

Town of Oakland, Maine

ANNUAL FINANCIAL STATEMENTS
(with required and other supplementary information)

For the Year Ended June 30, 2024

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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, 2024, 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, 2024 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 44 through 47 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Skowhegan, Maine's basic financial statements. The other supplementary information on Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 January 8, 2025, 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.

Barbara Chibodian & Associates

Bangor, Maine
January 8, 2025

Management Discussion and Analysis for the Year Ended June 30, 2024 (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 \$20,322,077. Of this amount, \$5,494,920 (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 \$6,192,660 an increase of \$45,943.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,112,992 or 23% of total general fund expenditures.
- The Town of Oakland's long-term loans and leases decreased from \$4,538,676 to \$4,344,910. State law limits municipal debt to 15% of property valuation. \$143,362,500 is the debt ceiling for the Town of Oakland.
- At the close of the current fiscal year, 99% of the 2023-2024 tax commitment was collected. The state average is 92%.
- Motor Vehicle Excise Taxes - The current year's collections were \$1,554,850 up from \$1,435,951 the previous year.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Town of Oakland that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The government activities of the Town include general government, public safety, public works,

solid waste disposal, recreation, library and other activities. The Town has one business type activity, its wastewater pumping operation.

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

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

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

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

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

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 \$20,322,077 at the close of the most recent fiscal year.

By far the largest portion of the Town of Oakland's net assets (69%) 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.

Transfers

The Town changed the presentation of the financial statements and made transfers of \$2,072,583 from the general fund to other funds including \$303,689 to the special revenue fund and \$1,768,894 to the capital reserves fund. Additionally, \$347,999 was reclassified from the fiduciary funds to other governmental funds - permanent funds for more proper classification.

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.

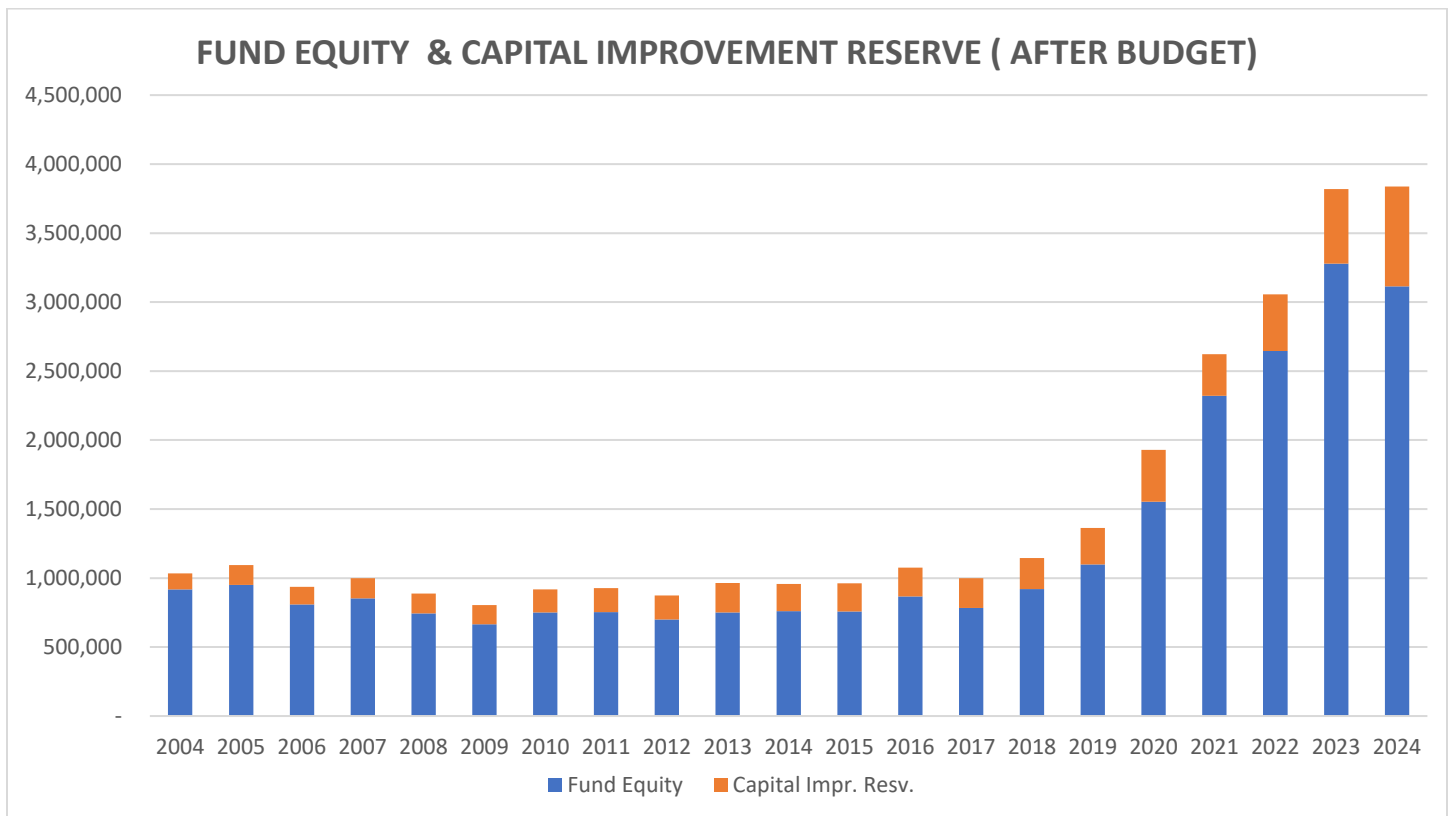
Governmental funds. The focus of the Town of Oakland’s governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town’s financing requirements. Unassigned fund balance may serve as a useful measure of 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, special revenue fund, capital projects fund and other governmental fund – permanent funds.

At the end of the current fiscal year, the Town of Oakland’s governmental funds reported combined ending fund balances of \$6,192,660 a change of \$45,943 including a reclassification of \$347,999 over the prior year.

The general fund unassigned fund equity balance decreased from \$3,278,786 as of June 30, 2023, to \$3,112,992, as of June 30, 2024. Unspent appropriations, excess revenues and the overlay balance contributed to this account. \$900,000 of fund equity was used to fund the 2023-2024 budget to help keep the tax rate down.

The capital improvement reserve balance moved from \$540,503 last year to \$528,004 as of June 30, 2024. \$12,500 of this account was used to offset the 2023-2024 budget. This account is funded by allocating 25% of unspent appropriations and 25% of excess revenues from each year’s budget surplus, if there is one.



