022-2023 budget. This account is funded by allocating 25% of unspent appropriations and 25% of excess revenues from each year’s budget.



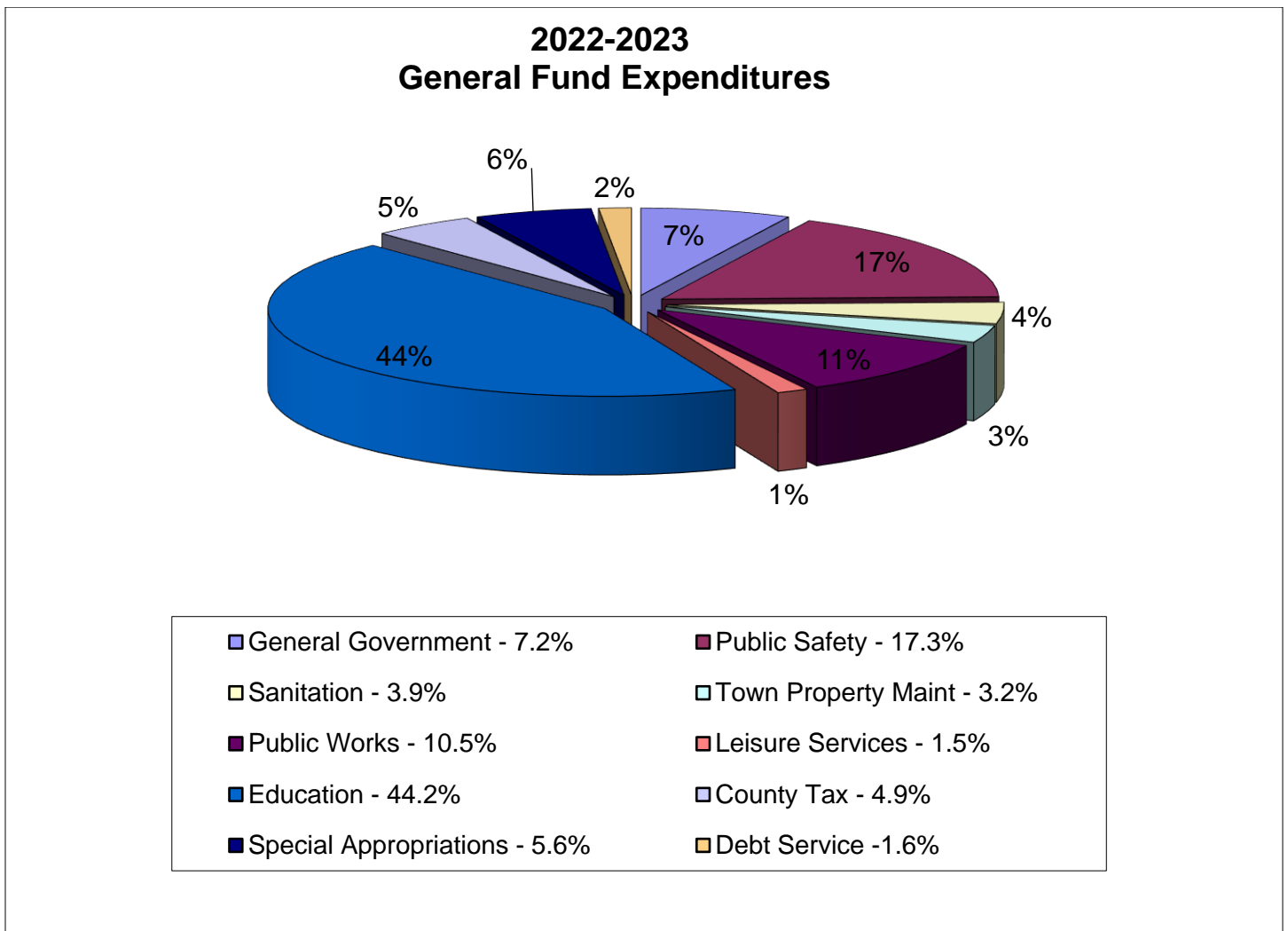
TOWN OF OAKLAND'S NET POSITION

	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITIES		TOTAL	
	2023	2022	2023	2022	2023	2022
CURRENT AND OTHER ASSETS	\$6,516,602	\$ 5,769,892	\$363,742	\$379,605	\$6,880,344	\$6,149,497
CAPITAL ASSETS	<u>\$10,833,871</u>	<u>\$ 10,665,009</u>	<u>\$7,329,095</u>	<u>\$7,481,620</u>	<u>\$18,162,966</u>	<u>\$18,146,629</u>
TOTAL ASSETS	<u>\$17,350,473</u>	<u>\$ 16,434,901</u>	<u>\$7,692,837</u>	<u>\$7,861,225</u>	<u>\$25,043,310</u>	<u>\$24,296,126</u>
DEFERRED INFLOWS RELATED TO PENSION AND OPEB	\$134,437	\$ 59,833			\$134,437	\$59,833
LONG TERM LIABILITIES OUTSTANDING	\$3,068,164	\$ 3,176,977	\$1,814,349	\$1,887,058	\$4,882,513	\$5,064,035
OTHER LIABILITIES	<u>\$153,000</u>	<u>\$ 143,743</u>	<u>\$119,302</u>	<u>\$119,649</u>	<u>\$272,302</u>	<u>\$263,392</u>
TOTAL LIABILITIES	<u>\$3,221,164</u>	<u>\$ 3,320,720</u>	<u>\$1,933,651</u>	<u>\$2,006,707</u>	<u>\$5,154,815</u>	<u>\$5,327,427</u>
DEFERRED INFLOWS OF RESOURCES DEFERRED INFLOWS RELATED TO OPEB	\$146,838	\$ 125,197			\$146,838	\$125,197
PREPAID TAXES	\$35,745	\$ 38,260			\$35,745	\$38,260
NET ASSETS:						
INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT	\$8,109,544	\$ 7,803,391	\$5,514,746	\$5,594,562	\$13,624,290	\$13,397,953
RESTRICTED	\$ 674,715	\$ 678,426			\$ 674,715	\$ 678,426
UNRESTRICTED	<u>\$5,296,904</u>	<u>\$ 4,528,740</u>	<u>\$ 244,440</u>	<u>\$ 259,956</u>	<u>\$ 5,541,344</u>	<u>\$ 4,788,696</u>
		\$				
TOTAL NET POSITION	<u>\$14,081,163</u>	<u>13,010,557</u>	<u>\$5,759,186</u>	<u>\$5,854,518</u>	<u>\$19,840,349</u>	<u>\$ 18,865,075</u>

