

**TOWN OF ORONO, MAINE**

**Annual Financial Report**

**For the year ended June 30, 2021**

**TOWN OF ORONO, MAINE**  
**Annual Financial Report**  
**For the year ended June 30, 2021**

---

**Table of Contents**

	<u>Statement</u>	<u>Page</u>
Independent Auditor's Report		1-3
Management's Discussion and Analysis		4-10
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	11
Statement of Activities	2	12
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund	6	16
Statement of Net Position - Proprietary Funds	7	17
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	18
Statement of Cash Flows - Proprietary Funds	9	19
Notes to Basic Financial Statements		20-44
Required Supplementary Information:		
Schedule of Town's Proportionate Share of the Net Pension Liability		45
Schedule of Town Contributions – Net Pension Liability		46
Schedule of Changes in the Town's Total Health Plan OPEB Liability and Related Ratios		47
Schedule of Town's Proportionate Share of the Net OPEB Liability – Life Insurance		48
Schedule Town's Contributions - Net OPEB Liability - Life Insurance		49
Notes to Required Supplementary Information		50
	<u>Exhibit</u>	<u>Page</u>
Combining and Individual Fund Financial Statements:		
General Fund:		
Balance Sheet	A-1	53
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budgetary Basis	A-2	54-57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances General Fund Reserves	A-3	58
Nonmajor Governmental Funds:		
Combining Balance Sheets	B-1	61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	62

## Independent Auditor's Report

Town Council  
Town of Orono, Maine

### **Report on the Financial Statements**

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 Orono, Maine, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Orono, Maine's basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

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 Orono, Maine as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

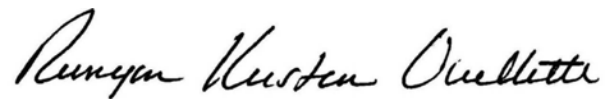
#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Orono, Maine's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are 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 February 15, 2022 on our consideration of the Town of Orono, 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 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 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 Orono, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Remya Kristen Ouellette". The signature is written in a cursive style with a large initial 'R'.

February 15, 2022  
South Portland, Maine

**TOWN OF ORONO, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2021**

---

As management of the Town of Orono, Maine, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**Financial Highlights**

- The assets and deferred outflows of resources of the Town of Orono, Maine exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$17,474,040 (*net position*, Statement 1). Of this amount, \$3,208,222 was reported as unrestricted net position (Statement 1). Unrestricted net position is the amount available to be used to meet the Town's ongoing obligations to citizens and creditors. The Town of Orono, Maine's total net position increased by \$134,141 (Statement 2). This represents a decrease of \$237,509 in governmental activities and an increase of \$371,650 in business-type activities (Sewer).
- As of the close of the current fiscal year, the Town of Orono, Maine's governmental funds reported a combined ending fund balance of \$9,374,819 (Statement 3), which is an increase of \$2,181,107 (Statement 4) from the prior fiscal year. This total increase is the result of increases of \$2,085,104 shown in the General Fund and \$96,003 in other governmental funds. The increase in governmental fund balance is primarily due to the bond proceeds from a new issuance of \$2,250,000 for infrastructure projects that will be completed in the next fiscal year.
- The Town of Orono, Maine's General Fund reports an unassigned fund balance of \$3,382,299. Total unassigned fund balance (all governmental funds) increased by \$1,534,017 from the prior fiscal year due to the net result of operations. Assigned fund balance (Statement 3) decreased from the previous fiscal year by \$1,553,872 to \$2,297,401 due in large part to the planned use of funds set aside in reserve to make the final debt payment associated with the economic development project at 3 Godfrey Drive.
- The Town refunded previous debt and issued \$2,250,000 in new bonds to fund future planned infrastructure projects. As of June 30, 2021, the total outstanding bonds and notes from direct borrowings principal of the Town, including Sewer fund bonds, was \$17,811,205.

**Overview of the Financial Statements**

The Management's Discussion and Analysis introduces the Town's basic financial statements. The Town's financial statements are composed of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information (RSI) and other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements**

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

The *Statement of Net Position*, Statement 1, presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them 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*, Statement 2, 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.

**TOWN OF ORONO, MAINE**  
**Management's Discussion and Analysis, Continued**

Both of the government-wide financial statements distinguish functions of the Town of Orono, Maine 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 costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public services, public safety, public works, and education. The Town has one business-type activity, which is the Sewer Fund.

**Financial Analysis of the Town as a Whole - Government-wide Financial Statements**

**Statement of Net Position**

As previously noted, the statement of net position balances all of the Town's assets and deferred outflows of resources, the resources the Town can use to provide services and operate the government, against all of its liabilities and deferred inflows of resources, its obligations to turn over resources to other organizations or individuals, with the difference being reported as net position. Net position is what the Town would have left over after satisfying all its liabilities.

The following schedule is a summary of net position for the years ended June 30, 2021 and June 30, 2020.