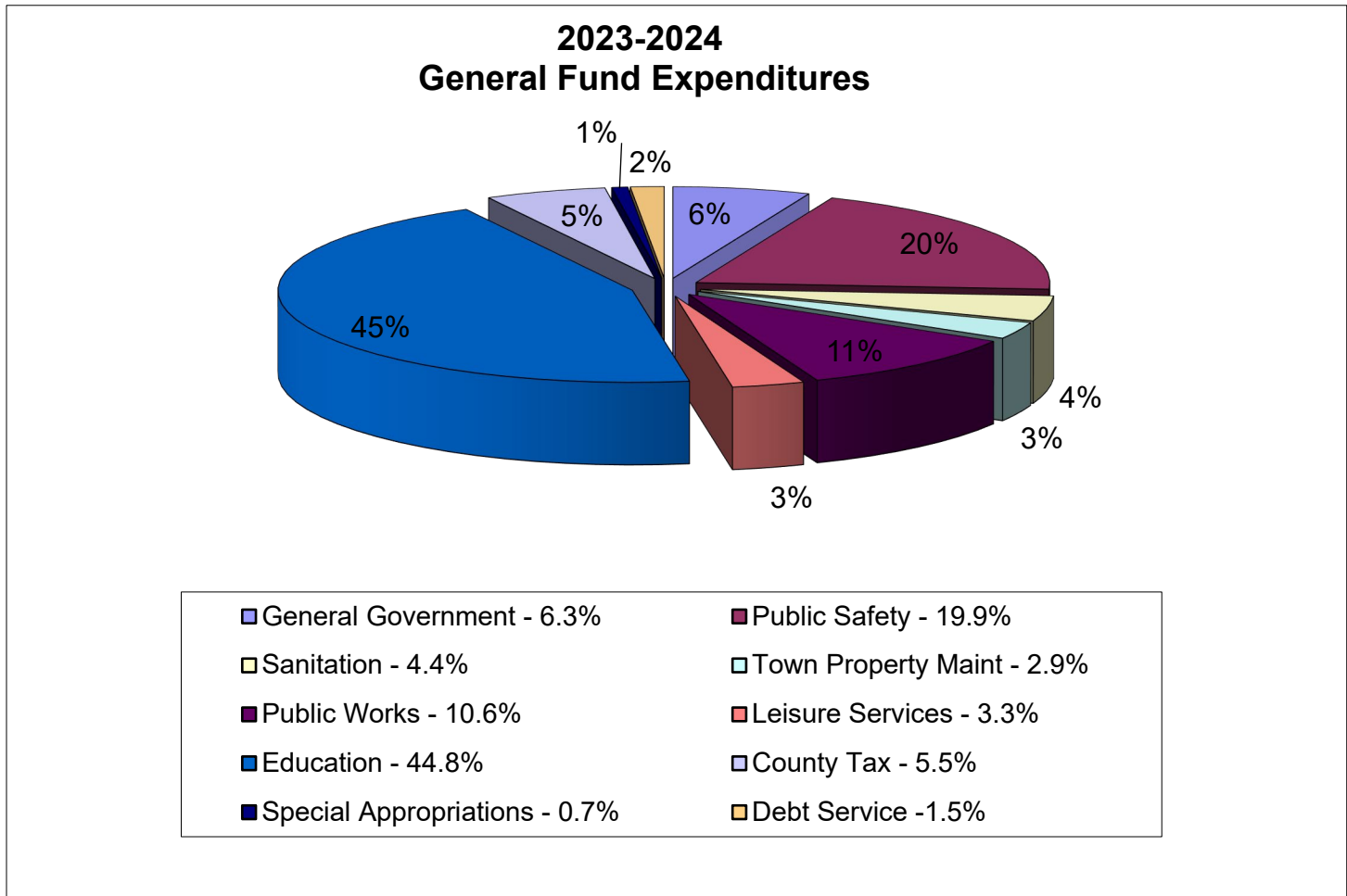
TOWN OF OAKLAND'S NET POSITION

	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITIES		TOTAL	
	2024	2023	2024	2023	2024	2023
CURRENT AND OTHER ASSETS	\$6,722,641	\$6,516,602	\$218,928	\$363,742	\$6,941,569	\$6,880,344
CAPITAL ASSETS	\$10,767,399	\$10,833,871	\$7,794,072	\$7,329,095	\$18,561,471	\$18,162,966
TOTAL ASSETS	\$17,490,040	\$17,350,473	\$8,013,000	\$7,692,837	\$25,503,040	\$25,043,310
DEFERRED INFLOWS RELATED TO PENSION AND OPEB	\$186,614	\$134,437			\$186,614	\$134,437
LONG TERM LIABILITIES OUTSTANDING	\$3,136,002	\$3,068,164	\$1,740,724	\$1,814,349	\$4,876,726	\$4,882,513
OTHER LIABILITIES	\$282,655	\$153,000	\$57,487	\$119,302	\$340,142	\$272,302
TOTAL LIABILITIES	\$3,418,657	\$3,221,164	\$1,798,211	\$1,933,651	\$5,216,868	\$5,154,815
DEFERRED INFLOWS OF RESOURCES DEFERRED INFLOWS RELATED TO OPEB	\$186,614	\$146,838			\$186,614	\$146,838
PREPAID TAXES	\$55,195	\$35,745			\$55,195	\$35,745
NET ASSETS:						
INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT	\$8,163,213	\$8,109,544	\$6,053,848	\$5,514,746	\$14,217,061	\$13,624,290
RESTRICTED	\$ 610,096	\$ 674,715			\$ 610,096	\$ 674,715
UNRESTRICTED	\$5,333,979	\$5,296,904	\$ 160,941	\$ 244,440	\$5,494,920	\$ 5,541,344
TOTAL NET POSITION	\$14,107,288	\$14,081,163	\$6,214,789	\$5,759,186	\$20,322,077	\$19,840,349

General Fund Budgetary Highlights

Expenditures

The 2023-2024 budget included appropriations of \$7,431,496 for municipal services, \$6,090,813 for RSU #18 costs and \$751,910 for Kennebec County government services. The municipal services budget increased 8%. The Kennebec County budget assessment increased 12.5% and the RSU #18 assessment was up 9.0%. There was a total of \$617,364 excess revenues and unspent appropriations. 25% or \$196,404 went back in the capital reserve account and the remaining \$589,212 went into the fund balance.