General Fund Budgetary Highlights

Expenditures

The 2022-2023 budget included appropriations of \$6,347,785 for municipal services, \$5,963,747 for RSU #18 costs and \$663,448 for Kennebec County government services. The municipal services budget increased 8%. The Kennebec County budget assessment increased 7% and the RSU #18 assessment was up 2%. 94% of the total budget was spent and \$883,440 remained unspent at year end. \$446,980 was carried forward into the 2023-2024 fiscal year. \$436,460 was returned to fund equity and reserve for other purposes.



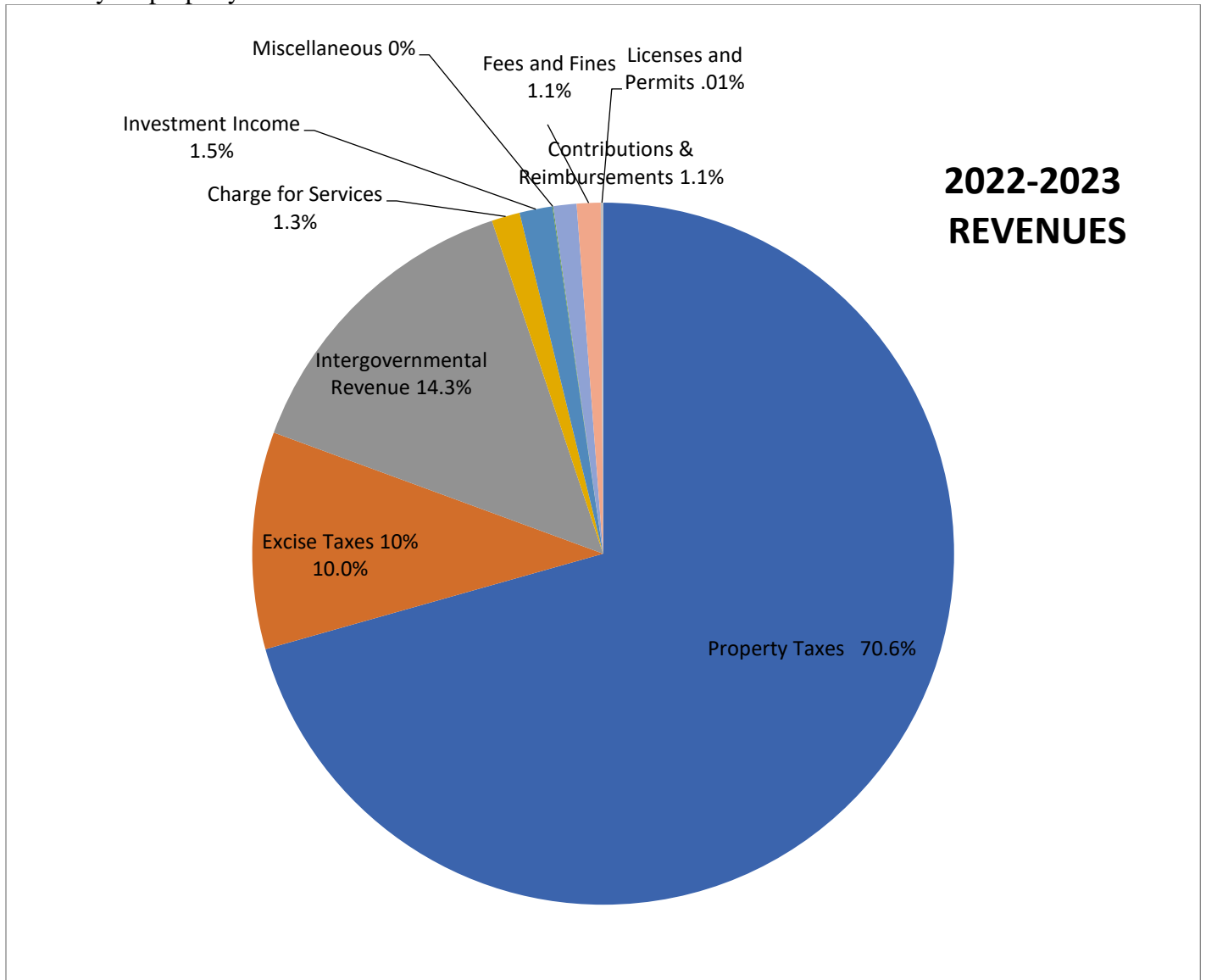
Revenues

Revenues for 2022-2023 were budgeted at **\$3,277,083**. Included in this was \$500,000 from fund equity and \$150,000 from capital improvements reserve. Total revenues collected on budgeted revenue were \$3,675,558; \$400,318 more than budgeted.

Motor Vehicle Excise Tax collections increased, from \$1,410,123 last year to \$1,435,951 in 2022-2023.

State Revenue Sharing has increased from \$1,002,187 to \$1,182,375 in 2022-2023.

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 2022-2023 \$693,069 was spent. Total capital assets, net of depreciation, increased from \$18,146,629 last year to \$18,162,966 this year.

Pension and OPEB Liability

The Pension MEPERS and Total Health Plan Other Pension Employer Liability (OPEB) increased from \$229,009 to \$251,458 as of 6/30/2023.

Debt Service

\$118,997 of the Town's debt for the Police Station and Fire Station buildings was retired in 2022-2023. The beginning debt balance was \$2,843,324. The ending balance was \$2,724,327.