	Governmental Activities			Business-type Activities		
	2021	2020	Change	2021	2020	Change
<b>ASSETS</b>		(restated)				
Current and other assets	\$ 10,854,804	\$ 8,211,518	2,643,286	2,471,391	2,119,368	352,023
Capital assets	18,109,901	18,090,856	19,045	9,583,714	9,900,528	(316,814)
<b>Total assets</b>	<b>28,964,705</b>	<b>26,302,374</b>	<b>2,662,331</b>	<b>12,055,105</b>	<b>12,019,896</b>	<b>35,209</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows of resources	923,033	924,248	(1,215)	-	-	-
<b>Total deferred outflows of resources</b>	<b>923,033</b>	<b>924,248</b>	<b>(1,215)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>						
Current liabilities	1,138,981	687,565	451,416	66,507	47,948	18,559
Noncurrent liabilities	16,251,124	13,371,337	2,879,787	6,877,833	7,317,833	(440,000)
<b>Total liabilities</b>	<b>17,390,105</b>	<b>14,058,902</b>	<b>3,331,203</b>	<b>6,944,340</b>	<b>7,365,781</b>	<b>(421,441)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources	49,358	481,936	(432,578)	85,000	-	85,000
<b>Total deferred inflows of resources</b>	<b>49,358</b>	<b>481,936</b>	<b>(432,578)</b>	<b>85,000</b>	<b>-</b>	<b>85,000</b>
<b>NET POSITION</b>						
Net investment in capital assets	7,859,234	7,844,023	15,211	2,728,714	2,605,528	123,186
Restricted	3,677,870	1,478,589	2,199,281	-	-	-
Unrestricted	911,171	3,363,172	(2,452,001)	2,297,051	2,048,587	248,464
<b>Total net position</b>	<b>\$ 12,448,275</b>	<b>12,685,784</b>	<b>(237,509)</b>	<b>5,025,765</b>	<b>4,654,115</b>	<b>371,650</b>

The Town of Orono, Maine's governmental activities assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$12,448,275 and business-type activities assets exceeded its liabilities by \$5,025,765 for a total net position of \$17,474,040 at the close of the most recent fiscal year. The summary above shows a 1.87% decrease in net position for governmental activities and a 7.99% increase in net position for business-type activities from the prior fiscal year.

A large portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding and adding back any unspent bond or note proceeds. The Town of Orono, Maine uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to satisfy these liabilities. It should be noted that 7.32% of the Town's net position is available to be used to meet the Town's ongoing obligations to its citizens and creditors.

**TOWN OF ORONO, MAINE**  
**Management's Discussion and Analysis, Continued**

**Statement of Activities**

As stated earlier, the statement of activities reports the current year change in net position. This statement includes all the current year's revenues and expenses regardless of when cash is received or paid.

The Town of Orono, Maine's net position increased \$134,141 during the current fiscal year. This change is broken out in the following categories:

- **Governmental activities:** The Town's governmental activities' net position decreased by \$237,509.
- **Business-type activities:** The Town's single business-type activity, the sewer fund, increased the Town's net position by \$371,650.

The following schedule is a summary of the statement of activities (*Statement 2*) for the years ended June 30, 2021 and June 30, 2020:

	Governmental Activities			Business-type Activities		
	2021	2020 (restated)	Change	2021	2020	Change
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 767,303	\$ 634,161	133,142	2,002,305	1,509,065	493,240
Operating grants and contributions	437,968	165,323	272,645	-	-	-
Capital grants	68,660	73,764	(5,104)	-	-	-
General revenues:						
Taxes	14,161,845	13,784,393	377,452	-	-	-
Intergovernmental	3,454,667	2,647,279	807,388	-	-	-
Investment earnings	182,535	155,551	26,984	43,359	30,149	13,210
Miscellaneous	126,829	133,165	(6,336)	-	-	-
Transfers	138,825	138,825	-	(138,825)	(138,825)	-
<b>Total revenues</b>	19,338,632	17,732,461	1,606,171	1,906,839	1,400,389	506,450
<b>Expenses:</b>						
Primary government:						
General government	2,584,687	2,425,223	159,464	-	-	-
Public services	821,084	875,994	(54,910)	-	-	-
Public safety	4,047,870	3,813,094	234,776	-	-	-
Public works	1,829,405	2,098,616	(269,211)	-	-	-
Education	7,386,560	6,827,436	559,124	-	-	-
County tax	705,009	682,020	22,989	-	-	-
Unclassified	358,490	166,104	192,386	-	-	-
Interest on debt service	1,801,293	390,537	1,410,756	-	-	-
Capital maintenance	41,743	436,687	(394,944)	-	-	-
Sewer services	-	-	-	1,535,189	1,668,465	(133,276)
<b>Total expenses</b>	19,576,141	17,715,711	1,860,430	1,535,189	1,668,465	(133,276)
<b>Change in net position</b>	(237,509)	16,750	(254,259)	371,650	(268,076)	639,726

Total governmental activities revenues (\$19,338,632) increased by \$1,606,171 or 9.06% from fiscal year 2020. This was driven primarily by increases in taxes and intergovernmental revenues.

Total governmental activities expenses (\$19,576,141) increased this year by \$1,860,430 or 10.5% over fiscal year 2020. This increase was driven primarily by increases in costs. Total governmental activities' expenses exceeded total revenues by \$237,509 (Statement 2) resulting in a negative change in net position.