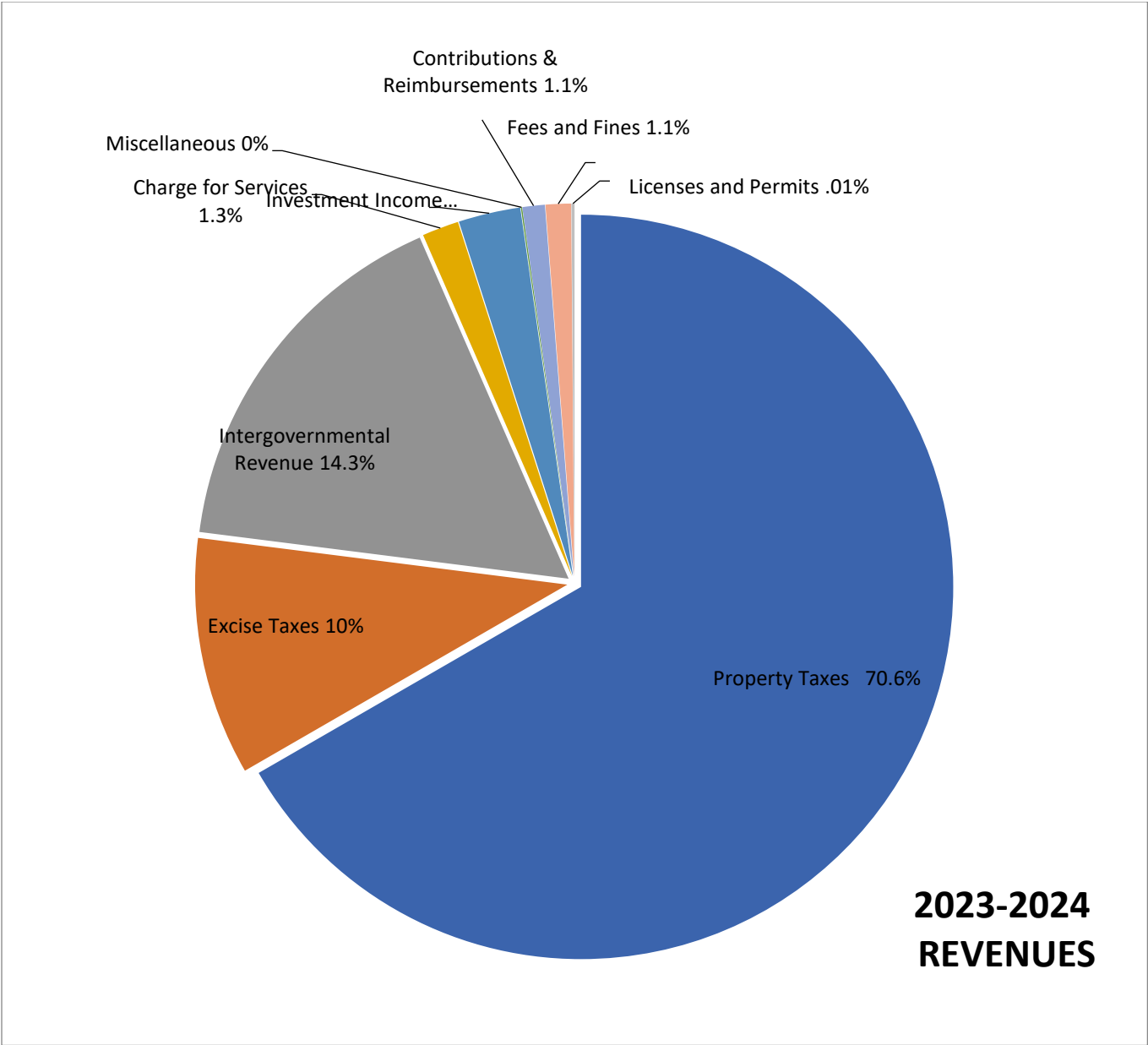


Revenues

Revenues for 2023-2024 were budgeted at \$3,334,425. Included in this was \$900,000 from fund equity and \$12,500 from capital improvements reserve. Total revenues collected was \$3,675,558; \$168,252 more than budgeted.

Motor Vehicle Excise Tax collections increased, from \$1,435,951 last year to \$1,554,850 in 2023-2024. State Revenue Sharing has decreased from \$1182,375 to \$941,201 in 2023-2024.

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



Capital Assets

Spending on capitalized assets increased this year compared to the prior year. In 2023-2024 \$399,505 was spent. Total capital assets, net of depreciation, increased from \$18,162,966 last year to \$18,562,471 this year.

Pension and OPEB Liability

The Pension MEPEERS and Total Health Plan Other Pension Employer Liability (OPEB) increased from \$251,458 to \$447,833 as of 6/30/2024.

Debt Service

\$120,141 of the Town’s debt for the Police Station and Fire Station buildings was retired in 2023-2024.

Property Valuations

Total real estate and personal property valuation went from from \$702,510,000 last year to \$762,950,000 in 2023-2024. The mil rate decreased to 14.40.

Proprietary Funds.

The unrestricted net position of the Town's wastewater pumping fund decreased from \$244,440 last year to \$160,941 this year. This enterprise fund generates its' revenues from user fees.

Special Revenue Funds

The town has a federal grant (American Rescue Plan Act) in the amount of \$179,881 unspent. Plans for its use will end in the summer of 2024. Additionally, donations and other grant funded activity is included in this fund for a total of \$503,319 at June 30, 2024.

Capital Reserves Fund

The capital reserves funds are used to account for the committed funds activity for capital related projects and funding totaling \$2,040,883 at June 30, 2024.

Respectfully submitted,
Kelly Pinney-Michaud
Town Manager

Town of Oakland, Maine
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,615,391	\$ 37,586	\$ 3,652,977
Investments	2,734,027	-	2,734,027
Taxes receivable, net	217,892	-	217,892
Sewer fees receivable	-	41,226	41,226
Due from other governmental agencies	231,873	-	231,873
Internal balances	(139,616)	139,616	-
Prepaid expenses	63,074	-	63,074
Capital assets not being depreciated	1,518,854	500	1,519,354
Capital assets being depreciated, net	9,248,545	7,794,072	17,042,617
	<u>17,490,040</u>	<u>8,013,000</u>	<u>25,503,040</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions and OPEB	277,714	-	277,714
	<u>277,714</u>	<u>-</u>	<u>277,714</u>
LIABILITIES			
Accounts payable and accrued expenses	228,042	3,021	231,063
Accrued compensated absences	43,397	492	43,889
Accrued interest	11,216	53,974	65,190
Long-term liabilities			
Due within one year			
Bonds and notes payable	121,347	77,699	199,046
Due in more than one year			
Bonds and notes payable	2,482,839	1,663,025	4,145,864
Net pension and OPEB liability	447,833	-	447,833
Accrued compensated absences	83,983	-	83,983
	<u>3,418,657</u>	<u>1,798,211</u>	<u>5,216,868</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions and OPEB	186,614	-	186,614
Prepaid taxes	55,195	-	55,195
	<u>241,809</u>	<u>-</u>	<u>241,809</u>
NET POSITION			
Net investment in capital assets	8,163,213	6,053,848	14,217,061
Restricted, expendable for			
Permanent funds	366,242	-	366,242
Special revenue- ARPA grant	179,881	-	179,881
Other grants and donations	63,973	-	63,973
Unrestricted	5,333,979	160,941	5,494,920
	<u>\$ 14,107,288</u>	<u>\$ 6,214,789</u>	<u>\$ 20,322,077</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	\$ 897,036	\$ 107,199	\$ 32,182	\$ -	\$ (757,655)	\$ -	\$ (757,655)
Town properties	418,505	12,700	5,323	-	(400,482)	-	(400,482)
Public safety	2,808,746	197,794	-	-	(2,610,952)	-	(2,610,952)
Public works	951,344	-	-	49,816	(901,528)	-	(901,528)
Sanitation	616,596	111,021	-	-	(505,575)	-	(505,575)
Education	6,090,813	-	-	-	(6,090,813)	-	(6,090,813)
Leisure services	231,261	20,752	2,231	-	(208,278)	-	(208,278)
County tax	751,910	-	-	-	(751,910)	-	(751,910)
Cemeteries	2,200	15,875	8,446	-	22,121	-	22,121
Special appropriations	781,547	300	172,375	-	(608,872)	-	(608,872)
Grant program expenses	-	-	121,151	-	121,151	-	121,151
Interest and other charges on long-term debt	87,593	-	-	-	(87,593)	-	(87,593)
Capital outlay	672,821	-	125,333	-	(547,488)	-	(547,488)
Total governmental activities	14,310,372	465,641	467,041	49,816	(13,327,874)	-	(13,327,874)
Business-type activities							
Sewer fund	735,524	541,178	3,764	-	-	(190,582)	(190,582)
Total primary government	\$ 14,310,372	\$ 465,641	\$ 467,041	\$ 49,816	(13,327,874)	(190,582)	(13,518,456)
General revenues							
Taxes							
Property taxes					10,120,668	-	10,120,668
Excise taxes, permits, licenses and other fees					1,569,127	-	1,569,127
Interest and lien costs					32,660	-	32,660
Grants and contributions not restricted to specific programs					1,448,971	-	1,448,971
Unrestricted investment earnings and interest					389,341	5,473	394,814
Miscellaneous					79,270	-	79,270
Contributions to permanent fund principal					6,675	-	6,675
Transfers					(640,712)	640,712	-
Total general revenues and contributions to permanent fund principal and transfers					13,006,000	646,185	13,652,185
Change in net position					(321,874)	455,603	133,729
NET POSITION - BEGINNING					14,081,163	5,759,186	19,840,349
Reclassification of fiduciary funds					347,999	-	347,999
NET POSITION - BEGINNING, RESTATED					14,429,162	5,759,186	20,188,348
NET POSITION - ENDING					\$ 14,107,288	\$ 6,214,789	\$ 20,322,077