Property Valuations

Total real estate and personal property valuation increased by 17.8%, from \$596,164,680 last year to \$702,510,000 in 2022-2023. The mil rate decreased to 14.40.

Proprietary Funds.

The unrestricted net position of the Town's wastewater pumping fund decreased from \$259,956 last year to \$244,440 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 2024.

Oakland Financial Recap

- 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. 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 2022-2023 budget passed at the May 2022 town meeting, was under the tax levy limit.
- State revenue sharing finished the year at \$1,182,374 which was more than what was budgeted. The current projection for 2023-2024 is \$1,100,000.
- Construction of the sewer line sending wastewater to the Waterville Sewerage District required debt that is continuing. In August 2023 the 12th annual bond payment of \$136,580 was made. 17 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 \$244,440 in June 2023.

Respectfully submitted,
Kelly Pinney-Michaud
Finance Director

Town of Oakland, Maine
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,960,810	\$ -	\$ 3,960,810
Investments	2,529,105	-	2,529,105
Taxes receivable, net	198,671	-	198,671
Sewer fees receivable	-	41,095	41,095
Due from other governmental agencies	139,249	-	139,249
Internal balances	(322,647)	322,647	-
Prepaid expenses	11,414	-	11,414
Capital assets not being depreciated	1,593,854	500	1,594,354
Capital assets being depreciated, net	9,240,017	7,328,595	16,568,612
	<u>17,350,473</u>	<u>7,692,837</u>	<u>25,043,310</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions and OPEB	134,437	-	134,437
	<u>134,437</u>	<u>-</u>	<u>134,437</u>
LIABILITIES			
Accounts payable and accrued expenses	86,380	62,100	148,480
Due to other governmental agencies	2,531	-	2,531
Due to fiduciary fund	11,513	-	11,513
Accrued compensated absences	40,663	902	41,565
Accrued interest	11,913	56,300	68,213
Long-term liabilities			
Due within one year			
Bonds and notes payable	120,141	75,163	195,304
Due in more than one year			
Bonds and notes payable	2,604,186	1,739,186	4,343,372
Net pension and OPEB liability	251,458	-	251,458
Accrued compensated absences	92,379	-	92,379
	<u>3,221,164</u>	<u>1,933,651</u>	<u>5,154,815</u>
Total liabilities	<u>3,221,164</u>	<u>1,933,651</u>	<u>5,154,815</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions and OPEB	146,838	-	146,838
Prepaid taxes	35,745	-	35,745
	<u>182,583</u>	<u>-</u>	<u>182,583</u>
Total deferred inflows of resources	<u>182,583</u>	<u>-</u>	<u>182,583</u>
NET POSITION			
Net investment in capital assets	8,109,544	5,514,746	13,624,290
Restricted, expendable for			
Special revenue	674,715	-	674,715
Unrestricted	5,296,904	244,440	5,541,344
	<u>14,081,163</u>	<u>5,759,186</u>	<u>19,840,349</u>
Total net position	<u>\$ 14,081,163</u>	<u>\$ 5,759,186</u>	<u>\$ 19,840,349</u>

Town of Oakland, Maine
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government							
Governmental activities							
General government	\$ 975,726	\$ 99,354	\$ 31,579	\$ -	\$ (844,793)	\$ -	\$ (844,793)
Town properties	429,928	38,380	-	-	(391,548)	-	(391,548)
Public safety	2,409,404	155,669	-	20,986	(2,232,749)	-	(2,232,749)
Public works	1,421,608	-	-	43,332	(1,378,276)	-	(1,378,276)
Sanitation	532,023	113,494	-	-	(418,529)	-	(418,529)
Education	5,963,747	-	-	-	(5,963,747)	-	(5,963,747)
Leisure services	200,500	16,664	53,128	-	(130,708)	-	(130,708)
County tax	663,448	-	-	-	(663,448)	-	(663,448)
Cemeteries	-	11,750	-	-	11,750	-	11,750
Special appropriations	758,641	-	21,072	-	(737,569)	-	(737,569)
Grant program expenses	-	-	-	23,776	23,776	-	23,776
Interest and other charges on long-term debt	91,544	-	-	-	(91,544)	-	(91,544)
Capital outlay	29,329	-	-	-	(29,329)	-	(29,329)
Total governmental activities	13,475,898	435,311	105,779	88,094	(12,846,714)	-	(12,846,714)
Business-type activities							
Sewer fund	663,109	558,261	-	-	-	(104,848)	(104,848)
Total primary government	\$ 13,475,898	\$ 435,311	\$ 105,779	\$ 88,094	(12,846,714)	(104,848)	(12,951,562)
General revenues							
Taxes							
Property taxes					10,254,033	-	10,254,033
Excise taxes, permits, licenses and other fees					1,448,583	-	1,448,583
Interest and lien costs					24,260	-	24,260
Grants and contributions not restricted to specific programs					1,790,982	-	1,790,982
Unrestricted investment earnings and interest					219,579	9,516	229,095
Miscellaneous					179,883	-	179,883
Total general revenues					13,917,320	9,516	13,926,836
Change in net position					1,070,606	(95,332)	975,274
NET POSITION - BEGINNING					13,010,557	5,854,518	18,865,075
NET POSITION - ENDING					\$ 14,081,163	\$ 5,759,186	\$ 19,840,349