## **Financial Analysis of the Government's Funds**

### **Governmental Funds:**

As of the end of the current fiscal year, the Town of Orono, Maine's governmental funds reported combined ending fund balances of \$9,374,819, an increase of \$2,181,107 in comparison with the prior year. Approximately 36.08% of this total amount (\$3,382,299) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance (\$5,992,520) is not available for new spending because it has already been set aside (by the Town Council) in its use for various capital and other governmental purposes (\$2,297,401), restricted (by outside agencies or contractual agreements) to specific uses (\$3,677,870) or is in a nonspendable form (inventory) (\$17,249). Restricted funds include Tax Increment Financing (TIF) funds (\$746,233), unspent bond proceeds (\$2,268,074) and Other Governmental Funds (\$663,563).

As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total governmental funds expenditures. Unassigned fund balance (\$3,382,299) (Statement 3) represents 15.6% of the total governmental funds expenditures (\$21,675,173) (Statement 4); total governmental fund balance (\$9,374,819) (Statement 3) represents 43.25% of total governmental funds expenditures.

### **Business-type Activities:**

The Town operates one business-type activity classified as an enterprise fund. Enterprise funds are self-sustaining funds designed to be mostly funded through user fees and grants. The Town's enterprise fund is more commonly referred to as the Sewer Fund and it holds all of the financial activity related to running and maintaining the Water Pollution Control Facility (WPCF).

For a detailed look at both the fiscal year 2021 balance sheet and statement of revenues, expenses, and changes in net position, please see Statements 7 and 8 of the audited financial statements.

Net position of the Town's Sewer Fund increased by \$371,650 to \$5,025,765 (Statement 8). The Fund showed operating income (operating revenues less operating expenses) of \$620,312. Operating expenses include depreciation expense of \$589,139. Non-operating revenues and expenses combined with transfers equated to a loss of \$248,662. Of the total net position as of the end of the fiscal year, the amount classified as net investment in capital assets was \$2,728,714 and unrestricted net position made up the other \$2,297,051. Unrestricted net position represents 166.21% of operating expenses (\$1,381,993) (Statements 7 and 8).

### **Fund Financial Statements**

For governmental activities, these statements focus on how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

### **Financial Analysis of the Town's Funds - Fund Financial Statements**

Analysis of the Town's major funds begins with the fund financial statements and provides detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by State law. However, other funds are established to help control and manage money for particular purposes or to show that the Town is meeting legal responsibilities for using certain taxes, grants, and other money. The Town reports governmental funds and a proprietary fund.

- Governmental funds - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting, which measures cash and all

other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship, or differences, between governmental activities, reported in the Statement of Net Position and the Statement of Activities, and governmental funds in reconciliation at the bottom of the fund financial statements (Statement 2 and Statement 5).

- Proprietary funds - The Town maintains one type of proprietary fund, an enterprise fund. Enterprise funds, as described above, are required to be used to account for operations for which a fee is charged to external users for goods or services. Enterprise funds are reported using the accrual basis of accounting. The Town's Enterprise fund accounts for sewer operations.

### **Noteworthy Special Revenue/Reserve/Capital Project Funds**

A detailed list of reserves can be found under Exhibit A-3 of the audited financial statements. This list includes beginning balances, additions, reductions and ending balances for the reserves as of the end of the fiscal year.

The capital equipment reserve fund is available to absorb the cost of equipment that would otherwise be purchased through the normal operating budget. The utilization of a reserve fund allows the Town to reach into a "savings account" for larger purchases to reduce the year-to-year impact on the taxpayer. It is funded during each fiscal year by an assigned appropriation within the operating budget as well as by transfers from the unassigned fund balance remaining at the end of the previous fiscal year. As of the end of the fiscal year, the capital equipment reserve fund had a balance of \$350,881, and the capital infrastructure reserve had a balance of \$809,398.

### **General Fund Budgetary Highlights**

The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual located on page 16 of the audited financial statements shows, on a budgetary basis, both the approved budget for each revenue and expenditure category as well as the effects on the budgetary fund balance at the end of the year. A more detailed and expanded version of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual can be found in Exhibit A-2 of the audited financial statements. This schedule shows the details within each revenue and expenditure category.

### **Capital Assets**

The Town of Orono's capital assets for its governmental activities as of June 30, 2021 amounts to \$36,548,484, less accumulated depreciation of \$18,438,583, leaving a net book value of \$18,109,901. This is an increase of \$19,045 from fiscal year 2020. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, as well as infrastructure. Highlights of capital asset additions for the year ending June 30, 2021 included, but were not limited to, the following:

- Infrastructure projects (related to roadways) including: improvements to: Maxfield Drive Paving (\$10,188); Forest Avenue Paving (\$124,899); LED Streetlight Conversion (\$229,140); Gardner Road (\$158,627); Harrison Avenue (\$32,883); Juniper/Myrtle Street (\$34,788); and Godfrey Drive Paving (\$89,011).
- Equipment and vehicle purchases including: Police Explorer (\$50,718); Public Works Heavy Duty Plow Truck (\$185,139); Public Works Heavy Duty Plow Truck (\$183,835); Photocopier (\$13,800); Town Office Generator (\$40,189); Elections Trailer (\$3,178); Electronic Message Board (\$30,026); and Tasers (\$6,480).
- Improvement projects (related to Town-owned facilities) including: Town Office Security System (\$15,819); Town Office Flooring (\$14,452); Town Office Exterior Painting (\$11,605); and Town Office Recabling (\$15,447).