See Independent Auditor's Report and Accompanying Notes to Financial Statements

Town of Oakland, Maine
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Special Revenue Fund	Capital Reserves Fund	Non-major Governmental Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,615,391	\$ -	\$ -	\$ -	\$ 3,615,391
Investments	2,690,530	-	-	43,497	2,734,027
Taxes receivable, net	217,892	-	-	-	217,892
Due from other governmental agencies	231,873	-	-	-	231,873
Due from other funds	-	503,319	2,040,883	322,745	2,866,947
Prepaid expenses	63,074	-	-	-	63,074
	<u>6,818,760</u>	<u>503,319</u>	<u>2,040,883</u>	<u>366,242</u>	<u>9,729,204</u>
Total assets	<u>\$ 6,818,760</u>	<u>\$ 503,319</u>	<u>\$ 2,040,883</u>	<u>\$ 366,242</u>	<u>\$ 9,729,204</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 139,786	\$ -	\$ -	\$ -	\$ 139,786
Due to other funds	3,006,563	-	-	-	3,006,563
Accrued payroll	88,256	-	-	-	88,256
Accrued compensated absences	43,397	-	-	-	43,397
	<u>3,278,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,278,002</u>
Total liabilities	<u>3,278,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,278,002</u>
Deferred inflows of resources					
Prepaid taxes	55,195	-	-	-	55,195
Unavailable property taxes	203,347	-	-	-	203,347
	<u>258,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>258,542</u>
Total deferred inflows of resources	<u>258,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>258,542</u>
Fund balances					
Nonspendable for					
Trust fund principal	-	-	-	174,106	174,106
Prepaid expenses	63,074	-	-	-	63,074
Restricted for					
Trust fund income	-	-	-	192,136	192,136
ARPA grant funds	-	179,881	-	-	179,881
Other grants and contributions	-	63,973	-	-	63,973
Committed for					
Capital projects	-	-	2,040,883	-	2,040,883
Other purposes	-	259,465	-	-	259,465
Assigned for					
Other purposes	106,150	-	-	-	106,150
Unassigned	3,112,992	-	-	-	3,112,992
	<u>3,282,216</u>	<u>503,319</u>	<u>2,040,883</u>	<u>366,242</u>	<u>6,192,660</u>
Total fund balances	<u>3,282,216</u>	<u>503,319</u>	<u>2,040,883</u>	<u>366,242</u>	<u>6,192,660</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,818,760</u>	<u>\$ 503,319</u>	<u>\$ 2,040,883</u>	<u>\$ 366,242</u>	<u>\$ 9,729,204</u>

Town of Oakland, Maine
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2024

Total fund balance, governmental funds	\$ 6,192,660
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.	10,767,399
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	203,347
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.	91,100
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>(3,147,218)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 14,107,288</u></u>

Town of Oakland, Maine
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General Fund	Special Revenue Fund	Capital Reserves Fund	Non-major Governmental Fund	Total Governmental Funds
REVENUES					
Property taxes	\$ 10,090,857	\$ -	\$ -	\$ -	\$ 10,090,857
Excise and miscellaneous taxes	1,569,127	-	-	-	1,569,127
Fees and fines	32,660	-	-	-	32,660
Licenses and permits	19,058	-	-	-	19,058
Intergovernmental	1,557,915	217,586	-	-	1,775,501
Charges for services	450,850	-	-	6,675	457,525
Investment and interest earnings	389,341	-	-	13,768	403,109
Contributions and reimbursements	600	-	125,332	-	125,932
Miscellaneous	88,093	57,054	-	-	145,147
Total revenues	14,198,501	274,640	125,332	20,443	14,618,916
EXPENDITURES					
Current					
General government	918,240	-	-	-	918,240
Public safety	2,573,752	-	-	-	2,573,752
Public works	1,016,751	-	-	-	1,016,751
Sanitation	602,014	-	-	-	602,014
Leisure services	230,541	-	-	-	230,541
Education	6,090,813	-	-	-	6,090,813
County tax	751,910	-	-	-	751,910
Town properties	379,500	-	-	2,200	381,700
Special appropriations	793,213	-	-	-	793,213
Debt service					
Principal	120,141	-	-	-	120,141
Interest and loan fees	88,289	-	-	-	88,289
Grant and donation program expenses	-	109,013	-	-	109,013
Capital outlay	-	-	603,883	-	603,883
Total expenditures	13,565,164	109,013	603,883	2,200	14,280,260
Excess (deficiency) of revenues over expenditures	633,337	165,627	(478,551)	18,243	338,656
OTHER FINANCING SOURCES (USES)					
Transfers in	12,500	-	763,040	-	775,540
Transfers out	(763,040)	(640,712)	(12,500)	-	(1,416,252)
Total other financing sources and uses	(750,540)	(640,712)	750,540	-	(640,712)
Net change in fund balances	(117,203)	(475,085)	271,989	18,243	(302,056)
FUND BALANCES - BEGINNING	5,472,002	674,715	-	-	6,146,717
Reclassification from fiduciary fund	-	-	-	347,999	347,999
Reclassification of funds from general fund	(2,072,583)	303,689	1,768,894	-	-
FUND BALANCES - BEGINNING, RECLASSIFIED	3,399,419	978,404	1,768,894	347,999	6,494,716
FUND BALANCES - ENDING	\$ 3,282,216	\$ 503,319	\$ 2,040,883	\$ 366,242	\$ 6,192,660