Town of Oakland, Maine
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,960,810	\$ -	\$ 3,960,810
Investments	2,529,105	-	2,529,105
Taxes receivable, net	198,671	-	198,671
Due from other governmental agencies	139,249	-	139,249
Due from other funds	-	674,715	674,715
Prepaid expenses	11,414	-	11,414
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 6,839,249</u></u>	<u><u>\$ 674,715</u></u>	<u><u>\$ 7,513,964</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 28,100	\$ -	\$ 28,100
Due to other funds	1,008,875	-	1,008,875
Payable to other governments	2,531	-	2,531
Accrued payroll	58,280	-	58,280
Accrued compensated absences	40,663	-	40,663
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,138,449</u>	<u>-</u>	<u>1,138,449</u>
Deferred inflows of resources			
Prepaid taxes	35,745	-	35,745
Unavailable property taxes	193,053	-	193,053
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>228,798</u>	<u>-</u>	<u>228,798</u>
Fund balances			
Nonspendable for			
Prepaid expenses	11,414	-	11,414
Restricted for			
Special revenue funds	-	674,715	674,715
Committed for			
Other purposes	1,734,822	-	1,734,822
Assigned for			
Other purposes	446,980	-	446,980
Unassigned	3,278,786	-	3,278,786
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>5,472,002</u>	<u>674,715</u>	<u>6,146,717</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 6,839,249</u></u>	<u><u>\$ 674,715</u></u>	<u><u>\$ 7,513,964</u></u>

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, 2023

Total fund balance, governmental funds	\$ 6,146,717
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.	10,833,871
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	193,053
Certain deferred outflows of resources and deferred inflows of resources related to pension and OPEB are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	(12,401)
Some liabilities, (such as Accrued interest, Accrued Compensated Absences, Pension liability, 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>(3,080,077)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 14,081,163</u></u>

Town of Oakland, Maine
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Other Governmental Fund- Capital Projects Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 10,235,021	\$ -	\$ -	\$ 10,235,021
Excise and miscellaneous taxes	1,448,583	-	-	1,448,583
Fees and fines	24,260	-	-	24,260
Licenses and permits	15,034	-	-	15,034
Intergovernmental	1,890,376	23,776	-	1,914,152
Charges for services	420,277	-	-	420,277
Investment and interest earnings	219,579	-	-	219,579
Contributions and reimbursements	50,394	-	-	50,394
First Park revenue	75,729	-	-	75,729
Miscellaneous	124,465	-	-	124,465
	<u>14,503,718</u>	<u>23,776</u>	<u>-</u>	<u>14,527,494</u>
EXPENDITURES				
Current				
General government	974,947	-	-	974,947
Public safety	2,338,165	-	-	2,338,165
Public works	1,402,615	-	-	1,402,615
Sanitation	552,959	-	-	552,959
Leisure services	198,995	-	-	198,995
Education	5,963,747	-	-	5,963,747
County tax	663,448	-	-	663,448
Town properties	358,959	-	-	358,959
Special appropriations	1,094,538	-	-	1,094,538
Debt service				
Principal	137,291	-	-	137,291
Interest and loan fees	92,253	-	-	92,253
Capital outlay	-	18,008	11,322	29,330
	<u>13,777,917</u>	<u>18,008</u>	<u>11,322</u>	<u>13,807,247</u>
Excess (deficiency) of revenues over expenditures	<u>725,801</u>	<u>5,768</u>	<u>(11,322)</u>	<u>720,247</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,843	-	1,843
Transfers out	(1,843)	-	-	(1,843)
	<u>(1,843)</u>	<u>1,843</u>	<u>-</u>	<u>-</u>
Net change in fund balances	723,958	7,611	(11,322)	720,247
FUND BALANCES - BEGINNING	<u>4,748,044</u>	<u>667,104</u>	<u>11,322</u>	<u>5,426,470</u>
FUND BALANCES - ENDING	<u>\$ 5,472,002</u>	<u>\$ 674,715</u>	<u>\$ -</u>	<u>\$ 6,146,717</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, 2023

Net change in fund balances - total governmental funds: \$ 720,247

Amounts reported for Governmental Activities in the Statement of Activities are different because:

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.

Capital outlays	\$ 655,423	
Depreciation	<u>(486,561)</u>	168,862

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. 19,011

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:

Deferred outflows related to pension and OPEB	74,604	
Deferred inflows related to pension and OPEB	<u>(21,641)</u>	52,963

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.

Debt payments		137,291
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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:

Accrued interest	710	
Change in net pension and OPEB liability	(22,449)	
Change in accrued compensated absences	<u>(6,029)</u>	<u>(27,768)</u>

Change in net position of governmental activities	<u>\$</u>	<u>1,070,606</u>
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**Town of Oakland, Maine
Statement of Net Position
Proprietary Fund
June 30, 2023**

	Enterprise Fund
	Sewer Fund
ASSETS	
Current assets	
Accounts receivable, net	\$ 41,095
Due from other funds	322,647
Total current assets	363,742
Non-current assets	
Property, plant and equipment	11,372,366
Less accumulated depreciation	(4,043,271)
Total non-current assets	7,329,095
Total assets	7,692,837
LIABILITIES	
Current liabilities	
Accounts payable	60,666
Salaries payable	1,434
Accrued interest payable	56,300
Compensated absences	902
Bond payable	75,163
Total current liabilities	194,465
Noncurrent liabilities	
Bond payable	1,739,186
Total liabilities	1,933,651
NET POSITION	
Net investment in capital assets	5,514,746
Unrestricted	244,440
Total net position	\$ 5,759,186

Town of Oakland, Maine
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2023

	Enterprise Fund
	Sewer Fund
REVENUES	
Charges for services	\$ 554,198
Interest and liens on user fees	3,659
Total operating revenues	557,857
OPERATING EXPENSES	
Administration	93,041
Contracted services	208,347
Supplies and materials	4,690
Plant maintenance and equipment	105,237
Depreciation	190,171
Total operating expenses	601,486
Operating income (loss)	(43,629)
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	9,516
Miscellaneous revenue	404
Interest expense	(61,623)
Total net non-operating revenues (expenses)	(51,703)
Change in net position	(95,332)
TOTAL NET POSITION - BEGINNING	5,854,518
TOTAL NET POSITION - ENDING	\$ 5,759,186

Town of Oakland, Maine
Statement of Cash Flows - Proprietary Fund
For the Year ended June 30, 2023

	Enterprise Fund Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from user charges	\$ 561,487
Interest and lien charges	3,659
Payments to suppliers for goods and services	(315,892)
Payments for administrative services	<u>(380,134)</u>
Net cash used by operating activities	<u>(130,880)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital expenditures	(37,646)
Interest payments	(63,872)
Bond and note payments	<u>(72,709)</u>
Net cash used by capital and related financing activities	<u>(174,227)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income and other	<u>9,920</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(295,187)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>295,187</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 0</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ <u>(43,629)</u>
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	190,171
(Increase) decrease in the following assets	
Accounts receivable	7,289
Due from other funds	(286,513)
Increase (decrease) in the following liabilities	
Accounts payable	2,384
Accrued payroll	<u>(582)</u>
Total adjustments to income	<u>(87,251)</u>
Net cash provided by operating activities	<u><u>\$ (130,880)</u></u>

See accompanying notes to basic financial statements.