**TOWN OF ORONO, MAINE**  
**Management's Discussion and Analysis, Continued**

Total governmental activities capital asset additions for the year ending June 30, 2021 were \$1,063,460.

The Town of Orono's capital assets for its business-type activities as of June 30, 2021 amounts to \$18,987,251, less accumulated depreciation of \$9,403,537, leaving a net book value of \$9,583,714. This is a decrease of \$316,814. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and sewer infrastructure. Total business-type activity capital asset additions for the year ending June 30, 2021 totaled \$272,325 and included construction in progress related to infrastructure improvements to the mains on Kell and Margin Streets as well as a storm sewer separation on Mill Street.

**Long-term Debt**

At year-end, the Town had \$17,811,205 in outstanding bonds and notes compared to \$17,523,102 in 2020. This total consists of governmental activities bonds and notes of \$10,956,205 and business-type activities bonds and notes of \$6,855,000. During the year, the Town refunded \$15,335,000 existing debt (\$9,605,000 government and \$5,730,000 business-type) and issued \$2,250,000 new government bonds for infrastructure projects.

State statutes limit the amount of general obligation debt a municipality may issue to 15% of its total state assessed valuation, with a further limit of no more than 7.5% of state assessed valuation in enterprise fund debt. As of June 30, 2021, the Town's state assessed valuation was \$480,737,300. Thus, the current debt limitation for the Town of Orono as a whole is \$72,110,595 (15%) and \$36,055,297 (7.5%) for its Sewer Fund, far exceeding the Town's outstanding general obligation debt.

**HISTORICAL ASSESSMENTS AND MIL RATES**

<i>Historical Tax Commitments</i>					
<i>Fiscal Year</i>	<i>Assessed Valuation</i>	<i>Valuation Increase/(Decrease)</i>	<i>Total Commitment</i>	<i>Mil Rate per \$1,000</i>	<i>Mil Rate Increase/(Decrease)</i>
2012	\$413,922,200	-0.37%	\$ 8,816,656	\$ 21.30	2.65%
2013	\$418,583,000	1.13%	\$ 9,041,393	\$ 21.60	1.41%
2014	\$442,456,800	5.70%	\$10,264,998	\$23.20	7.41%
2015	\$456,522,000	3.18%	\$10,888,050	\$23.85	2.80%
2016	\$462,939,500	1.41%	\$11,295,724	\$24.40	2.30%
2017	\$483,528,800	4.43%	\$12,015,691	\$24.85	1.84%
2018	\$490,339,300	1.41%	\$12,748,828	\$26.00	4.63%
2019	\$489,495,000	-0.17%	\$13,216,365	\$27.00	3.85%
2020	\$494,400,800	1.00%	\$13,076,901	\$26.45	-2.04%
2021	\$480,737,300	-2.76%	\$13,503,911	\$28.09	6.20%

## **LOOKING AHEAD**

In FY 2022, the Town will continue to respond to the impacts of the COVID-19 Public Health Emergency which has impacted service delivery, created uncertainty in the national, state, and local economy, and led to disruptions in the supply chain and ability to secure professional services. Over the next year, the Town expects to undertake significant infrastructure improvement projects focused on addressing long-term road, drainage, and sanitary sewer system needs. These projects will be funded in large part from the bond proceeds received for governmental infrastructure activities as well as an expected \$1M bond from the Maine Municipal Bond Bank State Revolving Loan Fund for upgrades aimed at reducing infiltration into the sanitary sewer system that significantly contribute to combined sewer overflows. Also, staff and the Town Council will work with local and regional stakeholders to identify needs and make appropriate expenditures of American Rescue Plan Act grant funds, of which Orono is expected to receive approximately \$1M over the next two fiscal years.

Although the pandemic has delayed its efforts, the Orono Town Council plans to continue its work implementing elements of Orono's Comprehensive Plan, with particular attention paid to adopting strategies aimed at increasing the Town's taxable valuation and finding the balance between providing high quality and requested Town services and the increasing tax burden borne by our residents. The results of the multi-year town-wide revaluation project will be implemented for the FY22 tax year to ensure equity in taxation across all sectors of our community. With the cost of providing municipal services increasing, Council will also continue to examine the service level provided to the community and identify strategies aimed at reducing or finding alternative methods to fund operational costs.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at 59 Main Street, Orono, Maine or call 207-866-2556. Citizens are welcome to visit with the appropriate staff on any financial matter.