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, 2024

Net change in fund balances - total governmental funds: \$ (302,056)

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	\$ 402,097	
Depreciation	<u>(468,569)</u>	(66,472)

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. 10,294

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		120,141
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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	697	
Change in net pension liability and deferred inflows and outflows	(77,298)	
Change in net OPEB liability and deferred inflows and outflows	(15,576)	
Change in accrued compensated absences	<u>8,396</u>	<u>(83,781)</u>

Change in net position of governmental activities	<u>\$</u>	<u>(321,874)</u>
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Town of Oakland, Maine
Statement of Net Position
Proprietary Fund
June 30, 2024

	Enterprise Fund
	Sewer Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 37,586
Accounts receivable, net	41,226
Due from other funds	139,616
Total current assets	218,428
Non-current assets	
Property, plant and equipment	12,030,500
Less accumulated depreciation	(4,235,928)
Total non-current assets	7,794,572
Total assets	8,013,000
LIABILITIES	
Current liabilities	
Salaries payable	3,021
Accrued interest payable	53,974
Compensated absences	492
Bond payable	77,699
Total current liabilities	135,186
Noncurrent liabilities	
Bond payable	1,663,025
Total liabilities	1,798,211
NET POSITION	
Net investment in capital assets	6,053,848
Unrestricted	160,941
Total net position	\$ 6,214,789

Town of Oakland, Maine
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2024

	Enterprise Fund
	Sewer Fund
REVENUES	
Charges for services	\$ 534,094
Interest and liens on user fees	7,084
Total operating revenues	541,178
OPERATING EXPENSES	
Administration	112,999
Contracted services	259,766
Supplies and materials	9,702
Plant maintenance and equipment	99,770
Depreciation	192,658
Total operating expenses	674,895
Operating income (loss)	(133,717)
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	5,473
Capital grants and contributions	3,764
Interest expense	(60,629)
Total net non-operating revenues (expenses)	(51,392)
Loss before transfers	(185,109)
Transfers in	640,712
Change in net position	455,603
TOTAL NET POSITION - BEGINNING	5,759,186
TOTAL NET POSITION - ENDING	\$ 6,214,789

Town of Oakland, Maine
Statement of Cash Flows - Proprietary Fund
For the Year ended June 30, 2024

	Enterprise Fund Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from user charges	\$ 541,046
Payments to suppliers for goods and services	(429,903)
Payments for administrative services	<u>71,209</u>
Net cash used by operating activities	<u>182,351</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital expenditures	(17,422)
Interest payments	(62,955)
Proceeds from grants	3,764
Bond and note payments	<u>(73,625)</u>
Net cash used by capital and related financing activities	<u>(150,238)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income and other	<u>5,473</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	37,586
CASH AND CASH EQUIVALENTS, BEGINNING	<u>-</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 37,586</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	<u>\$ (133,717)</u>
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	192,658
(Increase) decrease in the following assets	
Accounts receivable	(131)
Due from other funds	183,031
Increase (decrease) in the following liabilities	
Accounts payable	(60,666)
Accrued payroll	<u>1,176</u>
Total adjustments to income	<u>316,068</u>
Net cash provided by operating activities	<u>\$ 182,351</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2024

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, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 funds:

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 donations and grant activity from federal or state sources.

Capital Reserves Fund

The capital reserves fund is used to account for committed funds activity for capital related projects and funding.

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, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Formal budgets are not adopted for the other funds.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS

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.

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".

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.

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, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

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.

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.

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 Towns (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, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

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

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.

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.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

Governmental Fund Balances (Continued)

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.

Revenue Recognition - Property Taxes

Property taxes were levied on assessed values of April 1, 2023 and were due in full or in installments on August 17, 2023, October 12, 2023, January 11, 2024 and March 14, 2024. Interest was charged at 8% 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, 2024, and during the first sixty days of the next fiscal year are recognized as revenue in 2024. 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	\$ 669,766,600
Personal property	<u>32,743,400</u>
	702,510,000
Tax rate (per \$1,000)	<u>17.80</u>
Commitment	10,116,144
Less: collections and abatements	<u>(9,997,977)</u>
Receivable at June 30, 2024	<u>\$ 118,167</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, 2024, the Town reported deposits of \$3,652,977 with bank balances of \$3,781,830. Of the Town's total bank balance of \$3,781,830, \$0 was exposed to custodial credit risk.

Deposits in the primary government have been reported as follows:

Reported in governmental funds	\$3,615,391
Reported in proprietary fund	<u>37,586</u>
	<u>\$3,652,977</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2024

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, 2024 are as follows:

	<u>Fair Value</u>	<u>Level</u>
Money market mutual funds	\$ 968,885	I
Mutual funds	88,047	I
IShares – Bonds	127,920	I
U.S. Agency treasury securities	1,154,307	I
U.S. Agency debt securities (FFCB, FHLB, FHLMC, FNMA)	394,868	II
Total investments	<u>\$ 2,734,027</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>
Money market mutual funds	\$ 968,885	\$ -	\$ -
Mutual funds	88,047	-	-
U.S. Treasury securities	545,929	608,378	-
U.S. Agency debt securities	118,763	276,105	-
Total investments	<u>\$ 1,721,624</u>	<u>\$ 884,483</u>	<u>\$ -</u>

The Town reported investments of \$2,734,027 in governmental funds.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 3. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2024, was as follows:

	Balance June 30, 2023	Reclass/ Additions	Reclass/ Disposals	Balance June 30, 2024
Governmental activities				
<i>Capital assets not being depreciated</i>				
Land and construction in progress	\$ 1,593,854	\$ -	\$ (75,000)	\$ 1,518,854
<i>Capital assets being depreciated</i>				
Buildings	5,645,667	12,734	-	5,658,401
Vehicles	3,187,781	40,075	-	3,227,856
Equipment	2,020,501	14,220	(65,715)	1,969,006
Infrastructure	4,985,106	410,068	-	5,395,174
Total	<u>15,839,055</u>	<u>477,097</u>	<u>(65,715)</u>	<u>16,250,437</u>
<i>Less accumulated depreciation for</i>				
Buildings	(1,518,879)	(128,757)	-	(1,647,636)
Vehicles	(2,400,439)	(145,010)	-	(2,545,449)
Equipment	(1,442,459)	(72,142)	65,715	(1,448,886)
Infrastructure	(1,237,261)	(122,660)	-	(1,359,921)
Total accumulated depreciation	<u>(6,599,038)</u>	<u>(468,569)</u>	<u>65,715</u>	<u>(7,001,892)</u>
Total capital assets being depreciated, net	<u>9,240,017</u>	<u>8,528</u>	<u>-</u>	<u>9,248,545</u>
Total governmental activities, net	<u>\$10,833,871</u>	<u>\$ 8,528</u>	<u>\$ (75,000)</u>	<u>\$10,767,399</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	640,712	-	8,868,211
Equipment	1,366,109	17,422	-	1,383,531
Total	<u>11,371,866</u>	<u>658,134</u>	<u>-</u>	<u>12,030,000</u>
<i>Less accumulated depreciation for</i>				
Buildings	(1,028,972)	(24,640)	-	(1,053,612)
Transmission lines	(1,756,511)	(148,984)	-	(1,905,495)
Equipment	(1,257,788)	(19,033)	-	(1,276,821)
Total accumulated depreciation	<u>(4,043,271)</u>	<u>(192,657)</u>	<u>-</u>	<u>(4,235,928)</u>
Total capital assets being depreciated, net	<u>7,328,595</u>	<u>465,477</u>	<u>-</u>	<u>7,794,572</u>
Total business-type activities, net	<u>\$ 7,329,095</u>	<u>\$ 465,477</u>	<u>\$ -</u>	<u>\$ 7,795,072</u>