Town of Oakland, Maine
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Private Purpose Trust Funds
ASSETS	
Investments	\$ 336,486
Due from other funds	11,513
Total assets	347,999
NET POSITION	
Held in trust for benefits and other purposes	\$ 347,999

Town of Oakland, Maine
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Income	
Interest and investment income	\$ 7,792
Other additions	
Contributions	<u>5,550</u>
Total additions	13,342
DEDUCTIONS	
Benefits	<u>1,266</u>
Total deductions	<u>1,266</u>
Change in net position	12,076
NET POSITION - BEGINNING	<u>335,923</u>
NET POSITION - ENDING	<u><u>\$ 347,999</u></u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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 Liabilities

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

Long-term liabilities 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. Pensions and Other Post Retirement Benefits Obligations (OPEB)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension expense, information about the fiduciary net position of the Participating Local Districts (PLD) Plan and Town OPEB Plan and additions to/deductions from the PLD and Town Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD and Town Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

7. 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

8. 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.

9. 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, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

10. Revenue Recognition - Property Taxes

Property taxes were levied on assessed values of April 1, 2022 and were due in full or in installments on August 19, 2022, October 14, 2022, January 13, 2023 and March 10, 2023. Interest was charged at 4% 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, 2023, and during the first sixty days of the next fiscal year are recognized as revenue in 2023. 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	\$ 567,537,580
Personal property	<u>28,627,100</u>
	596,164,680
Tax rate (per \$1,000)	<u>17.20</u>
Commitment	10,254,033
Less: collections and abatements	<u>(10,145,469)</u>
Receivable at June 30, 2023	<u>\$ 108,564</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, 2023, the Town reported deposits of \$3,960,810 with bank balances of \$4,232,621. Of the Town's total bank balance of \$4,232,621, \$0 was exposed to custodial credit risk.

Deposits in the primary government have been reported as follows:

Reported in governmental funds	\$3,960,810
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Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2023

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, 2023 are as follows:

	<u>Fair Value</u>	<u>Level</u>
Negotiable CDs	\$ 248,509	I
Money market mutual funds	673,727	I
Mutual funds	155,760	I
IShares – Bonds	128,222	I
U.S. Agency treasury securities	1,069,756	I
U.S. Agency debt securities (FFCB, FHLB, FHLMC, FNMA)	589,617	II
Total investments	<u>\$ 2,865,591</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	\$ -	\$ 248,509	\$ -
Money market mutual funds	673,728	-	-
Mutual funds	155,760	-	-
U.S. Treasury securities	781,671	318,085	-
U.S. Agency debt securities	133,886	455,731	-
Total investments	<u>\$ 1,745,045</u>	<u>\$1,022,325</u>	<u>\$ -</u>

The Town reported investments of \$2,529,105 in governmental funds and \$336,488 in fiduciary funds.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2023

NOTE 3. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Disposals	Balance June 30, 2023
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	45,750	-	5,645,667
Vehicles	3,097,487	90,294	-	3,187,781
Equipment	1,785,693	234,808	-	2,020,501
Infrastructure	4,700,535	284,571	-	4,985,106
Total	<u>15,183,632</u>	<u>655,423</u>	<u>-</u>	<u>15,839,055</u>
<i>Less accumulated depreciation for</i>				
Buildings	(1,390,395)	(128,484)	-	(1,518,879)
Vehicles	(2,230,833)	(169,606)	-	(2,400,439)
Equipment	(1,370,366)	(72,093)	-	(1,442,459)
Infrastructure	(1,120,883)	(116,378)	-	(1,237,261)
Total accumulated depreciation	<u>(6,112,477)</u>	<u>(486,561)</u>	<u>-</u>	<u>(6,599,038)</u>
Total capital assets being depreciated, net	<u>9,071,155</u>	<u>168,862</u>	<u>-</u>	<u>9,240,017</u>
Total governmental activities, net	<u>\$10,665,009</u>	<u>\$ 168,862</u>	<u>\$ -</u>	<u>\$10,833,871</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	1,328,463	37,646	-	1,366,109
Total	<u>11,334,220</u>	<u>37,646</u>	<u>-</u>	<u>11,371,866</u>
<i>Less accumulated depreciation for</i>				
Buildings	(1,004,332)	(24,640)	-	(1,028,972)
Transmission lines	(1,610,014)	(146,497)	-	(1,756,511)
Equipment	(1,238,754)	(19,034)	-	(1,257,788)
Total accumulated depreciation	<u>(3,853,100)</u>	<u>(190,171)</u>	<u>-</u>	<u>(4,043,271)</u>
Total capital assets being depreciated, net	<u>7,481,120</u>	<u>(152,525)</u>	<u>-</u>	<u>7,328,595</u>
Total business-type activities, net	<u>\$ 7,481,620</u>	<u>\$ (152,525)</u>	<u>\$ -</u>	<u>\$ 7,329,095</u>

Depreciation was charged to the following activities as follows:

<i>Governmental activities:</i>	
Public safety	\$110,331
Public works	299,682
Property maintenance	70,006
Sanitation	<u>6,542</u>
Total depreciation expense – Governmental activities	<u>\$486,561</u>
 <i>Business-type activities</i>	
Sewer fund	<u>\$190,171</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2023