**TOWN OF ORONO, MAINE**  
**Statement of Net Position**  
**June 30, 2021**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,698,120	1,618,124	10,316,244
Investments	1,121,995	413,229	1,535,224
Receivables:			
Accounts receivable	323,214	530,572	853,786
Rescue receivable	121,374	-	121,374
Taxes receivable - current year	245,489	-	245,489
Taxes receivable - prior years	236,829	-	236,829
Inventory	17,249	-	17,249
Internal balances	90,534	(90,534)	-
Nondepreciable capital assets	2,167,899	115,573	2,283,472
Depreciable capital assets, net	15,942,002	9,468,141	25,410,143
Total assets	28,964,705	12,055,105	41,019,810
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	694,017	-	694,017
Deferred outflows of resources related to OPEB	229,016	-	229,016
Total deferred outflows of resources	923,033	-	923,033
<b>LIABILITIES</b>			
Accounts payable	652,604	23,879	676,483
Accrued payroll and benefits	238,287	-	238,287
Accrued interest	82,696	42,628	125,324
Performance bond liability	93,957	-	93,957
Taxes paid in advance	71,437	-	71,437
Noncurrent liabilities:			
Due within one year	666,644	365,000	1,031,644
Due in more than one year	15,584,480	6,512,833	22,097,313
Total liabilities	17,390,105	6,944,340	24,334,445
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	35,444	-	35,444
Deferred inflows of resources related to OPEB	13,914	-	13,914
Deferred gain on refunding	-	85,000	85,000
Total deferred inflows of resources	49,358	85,000	134,358
<b>NET POSITION</b>			
Net investment in capital assets	7,859,234	2,728,714	10,587,948
Restricted	3,677,870	-	3,677,870
Unrestricted	911,171	2,297,051	3,208,222
Total net position	\$ 12,448,275	5,025,765	17,474,040

*See accompanying notes to basic financial statements.*

**TOWN OF ORONO, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position		Total
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 2,584,687	227,220	4,279	-	(2,353,188)	-	(2,353,188)
Public services	821,084	14,273	366,560	-	(440,251)	-	(440,251)
Public safety	4,047,870	514,680	-	-	(3,533,190)	-	(3,533,190)
Public works	1,829,405	11,130	67,129	68,660	(1,682,486)	-	(1,682,486)
Education	7,386,560	-	-	-	(7,386,560)	-	(7,386,560)
County tax	705,009	-	-	-	(705,009)	-	(705,009)
Unclassified	358,490	-	-	-	(358,490)	-	(358,490)
Interest on debt service	1,801,293	-	-	-	(1,801,293)	-	(1,801,293)
Capital maintenance expenses	41,743	-	-	-	(41,743)	-	(41,743)
Total governmental activities	19,576,141	767,303	437,968	68,660	(18,302,210)	-	(18,302,210)
Business-type activities:							
Sewer services	1,535,189	2,002,305	-	-	-	467,116	467,116
Total business-type activities	1,535,189	2,002,305	-	-	-	467,116	467,116
<b>Total primary government</b>	<b>\$ 21,111,330</b>	<b>2,769,608</b>	<b>437,968</b>	<b>68,660</b>	<b>(18,302,210)</b>	<b>467,116</b>	<b>(17,835,094)</b>
General revenues:							
Property taxes					\$ 13,345,574	-	13,345,574
Excise taxes					816,271	-	816,271
Motor vehicle registration fees					14,679	-	14,679
UMO reimbursements					655,431	-	655,431
PILOT payments					52,600	-	52,600
Franchise fees					51,952	-	51,952
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					2,160,555	-	2,160,555
Homestead exemption					538,229	-	538,229
Other State aid					100,452	-	100,452
Unrestricted investment earnings					182,535	43,359	225,894
Miscellaneous					7,598	-	7,598
Transfers					138,825	(138,825)	-
Total general revenues and transfers					18,064,701	(95,466)	17,969,235
Change in net position					(237,509)	371,650	134,141
Net position - beginning, restated					12,685,784	4,654,115	17,339,899
<b>Net position - ending</b>					<b>\$ 12,448,275</b>	<b>5,025,765</b>	<b>17,474,040</b>

*See accompanying notes to basic financial statements.*

**TOWN OF ORONO, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,467,048	231,072	8,698,120
Investments	649,361	472,634	1,121,995
Receivables:			
Accounts receivable	317,008	6,206	323,214
Rescue receivable	121,374	-	121,374
Taxes receivable - current year	245,489	-	245,489
Taxes receivable - prior years	236,829	-	236,829
Inventory	17,249	-	17,249
Interfund loans receivable	122,756	450	123,206
<b>Total assets</b>	<b>\$ 10,177,114</b>	<b>710,362</b>	<b>10,887,476</b>
<b>LIABILITIES</b>			
Accounts payable	638,477	14,127	652,604
Accrued payroll and benefits	238,287	-	238,287
Performance bond liability	93,957	-	93,957
Taxes paid in advance	71,437	-	71,437
Interfund loans payable	-	32,672	32,672
<b>Total liabilities</b>	<b>1,042,158</b>	<b>46,799</b>	<b>1,088,957</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	423,700	-	423,700
<b>Total deferred inflows of resources</b>	<b>423,700</b>	<b>-</b>	<b>423,700</b>
<b>FUND BALANCES</b>			
Nonspendable - inventory	17,249	-	17,249
Restricted	3,014,307	663,563	3,677,870
Assigned	2,297,401	-	2,297,401
Unassigned	3,382,299	-	3,382,299
<b>Total fund balances</b>	<b>8,711,256</b>	<b>663,563</b>	<b>9,374,819</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 10,177,114</b>	<b>710,362</b>	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			18,109,901
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:			
Unavailable revenue - property taxes			423,700
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.			
Accrued compensated absences			(267,323)
Bonds and notes			(10,956,205)
Bond premium			(1,562,536)
Other postemployment benefits with related deferred inflows and outflows of resources			(585,540)
Net pension liability with related deferred inflows and outflows of resources			(1,757,845)
Accrued interest			(82,696)
Landfill closure and postclosure costs			(248,000)
<b>Net position of governmental activities</b>			<b>\$ 12,448,275</b>