Depreciation was charged to the following activities as follows:

<i>Governmental activities:</i>	
Public safety	\$152,643
Public works	264,420
Property maintenance	37,850
Sanitation	<u>13,656</u>
Total depreciation expense – Governmental activities	<u>\$468,569</u>
<i>Business-type activities:</i>	
Sewer fund	<u>\$192,657</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 4. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended June 30, 2024:

	<u>Balance June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2024</u>	<u>Portion due within one year</u>
Governmental Fund-Type Liabilities					
General Obligation Bonds					
Police Building, issued 2016 due 2031, principal and interest due annually. Interest rate at 2.39%	\$ 419,968	\$ -	\$ (60,000)	\$ 359,968	\$ 60,000
Fire Building, issued 2019 due 2048, principal and interest due annually. Interest rate at 1.72-4.2%	<u>2,304,359</u>	<u>-</u>	<u>(60,141)</u>	<u>2,244,218</u>	<u>61,347</u>
Total direct borrowing bonds payable	2,724,327	-	(120,141)	2,604,186	121,347
Net pension and OPEB liability	251,458	251,300	(54,925)	447,833	N/A
Compensated absences	<u>92,379</u>	<u>-</u>	<u>(8,396)</u>	<u>83,983</u>	N/A
Total governmental long-term liabilities	<u>3,268,164</u>	<u>251,300</u>	<u>(183,462)</u>	<u>3,136,002</u>	<u>121,347</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>1,814,349</u>	<u>-</u>	<u>(73,625)</u>	<u>1,740,724</u>	<u>77,699</u>
Total governmental fund and proprietary fund long-term liabilities	<u>\$ 5,082,513</u>	<u>\$ 251,300</u>	<u>\$ (257,087)</u>	<u>\$ 5,073,652</u>	<u>\$ 199,046</u>

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

<u>Fiscal year ended</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	126,818	74,440	201,258
2030-2034	421,821	331,494	753,315
2035-2039	426,063	265,851	691,914
2040-2044	512,108	179,806	691,914
2045-2049	<u>624,165</u>	<u>67,749</u>	<u>691,914</u>
	<u>\$2,604,186</u>	<u>\$1,245,492</u>	<u>\$3,849,678</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 4. LONG-TERM LIABILITIES (CONTINUED)

Future maturities of direct borrowing notes payable are as follows:

Fiscal year ended	Proprietary Activities		
	Principal	Interest	Total
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	88,732	47,848	136,580
2030-2034	490,653	192,247	682,900
2035-2039	579,231	103,669	682,900
2040-2041	255,219	17,941	273,160
	<u>\$1,740,724</u>	<u>\$ 581,136</u>	<u>\$2,321,860</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, 2024, the Town's share of the total liabilities outstanding of share was \$6,009,817.

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, 2024 arising from these transactions were as follows:

	Due from	Due to	Transfers in	Transfers out
General fund	\$ -	\$3,006,563	\$ 12,500	\$ 763,040
Special revenue fund	503,319	-	-	640,712
Capital reserve funds	2,040,883	-	763,040	12,500
Non-major fund	322,745	-	-	-
Proprietary fund	139,616	-	640,712	-
	<u>\$3,006,563</u>	<u>\$3,006,563</u>	<u>\$1,416,252</u>	<u>\$1,416,252</u>

The Town transferred through budgetary authorization, \$763,040 from the general fund to the capital reserves funds and \$12,500 from the capital reserves funds to the general fund. \$640,712 was transferred from a grant in the special revenue fund to the Proprietary fund for a capital project.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2024

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, 2024:

Capital assets	\$29,799,791
Accumulated depreciation	(11,237,820)
Related bonds and lease payable	<u>(4,344,910)</u>
Total balance	<u>\$ 14,217,061</u>

NOTE 7. FUND BALANCES –RESTRICTED AND COMMITTED

Reclassifications totaling \$303,689 were made from the general fund to the special revenue fund to change presentation and classifications of the fund balances.

At June 30, 2024, the Town maintained restricted fund balances in its special revenue fund for the following purposes:

Fuel donations	\$ 4,883
FEMA fire department grant	2,044
Fire department grants	2,399
Memorial hall	27,932
Justice grant	1,947
Flower donations	1,829
Underage drinking grant	7,865
Chris Curato memorial reserve	147
Other donation	500
Library gifts reserve	<u>14,427</u>
Total	<u>\$ 63,973</u>

At June 30, 2024, the Town maintained committed fund balances in its special revenue fund for the following purposes:

Fuel reserve	\$ 16,652
Police training	13,066
DARE contribution reserve	573
FirstPark reserve	187,963
Summer concert series	13,691
Oakland Anniversary	6,453
Overlook Park	50
Septic system replacement	6,017
Downtown broadband	<u>15,000</u>
	<u>\$ 259,465</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 7. FUND BALANCES –COMMITTED (CONTINUED)

Reclassifications totaling \$1,768,894 were made from the general fund to the capital projects reserves fund to change presentation of the fund balances.

At June 30, 2024, the Town maintained committed fund balances in its capital reserves fund for the following purposes:

Demolition debris reserve	\$ 106,659
Capital improvement	528,004
Digital mapping reserve	52,254
Swim area reserve	62,456
Library building improvements reserve	26,393
Municipal property reserve	354,907
Fire equipment	6,184
Fire truck	301,964
Safety equipment	2,063
Pheobe Folsom recreation reserve	36,428
Road improvement reserve	211,918
Road improvement other	16,396
Transfer station loader	75,000
Paving	30,729
Cross culvert	17,193
Sidewalk improvement	403
Buildings and grounds truck	5,699
Assessing revaluation	47,470
Transfer station scale	51,400
Public works vehicle	6,074
Messalonskee trail	10,013
Police cruiser	45,882
Summit gas road opening reserve	39,369
Wrigley recreation	6,025
	<u>\$2,040,883</u>

NOTE 8. FUND BALANCES – NON-MAJOR PERMANANT FUNDS

Reclassifications totaling \$347,999 were made from the fiduciary fund to the permanent fund to change classifications of the fund balances.