NOTE 4. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended June 30, 2023:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023	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%	\$ 479,968	\$ -	\$ (60,000)	\$ 419,968	\$ 60,000
Fire Building, issued 2019 due 2048, principal and interest due annually. Interest rate at 1.72-4.2%	<u>2,363,356</u>	<u>-</u>	<u>(58,997)</u>	<u>2,304,359</u>	<u>60,141</u>
Total direct borrowing bonds payable	2,843,324	-	(118,997)	2,724,327	120,141
Net pension and OPEB liability	229,009	30,518	(8,069)	251,458	N/A
Financed purchased asset lease	18,294	-	(18,294)	-	-
Compensated absences	<u>86,350</u>	<u>6,029</u>	<u>-</u>	<u>92,379</u>	<u>N/A</u>
Total governmental long-term liabilities	<u>3,176,977</u>	<u>36,547</u>	<u>(145,360)</u>	<u>3,268,164</u>	<u>120,141</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>1,887,058</u>	<u>-</u>	<u>(72,709)</u>	<u>1,814,349</u>	<u>75,163</u>
Total governmental fund and proprietary fund long-term liabilities	<u>\$ 5,064,035</u>	<u>\$ 36,547</u>	<u>\$ (218,069)</u>	<u>\$ 5,082,513</u>	<u>\$ 195,304</u>

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

Fiscal year ended	Governmental Activities		
	Principal	Interest	Total
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	125,327	77,357	202,684
2029-2033	471,867	344,323	816,190
2034-2038	411,502	280,412	691,914
2039-2043	493,040	198,874	691,914
2044-2048	599,039	92,875	691,914
2049-2050	<u>135,527</u>	<u>2,856</u>	<u>138,383</u>
	<u>\$2,724,327</u>	<u>\$1,333,771</u>	<u>\$4,058,098</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2023

NOTE 4. LONG-TERM LIABILITIES (CONTINUED)

Future maturities of direct borrowing notes payable are as follows:

Fiscal year ended	Proprietary Activities		
	Principal	Interest	Total
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	85,835	50,745	136,580
2029-2033	474,634	208,266	682,900
2034-2038	560,321	122,579	682,900
2039-2041	377,342	32,398	409,740
	<u>\$1,814,349</u>	<u>\$ 644,091</u>	<u>\$2,458,440</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.

Overlapping Liabilities

Town is contingently responsible for a proportionate share of the overlapping debt of RSU 18's liabilities. At June 30, 2023, the Town's share of the total liabilities outstanding of share was \$6,400,273

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, 2023 arising from these transactions were as follows:

	Due from	Due to	Transfers in	Transfers out
General fund	\$ -	\$1,008,875	\$ -	\$ 1,843
Special revenue fund	674,715	-	1,843	-
Proprietary fund	322,647	-	-	-
Fiduciary fund	11,513	-	-	-
	<u>\$1,008,875</u>	<u>\$1,008,875</u>	<u>\$ 1,843</u>	<u>\$ 1,843</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2023

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, 2023:

Capital assets	\$28,805,275
Accumulated depreciation	(10,642,309)
Related bonds and lease payable	<u>(4,538,676)</u>
Total balance	<u>\$ 13,624,290</u>

NOTE 7. FUND BALANCE – GENERAL FUND – COMMITTED

At June 30, 2023, the Town maintained committed fund balances for the following purposes:

Capital improvement reserve	\$ 540,503
Drug forfeiture reserve	1,670
Fuel reserve	9,603
Memorial hall	10,881
Demolition debris reserve	109,872
Digital mapping reserve	47,921
Assistance to firefighters	1,792
Justice grant	1,947
Swim area reserve	62,455
Pheobe Folsom recreation reserve	36,428
Flower fund	1,389
Police training	12,874
Underage drinking grant	6,865
Chris Curato memorial reserve	147
DARE contribution reserve	573
Firstpark reserve	191,424
Fire equipment	2,044
Summer concert series	17,228
Field hockey reserve	1,324
Library gifts reserve	13,450
Library building improvements reserve	28,675
Municipal property reserve	351,138
Wrigley recreation	6,725
Septic system replacement reserve	6,017
Summit gas road opening reserve	65,618
Fire equipment reserve	6,184
Safety equipment	1,268
Downtown broadband	15,000
Road improvement reserve	<u>183,807</u>
 Total	 <u>\$ 1,734,822</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2023

NOTE 8. NET POSITION – FIDUCIARY FUNDS

At June 30, 2023, the Town maintained net positions in its' fiduciary funds for the following purposes:

Cemeteries	\$226,790
Distressed persons	25,859
Library trust	5,982
Schmaltz Library trust	35,187
Greenough book trust	<u>54,181</u>
	<u>\$347,999</u>

NOTE 9. FUND BALANCE – GENERAL FUND – ASSIGNED

At June 30, 2023, the Town maintained assigned fund balances for the following purposes:

Election expenses	\$ 17,391
Memorial hall fuel	3,008
Employee separation costs	64,621
Memorials maintenance	2,797
150 th anniversary	6,453
Solid waste	14,738
Sand & salt	9,673
Miscellaneous road improvements	6,568
Paving	23,159
Transfer station scale	41,400
Buildings and grounds maintenance	2,638
Public works truck	25,588
Messalonskee trail	10,013
Fire truck	201,964
Police vehicle	7,033
Memorial hall improvements	<u>9,936</u>
 Total	 <u>\$446,980</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2023

NOTE 10. DEFERRED COMPENSATION PLAN

The Town provides a 401 and 457 Deferred Compensation Plan through Mission Square. 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 8.00%. The Town contribution for the year ended June 30, 2023 was \$183,346.

NOTE 11. DEFINED BENEFIT PENSION PLAN

Maine Public Employees Retirement System

Eligible employees participate in the Maine Public Employees Retirement System's Participating Local District (PLD) Plan. The PLD plan is a multiple-employer cost sharing defined benefit plan. Eligible employers (districts) are defined in Maine statute.