*See accompanying notes to basic financial statements.*

**TOWN OF ORONO, MAINE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 14,166,045	-	14,166,045
Intergovernmental	3,527,606	335,326	3,862,932
Licenses and permits	199,045	-	199,045
Investment income (loss)	100,783	81,752	182,535
Charges for services	521,064	-	521,064
Grant revenue	-	31,217	31,217
Other revenues	233,756	7,413	241,169
<b>Total revenues</b>	<b>18,748,299</b>	<b>455,708</b>	<b>19,204,007</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	2,219,505	-	2,219,505
Public services	745,823	-	745,823
Public safety	3,850,022	-	3,850,022
Public works	1,729,616	-	1,729,616
Education	7,386,560	-	7,386,560
County tax	705,009	-	705,009
Unclassified	-	358,490	358,490
Debt service	4,039,065	-	4,039,065
Capital expenditures	641,083	-	641,083
<b>Total expenditures</b>	<b>21,316,683</b>	<b>358,490</b>	<b>21,675,173</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,568,384)</b>	<b>97,218</b>	<b>(2,471,166)</b>
<b>Other financing sources (uses):</b>			
Bond proceeds	9,605,000	-	9,605,000
Bond premium	1,652,975	-	1,652,975
Payment to refunding bonds escrow agent	(6,744,527)	-	(6,744,527)
Transfers-in	140,040	-	140,040
Transfers-out	-	(1,215)	(1,215)
<b>Total other financing sources (uses)</b>	<b>4,653,488</b>	<b>(1,215)</b>	<b>4,652,273</b>
<b>Net change in fund balances</b>	<b>2,085,104</b>	<b>96,003</b>	<b>2,181,107</b>
<b>Fund balances, beginning of year</b>	<b>6,626,152</b>	<b>567,560</b>	<b>7,193,712</b>
<b>Fund balances, end of year</b>	<b>\$ 8,711,256</b>	<b>663,563</b>	<b>9,374,819</b>

*See accompanying notes to basic financial statements.*



**TOWN OF ORONO, 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, 2021**

Net change in fund balances - total governmental funds (from Statement 4)	\$	2,181,107
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$1,063,460) exceeded depreciation expense (\$1,044,415).</p>		
		19,045
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the decrease in unavailable revenue - property taxes.</p>		
		(4,200)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds; alternatively, some expenditures using current financial resources are not expensed in the statement of activities. This is the change in:</p>		
Accrued compensated absences		(30,089)
Other postemployment benefits with related deferred inflows and outflows of resources		(53,478)
Landfill closure and postclosure costs		(2,000)
Accrued interest		14,963
Net pension liability with related deferred inflows and outflows of resources		(90,949)
<p>Bonds, notes and financed purchase agreement proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Governmental funds report the effects of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. During the year, the Town refunded bonds and issued new debt with bond premiums of \$1,652,975. The Town amortized bond premiums of \$90,439. Repayment of bonds, notes and financed purchase agreements is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. For the year, the amount of bond proceeds was \$4,125,000 and the repayments of bonds, notes and finance agreements was \$3,415,628.</p>		
		(2,271,908)
<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>(237,509)</b>

*See accompanying notes to basic financial statements.*

**TOWN OF ORONO, MAINE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2021**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 13,343,185	14,359,540	14,166,045	(193,495)
Intergovernmental	2,535,185	2,599,377	3,527,606	928,229
Licenses and permits	105,200	105,200	199,045	93,845
Interest income	22,000	22,000	89,015	67,015
Charges for services	593,744	593,744	521,064	(72,680)
Other revenues	169,550	169,550	193,739	24,189
Total revenues	16,768,864	17,849,411	18,696,514	847,103
Expenditures:				
Current:				
General government	1,423,434	1,504,671	1,365,518	139,153
Public services	815,785	815,785	745,823	69,962
Public safety	3,877,245	3,896,195	3,850,022	46,173
Public works	1,769,675	1,769,675	1,544,165	225,510
Education	7,386,565	7,386,565	7,386,560	5
County tax	705,010	705,010	705,009	1
Debt service	709,295	4,874,328	2,551,860	2,322,468
Capital expenditures	620,680	636,680	377,401	259,279
Total expenditures	17,307,689	21,588,909	18,526,358	3,062,551
Excess (deficiency) of revenues over (under) expenditures	(538,825)	(3,739,498)	170,156	3,909,654
Other financing sources (uses):				
Transfers-in	138,825	138,825	140,040	1,215
Transfers-out	-	(1,005,060)	(1,037,807)	(32,747)
Loan proceeds	-	4,174,733	4,174,758	25
Utilization of assigned balance	-	31,000	-	(31,000)
Use of prior year surplus	400,000	400,000	-	(400,000)
Total other financing sources (uses)	538,825	3,739,498	3,276,991	(462,507)
Net change in fund balance, budgetary basis	-	-	3,447,147	3,447,147
Fund balance, beginning of year-budgetary basis			2,671,384	
Fund balance, end of year-budgetary basis			6,118,531	
Amounts held in reserves			2,592,725	
<b>Fund balance, end of year</b>			<b>\$ 8,711,256</b>	