At June 30, 2024, the Town maintained restricted fund balances in the non-major – permanent fund for the following purposes:

Cemeteries	\$ 236,144
Distressed persons	27,133
Library trust	6,275
Schmaltz Library trust	42,383
Greenough book trust	54,307
	<u>\$ 366,242</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 9. FUND BALANCE – GENERAL FUND – ASSIGNED

At June 30, 2024, the Town maintained assigned fund balances for the following purposes:

Election expenses	\$ 22,636
Employee separation costs	35,629
Fire department equipment	2,873
Memorials maintenance	2,797
Solid waste	14,738
Sand & salt	8,000
Public works truck	15,000
Police vehicle	2,172
Rescue	<u>2,305</u>
 Total	 <u>\$106,150</u>

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, 2024 was \$216,920.

NOTE 11. DEFINED BENEFIT PENSION PLAN

Plan Description

Eligible employees participate in the Maine Public Employees Retirement System’s Participating Local Town (PLD) Plan. The PLD plan is a multiple-employer cost sharing defined benefit plan. Eligible employees (Towns) 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

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 3.88%.

Contributions

Retirement benefits are funded by contributions from employee and employers and by earnings from investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or by 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

Retirement benefits are funded by contributions from employee and employers and by earnings from investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or by 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.

Proportionate Share of the Net Pension Liability

At June 30, 2024, 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 \$184,127.

The net pension liability for the Unit was measured as of June 30, 2023, and the total collective pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date. The Unit's proportionate share percentage of the collective net pension liability for the PLD Plan was 0.057703%, allocated based on adjusted contributions to the plan for the year ended June 30, 2023. This percentage was 0.011480% at the prior measurement date of June 30, 2022.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2023 are as follows:

Actuarial valuation date	June 30, 2023
Measurement date	June 30, 2023
Actuarial cost method	Entry age normal
Assumptions	
Investment Rate of Return	6.50% per annum, compounded annually
Inflation Rate	2.75%
Annual Salary Increases, Including Inflation	2.75% - 11.48%
Cost of Living Benefit Increases	1.91%

Mortality rates for the Plan are based on the 2010 Public Plan General Benefits – Weighted Healthy Retirement Mortality Tables, for males and females, projected generationally using the RPEC_2020 model.

The actuarial assumptions used in the June 30, 2023 valuation for the Plans were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 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	2.6
Private Equity	7.6
Real Assets:	
Real Estate	5.2
Infrastructure	5.3
Natural Resources	5.0
Traditional Credit	3.2
Alternative Credit	7.4
Diversifiers	5.0

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2023 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.

Discount Rate Sensitivity Analysis

The following presents the Unit's proportionate share of the net pension liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease	Current Rate	1% Increase
PLD Consolidated Plan	\$ 504,523	\$ 184,127	\$ 50,649

Pension Expense and Deferred Items Summary

For the year ended June 30, 2024, the Town recognized pension expense of \$129,106 related to the PLD Plan.

For the year ended June 30, 2024, 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	\$ 34,184	\$ -
Changes of assumptions	-	-
Net difference between expected and actual investment earnings	-	31,246
Changes in proportion	95,140	-
Contributions to plan subsequent to measurement date	51,809	-
Total	\$181,133	\$ 31,246

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Items Summary (Continued)

\$51,809 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, 2025. Other amounts reported as deferred inflows and outflows will be recognized as pension expense as follows:

Year ended June 30	PLD Plan Amount
2025	\$ 50,649
2026	14,285
2027	31,691
2028	<u>1,453</u>
	<u>\$ 90,078</u>

Pension Plan Fiduciary Net Position

The MPERS fiduciary net position has been determined using the same basis used to determine the net pension liability, deferred outflows and inflows of resources related to pension, and pension expense. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Detailed information about the MPERS fiduciary net position is available in a separately issued MPERS financial report. That report may be obtained on the MPERS website at www.maineopers.org

NOTE 12. OTHER POST EMPLOYMENT BENEFIT OBLIGATION – HEALTH INSURANCE

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 Trustees 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.

Plan Membership

At January 1, 2024, the following employees were covered by the Health Plan benefit terms:

Inactive employees currently receiving benefits	1
Inactive employee entitled to but not yet receiving benefits	-
Active employees	<u>7</u>
Total	<u><u>8</u></u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 12. OTHER POST EMPLOYMENT BENEFIT OBLIGATION – HEALTH INSURANCE (CONTINUED)

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.

Contributions

Retirees and/or their spouses participating in the Health Plan are responsible for 100% of the premium for coverage selected.

Actuarial Assumptions and Other Inputs

The total Health Plan OPEB liability was measured as of January 1, 2024 and was determined by an actuarial valuation as of that date. The actuarial assumptions used in the January 1, 2024 valuation were based on the assumptions that were adopted by the Maine State Retirement Consolidated Plan for Participating Local Towns as of June 30, 2022 and based on the experience study covering the period from June 30, 2016 through June 30, 2020.

The total Health Plan OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods in the measurements, unless otherwise specified:

Discount rate	3.72% per annum in 2023 and 2.06% per annum in 2021
Healthcare cost trend rates	
Pre-Medicare medical	7.90%
Pre-Medicare drug	8.15%
Medicare medical	4.80%
Medicare drug	8.15%
Administrative and claims expense	3.00% per annum
Salary increase rate	2.75% per annum

The mortality rates are based on 112.1% and 118.5% of 2010 public plan-General Benefits-weighted Healthy retiree mortality table, respectively, for males and females.

Discount Rate

Since the plan is pay-as-you-go and is not funded, the discount rate was based on a 20-year, tax-exempt general obligation municipal bond index. This rate is assumed to be an index rate for 20-year, tax-exempt general obligation bonds with an average rating of AAAa or higher, for pay-as-you-go plans.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 12. OTHER POST EMPLOYMENT BENEFIT OBLIGATION – HEALTH INSURANCE (CONTINUED)

Discount Rate and Healthcare Rate Sensitivity Analysis

The following presents the total OPEB liability of the Town if it were calculated using a discount rate that is one percent higher or lower than the current discount rate:

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$ 311,322	\$ 263,706	\$ 224,676

The following presents the total OPEB liability of the Town if it were calculated using a healthcare cost trend rate that is one percent higher or lower than the current healthcare cost trend rate:

	1% Decrease	Current rate	1% Increase
Total OPEB Liability	\$ 218,972	\$ 263,706	\$ 320,725

Changes in the Total OPEB Liability

The Town's total Health Plan OPEB liability of \$263,706 was measured as of January 1, 2024, and was determined by an actuarial valuation as of that date.

	<u>Total OPEB Liability</u>
Balance, beginning of year	\$ 220,940
Changes for the year:	
Service Cost	13,926
Interest	8,704
Changes of benefit terms	-
Differences between expected and actual experience	(46,516)
Changes in assumptions or other inputs	68,440
Benefit payments	<u>(1,788)</u>
Net changes	<u>42,766</u>
Balance, end of year	<u>\$ 263,706</u>

Change in assumptions reflects a change in the discount rate from 3.72% to 3.26%.