Pension Benefits

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for State employees and teachers; separate legislation enacted the same reduced requirement for judges, legislators, and employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 1.52%.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2023

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or by the System's Board of Trustees and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

Contributions - PLD Plan

PLD plan members are required to contribute 9.70% of their annual salary to the plan. The Town is required to pay 13.40% of members' compensation. The Town had covered payroll of \$379,548 for the year ended June 30, 2023 and \$87,653 for the year ended June 30, 2022. Total combined contributions to the plan for employees and employer were \$91,602 for the year ended June 30, 2023 and \$15,527 for the year ended June 30, 2022.

Net Pension Liability

The collective net pension liability measured as of June 30, 2022 was as follows:

	PLD Plan
Plan collective total pension liability	\$ 3,943,572,890
Less plan net position	<u>(3,677,737,551)</u>
Plan collective net pension liability	<u>\$ 265,835,339</u>

At June 30, 2023, the Town reported a liability for its proportionate share of the net pension liability. The amount recognized by the Town as its proportionate share of the net pension liability was \$30,518.

The net pension liability for the Town was measured as of June 30, 2022, and the total collective pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date. The Town's proportionate share percentage of the collective net pension liability for the PLD Plan was 0.011480%, allocated based on adjusted contributions to the plan for the year ended June 30, 2022.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2023

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

The collective total pension liability (asset) for the Plan was determined by an actuarial valuation as of June 30, 2022, using the following methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal cost method is used to determine costs. Under this cost method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability rate.

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

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

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

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2022 are as follows:

Investment Rate of Return	6.50 per annum, compounded annually
Inflation Rate	2.75%
Annual Salary Increases, Including Inflation	2.80% - 11.48%
Cost of Living Benefit Increases	1.91%
Mortality Rates	Based on the 2010 Public Plan General Benefits – Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2023

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets.

These

ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equities	6.0%
US Government	2.3
Private Equity	7.6
Real Assets:	
Real Estate	5.2
Infrastructure	5.3
Natural Resources	5.0
Traditional Credit	3.0
Alternative Credit	7.4
Diversifiers	5.9

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2022 for the PLD Consolidated Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability (asset) as of June 30, 2022 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
PLD Consolidated Plan	\$ 785,353,277	\$ 265,835,339	\$(163,564,722)

Pension Expense

For the year ended June 30, 2023, the Town recognized pension expense of \$19,116 related to the PLD Plan, made up of the Town's proportionate share of plan pension expense \$8,445, pension expense related to specific liabilities of individual employers (\$20) and net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions \$10,691.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2023

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Deferred Outflows and Inflows of Resources

For the year ended June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 5,672	\$ -
Changes of assumptions	6,194	-
Net difference between projected and actual investment earnings on pension plan investments	-	12,809
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,382	-
Employer's contributions to plan subsequent to measurement date of collective net pension liability	<u>53,137</u>	<u>-</u>
Total	<u>\$ 86,385</u>	<u>\$ 12,809</u>

\$53,137 reported as deferred outflows related to pensions 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, 2024. Other amounts reported as deferred inflows and outflows will be recognized as pension expense as follows:

Year ended June 30	PLD Plan Amount
2024	\$ 14,539
2025	7,841
2026	(7,947)
2027	<u>6,016</u>
	<u>\$ 20,439</u>

Further Information Available

Further information, schedules, as well as the actuarial valuation reports for each of the Maine Public Employee Retirement System's plans may be obtained by calling 1-800-451-9800, and are available on the System's website at www.maineopers.org/Publications/Publications.htm#AnnualReports.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2023

NOTE 12. 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, 2023, 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, 2023

NOTE 12. 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 \$220,940 was measured as of January 1, 2023, 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, 2022	\$ <u>229,009</u>
Changes for the year:	
Service Cost	16,845
Interest	5,058
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(29,357)
Benefit payments	<u>(615)</u>
Net changes	<u>(8,069)</u>
 Balance at June 30, 2023	 \$ <u>220,940</u>

Change in assumptions reflects a change in the discount rate from 2.06% to 3.72%. 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, 2023, The Town recognized OPEB expense of \$12,544 related to the Health Plan. At June 30, 2023, 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	\$ -	\$ 96,299
Changes in assumptions or other inputs	46,264	37,730
Contributions subsequent to measurement date	<u>1,788</u>	-
Total	<u>\$48,052</u>	<u>\$134,029</u>

\$1,788 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, 2024. 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:	
2024	\$ (7,571)
2025	(7,570)
2026	(10,959)
2027	(7,793)
2028	(10,882)
Thereafter	<u>(42,990)</u>
Total	<u>\$(87,765)</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2023

NOTE 12. OTHER POST RETIREMENT BENEFIT PLAN (CONTINUED)

Actuarial Assumptions - Health Plan - The total OPEB liability in the January 1, 2023 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 2023_f1, applied to all periods included in the measurement, unless otherwise specified:

Rate of Inflation	3.00%
Rate of Growth in Real Income/GDP per capita 2031+	1.50%
Extra Trend due to Taste/Technology 2029+	.80%
Expected Health Share of GDP 2031	19.80%
Health Share of GDP Resistance Point	19.00%
Year for Limiting Cost Growth to GDP Growth costs	2043

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 model, 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 3.72% per annum. The discount rate was updated to reflect the December 30, 2022 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 3.72%, 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 (2.72%) or 1 percentage-point higher (4.72%) than the current rate:

	1% Decrease 2.72%	Discount Rate 3.72%	1% Increase 4.72%
Total OPEB Liability	\$ 262,510	\$ 220,940	\$ 187,199
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 262,510</u>	<u>\$ 220,940</u>	<u>\$ 187,199</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 18.8%. A one percent increase in the discount rate decreases the NOL by approximately 15.3%.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2023

NOTE 12. 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	\$ 182,051	\$ 220,940	\$ 271,078
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 182,051</u>	<u>\$ 220,940</u>	<u>\$ 271,078</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 22.7%.