*See accompanying notes to basic financial statements.*

**TOWN OF ORONO, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

<b>Business-type Activities - Enterprise Funds</b>		<b>Sewer Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	1,618,124
Investments		413,229
Accounts receivable		530,572
Total current assets		2,561,925
Noncurrent assets:		
Capital assets:		
Construction in progress		71,000
Land		44,573
Capital assets, being depreciated		18,871,678
Accumulated depreciation		(9,403,537)
Total capital assets, net		9,583,714
Total assets		12,145,639
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable		23,879
Accrued interest expense		42,628
Interfund loans payable		90,534
Current portion of bonds payable		365,000
Total current liabilities		522,041
Noncurrent liabilities:		
Accrued compensated absences		22,833
Bonds payable		6,490,000
Total noncurrent liabilities		6,512,833
Total liabilities		7,034,874
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred gain on refunding		85,000
Total deferred inflows of resources		85,000
<b>NET POSITION</b>		
Net investment in capital assets		2,728,714
Unrestricted		2,297,051
<b>Total net position</b>	<b>\$</b>	<b>5,025,765</b>

*See accompanying notes to basic financial statements.*

**TOWN OF ORONO, MAINE**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

<b>Business-type Activities - Enterprise Funds</b>		<b>Sewer Fund</b>
Operating revenues:		
Charges for services	\$	2,002,305
Total operating revenues		2,002,305
Operating expenses:		
Wages and benefits		463,284
Travel and training		1,490
Dues and subscriptions		2,722
Advertising and outreach		167
Computers and devices		3,834
Materials and supplies		39,660
Equipment and maintenance		22,478
Buildings and grounds maintenance		143,271
Vehicles and maintenance		5,848
Professional services		110,100
Depreciation		589,139
Total operating expenses		1,381,993
Operating income (loss)		620,312
Nonoperating revenue (expense):		
Investment income		43,359
Interest expense		(153,196)
Total nonoperating revenue (expense)		(109,837)
Net income (loss) before transfer		510,475
Transfer out - administrative expense reimbursement		(138,825)
Change in net position		371,650
Net position, beginning of year		4,654,115
<b>Net position, end of year</b>	<b>\$</b>	<b>5,025,765</b>

*See accompanying notes to basic financial statements.*

**TOWN OF ORONO, MAINE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

<b>Business-type Activities - Enterprise Funds</b>		<b>Sewer Fund</b>
Cash flows from operating activities:		
Receipts from customers and users	\$	1,737,192
Payments to suppliers		(315,092)
Payments to employees		(463,284)
Net cash provided by (used in) operating activities		958,816
Cash flows from non-capital and related financing activities:		
Transfers to other funds		(138,825)
Increase (decrease) in interfund loans payable		72,618
Net cash provided by (used in) non-capital and related financing activities		(66,207)
Cash flows from capital and related financing activities:		
Purchase of capital assets		(272,325)
Principal payments on bonds		(350,000)
Interest paid on bonds		(154,115)
Net cash provided by (used in) capital and related financing activities		(776,440)
Cash flows from investing activities:		
Purchase of investments		(37,175)
Interest on cash and investments		43,359
Net cash provided by (used in) investing activities		6,184
Increase (decrease) in cash		122,353
Cash and cash equivalents, beginning of year		1,495,771
<b>Cash and cash equivalents, end of year</b>		<b>\$ 1,618,124</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$	620,312
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation		589,139
(Increase) decrease in assets:		
Accounts receivable		(265,113)
Increase (decrease) in liabilities:		
Accounts payable		14,478
Net cash provided by (used in) operating activities		\$ 958,816

*See accompanying notes to basic financial statements.*

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

**A. Reporting Entity**

The Town of Orono, Maine was incorporated in 1806 and operates under a Council-Manager form of government, adopted by charter in 1969.

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made based on criterion set forth in GAAP. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based on the application of this criterion, there were no potential component units required to be included in this report.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

---

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

---

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

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

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

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

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise fund:

The *Sewer Fund* is used to account for expenses and revenues generated through wastewater services provided and collections from customers receiving the services, respectively.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's Sewer Fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

---

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary fund are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Cash and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits and time deposits. Investments are stated at fair value.

**E. Interfund Loans Receivable/Payable**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans or as interfund advances (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**F. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Unbilled revenues from the Sewer Fund are recognized at the end of each fiscal year on a pro rata basis. This amount is based on billings during the months following the close of the fiscal year.

**G. Inventory**

Inventory consists of fuel which is recorded at cost on a first-in, first-out basis.

**H. Capital Assets**

In the government-wide financial statements and in proprietary funds in the fund financial statements, capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line method. Estimated useful lives are as follows: land improvements, 15-20 years; buildings and improvements, 20-50 years; infrastructure, 5-60 years; sewer items, 3-60 years; and vehicles and equipment, 3-15 years.

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. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.