OPEB Expense and Deferred Items Summary

For the year ended June 30, 2024, The Town recognized OPEB expense of \$17,251 related to the Health Plan. At June 30, 2024, The Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$123,965
Changes in assumptions or other inputs	94,906	31,403
Contributions subsequent to measurement date	<u>1,675</u>	<u>-</u>
Total	<u>\$96,581</u>	<u>\$155,368</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 12. OTHER POST EMPLOYMENT BENEFIT OBLIGATION – HEALTH INSURANCE (CONTINUED)

OPEB Expense and Deferred Items Summary (Continued)

\$1,675 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, 2025. 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:	
2025	\$ (5,378)
2026	(8,767)
2027	(5,601)
2028	(8,690)
2029	(11,161)
Thereafter	<u>(20,865)</u>
Total	<u><u>\$(60,462)</u></u>

NOTE 13. INSURANCES AND PARTICIPATION IN PUBLIC ENTITY RISK POOL

The Town is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town carries commercial insurance and participates in a public entity risk pool sponsored by the Maine School Management Association. Based on the coverages provided, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2024.

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.

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 January 8, 2025, 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, 2024

	Budgeted Amounts			Actual	Variance with Final Budget - Positive (Negative)
	Original*	Changes**	Final		
REVENUES					
Property taxes	\$ 10,096,627	\$ -	\$ 10,096,627	\$ 10,090,857	\$ (5,770)
Excise and miscellaneous taxes	1,362,500	-	1,362,500	1,569,127	206,627
Interest and lien costs	31,000	-	31,000	32,660	1,660
Licenses, permits and fines	13,300	-	13,300	19,058	5,758
Intergovernmental	1,747,947	-	1,747,947	1,557,915	(190,032)
Charges for services	460,475	-	460,475	450,850	(9,625)
Investment and interest earnings	65,000	-	65,000	389,341	324,341
Contributions and reimbursements	600	-	600	600	-
Miscellaneous	252,550	-	252,550	88,093	(164,457)
Total revenues	14,029,999	-	14,029,999	14,198,501	168,502
EXPENDITURES					
Current					
General government	1,040,324	-	1,040,324	918,240	122,084
Protection	2,795,769	-	2,795,769	2,573,752	222,017
Public works	1,078,553	-	1,078,553	1,016,751	61,802
Sanitation	579,748	-	579,748	602,014	(22,266)
Leisure services	237,045	-	237,045	230,541	6,504
Education	6,090,813	-	6,090,813	6,090,813	-
County tax	751,910	-	751,910	751,910	-
Town properties	402,837	-	402,837	379,500	23,337
Special appropriations	994,040	-	994,040	793,213	200,827
Debt service	-	-	-	-	-
Principal	120,141	-	120,141	120,141	-
Interest and other charges	88,279	-	88,279	88,289	(10)
Total expenditures	14,179,459	-	14,179,459	13,565,164	614,295
Excess (deficiency) of revenues over expenditures	(149,460)	-	(149,460)	633,337	782,797
OTHER FINANCING SOURCES (USES)					
Use of carryover unrestricted fund balance	900,000	-	900,000	-	(900,000)
Transfers in	12,500	-	12,500	12,500	-
Transfers out	(763,040)	-	(763,040)	(763,040)	-
Total other financing sources and (uses)	149,460	-	149,460	(750,540)	(900,000)
Net change in fund balances	\$ -	\$ -	\$ -	(117,203)	\$ (117,203)
FUND BALANCES - BEGINNING				5,472,002	
Reclassification of funds				(2,072,583)	
FUND BALANCES - BEGINNING, RECLASSIFIED				3,399,419	
FUND BALANCES - ENDING				\$ 3,282,216	

* 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,

	<u>2024</u>	<u>2023</u>
Town's proportion of the net pension liability	0.011480%	0.011480%
Town's proportionate share of the net pension liability/ (asset)	\$ 184,127	\$ 30,518
Town's covered-employee payroll	\$ 476,855	\$ 87,653
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	38.61%	34.82%
Plan fiduciary net position as a percentage of the total pension liability	92.34%	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 employer actually

*** 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,

	<u>2024</u>	<u>2023</u>
Contractually required contribution	\$ 53,137	\$ 8,502
Contributions in relation to the contractually required contribution	<u>(53,137)</u>	<u>(8,502)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 476,855	\$ 87,653
Contributions as a percentage of covered-employee payroll	11.14%	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 System, as distinct from the

*** 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.

Notes to Schedule:

Notes to Schedule:

Changes of Benefit Terms - None

Changes in Benefit Assumptions: the following are changes in actuarial assumptions used in valuations:

	2024	2023
Discount rate	6.50%	6.50%
Inflation rate	2.75%	2.75%
Salary increases	2.75-11.48%	2.75-11.48%
Cost of living increases	1.91%	1.91%

Mortality rates - **2015:** RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

2016: RP2014 Total Data Set Healthy Annuitant Mortality Table. **2021:** 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table

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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 13,926	\$ 16,845	\$ 17,370	\$ 14,842	\$ 8,641	\$ 9,919	\$ 10,653
Interest	8,704	5,058	6,928	7,752	9,859	8,619	7,848
Changes of benefit terms	-	-	-	-	(5,419)	-	-
Differences between expected and actual experience	(46,516)	-	(101,897)	-	(27,092)	-	(4,964)
Changes of assumptions or other inputs	68,440	(29,357)	(2,271)	19,761	51,798	(25,312)	32,069
Benefit payments	<u>(1,788)</u>	<u>(615)</u>	<u>(1,044)</u>	<u>(1,004)</u>	<u>(2,061)</u>	<u>(1,982)</u>	<u>(1,866)</u>
Net change in total OPEB Liability	42,766	(8,069)	(80,914)	41,351	35,726	(8,756)	43,740
Total OPEB liability- beginning	<u>220,940</u>	<u>229,009</u>	<u>309,923</u>	<u>268,572</u>	<u>232,846</u>	<u>241,602</u>	<u>197,862</u>
Total OPEB liability- ending	<u>\$ 263,706</u>	<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	\$ 1,519,528	\$ 1,551,341	\$ 1,551,341	\$ 1,366,888	\$ 1,366,888
Total OPEB liability as a percentage of its covered-employee payroll	17.4%	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

Notes to Schedule

Changes in benefit terms - None

Changes of assumptions - The following are changes in actuarial assumptions used in valuations:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%	3.78%

Town of Oakland, Maine
Taxes Receivable, Tax Liens and Tax Acquired Property
General Fund
June 30, 2024

Taxes receivable	
2024	\$ 6,661
2023	2,743
2022 and prior	<u>21,161</u>
Total taxes receivable	<u>30,565</u>
Tax liens and tax acquired property	
2024	111,407
2023	61,431
2022 and prior	<u>14,489</u>
Total tax liens and tax acquired property	<u>187,327</u>
Total taxes receivable, tax liens and tax acquired property	<u>\$ 217,892</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, 2024, 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 January 8, 2025.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We did identify a certain deficiency in internal control that we consider to be a material weakness, lack of internal control over financial reporting and the closing process, which is also further described in a separate letter to management.

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*.

Town of Oakland, Maine's Response to Finding

Town of Oakland, Maine's response to the finding identified in our audit is described in the separate letter to management. Town of Oakland, Maine's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Brantner Whibodian & Associates

Bangor, Maine
January 8, 2025