NOTE 13. 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 14. 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.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2023

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 30, 2023, 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, 2023

	Budgeted Amounts			Actual	Variance with Final Budget - Positive (Negative)
	Original*	Changes**	Final		
REVENUES					
Property taxes	\$ 10,254,033	\$ -	\$ 10,254,033	\$ 10,235,021	\$ (19,012)
Excise and miscellaneous taxes	1,312,500	-	1,312,500	1,448,583	136,083
Interest and lien costs	36,000	-	36,000	24,260	(11,740)
Licenses, permits and fines	11,300	-	11,300	15,034	3,734
Intergovernmental	1,356,224	20,986	1,377,210	1,890,376	513,166
Charges for services	339,733	27,560	367,293	420,277	52,984
Investment and interest earnings (loss)	5,000	-	5,000	219,579	214,579
Contributions and reimbursements	600	50,394	50,994	50,394	(600)
First Park revenue	-	75,729	75,729	75,729	-
Miscellaneous	152,650	(15,407)	137,243	124,465	(12,778)
Total revenues	<u>13,468,040</u>	<u>159,262</u>	<u>13,627,302</u>	<u>14,503,718</u>	<u>876,416</u>
EXPENDITURES					
Current					
General government	975,791	2,138	977,929	974,947	2,982
Protection	2,529,944	12,792	2,542,736	2,338,165	204,571
Public works	1,408,088	57,925	1,466,013	1,402,615	63,398
Sanitation	553,270	-	553,270	552,959	311
Leisure services	220,016	4,081	224,097	198,995	25,102
Education	5,963,747	-	5,963,747	5,963,747	-
County tax	663,448	-	663,448	663,448	-
Town properties	394,854	-	394,854	358,959	35,895
Special appropriations	1,457,983	89,843	1,547,826	1,094,538	453,288
Debt service	-	-	-	-	-
Principal	118,997	18,294	137,291	137,291	-
Interest and other charges	90,858	1,404	92,262	92,253	9
Total expenditures	<u>14,376,996</u>	<u>186,477</u>	<u>14,563,473</u>	<u>13,777,917</u>	<u>785,556</u>
Excess (deficiency) of revenues over expenditures	<u>(908,956)</u>	<u>(27,215)</u>	<u>(936,171)</u>	<u>725,801</u>	<u>1,661,972</u>
OTHER FINANCING SOURCES (USES)					
Use of carryover unrestricted fund balance	500,000	-	500,000	-	(500,000)
Use of committed fund balances	150,000	27,215	177,215	-	(177,215)
Use of assigned fund balances	362,325	-	362,325	-	(362,325)
Overlay	(103,369)	-	(103,369)	-	103,369
Transfers out	-	-	-	(1,843)	(1,843)
Total other financing sources and (uses)	<u>908,956</u>	<u>27,215</u>	<u>936,171</u>	<u>(1,843)</u>	<u>(938,014)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>723,958</u>	<u>\$ 723,958</u>
FUND BALANCES - BEGINNING				<u>4,748,044</u>	
FUND BALANCES - ENDING				<u>\$ 5,472,002</u>	

* includes assigned carryover accounts

** reclassification of budget, budget changes, committed funds activity and use of additional revenues

Town of Oakland, Maine
Schedule of the Town's Proportionate Share of the Net Pension Liability
Participating Local Districts Plan
Last 10 Fiscal Years*
For the years ended June 30,

	2023
Town's proportion of the net pension liability	0.011480%
Town's proportionate share of the net pension liability/ (asset)	\$ 30,518
Town's covered-employee payroll	\$ 87,653
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	34.82%
Plan fiduciary net position as a percentage of the total pension liability	93.26%

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

** Plan net position and collective net pension liability reflect only the employees' group portion of the SET plan

*** Contributions in relation to statutorily required pension contributions are the contributions an

*** The Town's covered payroll is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For System employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

**Town of Oakland, Maine
 Schedule of Town Pension Contributions
 Participating Local Districts Plan
 Last 10 Fiscal Years*
 For the years ended June 30,**

	2023
Contractually required contribution	\$ 8,502
Contributions in relation to the contractually required contribution	(8,502)
Contribution deficiency (excess)	\$ -
Town's covered-employee payroll	\$ 87,653
Contributions as a percentage of covered-employee payroll	9.70%

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

**Contributions in relation to statutorily required pension contributions are the contributions an employer actually made to

*** The Town's covered payroll is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are

Notes to Schedule:

Changes of Benefit Terms: There were no changes of benefit terms in FY 2023

Changes in Benefit Assumptions: There were no changes of benefit assumptions in FY 2023

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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 16,845	\$ 17,370	\$ 14,842	\$ 8,641	\$ 9,919	\$ 10,653
Interest	5,058	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	(29,357)	(2,271)	19,761	51,798	(25,312)	32,069
Benefit payments	(615)	(1,044)	(1,004)	(2,061)	(1,982)	(1,866)
Net change in total OPEB Liability	<u>(8,069)</u>	<u>(80,914)</u>	<u>41,351</u>	<u>35,726</u>	<u>(8,756)</u>	<u>43,740</u>
Total OPEB liability- beginning	229,009	309,923	268,572	232,846	241,602	197,862
Total OPEB liability- ending	<u>\$ 220,940</u>	<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	\$ 1,519,528	\$ 1,551,341	\$ 1,551,341	\$ 1,366,888	\$ 1,366,888
Total OPEB liability as a percentage of its covered-employee payroll	14.5%	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>
2023	3.72%
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.

Town of Oakland, Maine
Taxes Receivable, Tax Liens and Tax Acquired Property
General Fund
June 30, 2023

Taxes receivable	
2023	\$ 3,767
2022	9,098
2021 and prior	<u>12,064</u>
Total taxes receivable	<u>24,929</u>
Tax liens and tax acquired property	
2023	106,308
2022	52,993
2021 and prior	<u>14,441</u>
Total tax liens and tax acquired property	<u>173,742</u>
Total taxes receivable, tax liens and tax acquired property	<u>\$ 198,671</u>



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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, 2023, 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 30, 2023.

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.

Shantree Chibodian & Associates

Bangor, Maine
November 30, 2023