**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

---

**I. Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused vacation pay. Long-term accumulated vacation pay is reported only in the entity-wide statement of net position and in the proprietary funds. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**J. Long-term Obligations**

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

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

**K. Fund Balance**

Governmental fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the governmental funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The Town Council has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Likewise, the Town Council, or a body or official delegated by the Town Council may assign unspent budgeted amounts to specific purposes in the General Fund at year end based on Department requests.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

---

**L. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

**M. Deferred Inflows and Outflows of Resources**

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds only report one deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The governmental activities have deferred outflows and inflows that relate to the net pension and OPEB liabilities, which include the Town's contributions subsequent to the measurement date, which are recognized as a reduction of the net pension and OPEB liabilities in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between Town contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on plan investments, which is deferred and amortized over a five-year period.

The enterprise funds only report one deferred inflow of resources, deferred gain on refunding. These amounts are a result of the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**N. 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.

**O. Pensions**

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

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

---

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

---

**P. Other Post-Employment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined based on actuary reports prepared by the OPEB Plan's actuary. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

---

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

---

**A. Budgetary Information**

Budgets are formally adopted for the General Fund and are prepared on a basis consistent with accounting principles generally accepted in the United States of America as noted below. The level of control (level at which expenditures may not exceed budget) is the department.

**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2021, expenditures exceeded appropriations for the following:

Code enforcement	\$ 5,409
Fire Department	55,807
Cemetery	550
Solid waste disposal	16,466

---

JOINT VENTURE

---

The Town is a member of a non-profit corporation, the Municipal Review Committee, Inc. (MRC), whose mission is to ensure the continuing availability of long-term, reliable, safe, and environmentally-sound methods of solid waste disposal. The MRC is currently transitioning from a long term contractual arrangement with the Penobscot Energy Recovery Corporation to a new venture that includes partnering with a private partner, Coastal Resources of Maine, which constructed and operated a solid waste and recycling processing facility. On May 28, 2020, this facility suspended its operation. MRC continues to work with the private partners, lenders, and the Maine Department of Environmental Protection to restart operations; however, in the meantime, MRC members (including the Town of Orono) are using alternative, licensed disposal options.

MRC's last independent audit was conducted effective June 30, 2019. The audit for the period July 1, 2019 - December 31, 2020 in order to align the audit to the corporation's fiscal year is currently in progress. At the last audit, the Town's proportionate interest in the net position of the MRC was \$698,561 (4.02%). Complete financial statements may be obtained from the MRC at 20 Godfrey Drive, Suite 213, Orono, Maine 04473.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

**DEPOSITS AND INVESTMENTS**

**A. Deposits**

*Custodial Credit Risk-Town Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a deposit policy for custodial credit risk. As of June 30, 2021, the Town reported deposits of \$10,316,244 with a bank balance of \$11,061,854. Of the Town's bank balance of \$11,061,584, none was exposed to custodial credit risk as it was covered by F.D.I.C. or securities pledged on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 8,698,120
Reported in business-type activities	<u>1,618,124</u>
<b>Total deposits</b>	<b><u>\$ 10,316,244</u></b>

**B. Investments**

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, certain corporate stocks, bonds and mutual funds.

*Interest rate risk:* In accordance with the Town's investment policy, excluding reserve and trust investments, investment maturities shall be less than one year. At June 30, 2021, the Town had the following investments and maturities:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Money market	\$ 36,043	N/A	-	-
Mutual funds	808,350	N/A	-	-
Certificate of deposit	154,704	76,036	78,668	-
Equities	508,663	N/A	-	-
Corporate bonds	27,464	-	27,464	-
<b>Totals</b>	<b>\$ 1,535,224</b>	<b>76,036</b>	<b>106,132</b>	<b>-</b>

Investments have been reported as follows:

Reported in governmental funds	\$ 1,121,995
Reported in proprietary fund	<u>413,229</u>
<b>Total investments</b>	<b><u>\$ 1,535,224</u></b>

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the Town's investment policy, the securities are required to be held by a third party custodian. At June 30, 2021, the Town had no investments subject to custodial credit risk.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

**DEPOSITS AND INVESTMENTS, CONTINUED**

*Credit Risk:* Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The Town's investments in corporate bonds (fixed income securities) were rated by Standard & Poor's as follows:

Qualcomm Inc Senior	\$ 27,464	A-
---------------------	-----------	----

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. All of the Town's investments at June 30, 2021 are Level 1 inputs.

**PROPERTY TAX**

Property taxes for the current year were committed on August 28, 2020 on the assessed value listed as of the prior April 1<sup>st</sup>, for all real and personal property located in the Town. Payment of taxes was due in two equal installments on September 24, 2020 and February 11, 2021. Interest was charged at 9% on all tax bills unpaid.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$75,487 for the year ended June 30, 2021.

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

The following summarizes the 2021 levy:

	<u>2021</u>
Assessed value	\$ 480,737,300
Tax rate (per \$1,000)	28.09
Commitment	13,503,911
Less:	
Abatements	66,234
Collections	13,192,188
<b><u>Receivable at June 30</u></b>	<b><u>\$ 245,489</u></b>
Collection rate	98.17%

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

---

**INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

---

During the course of normal operations, the Town has numerous transactions between funds. Individual interfund receivable and payable balances and interfund transfers at June 30, 2021 arising from these transactions were as follows:

	Interfund Receivables	Interfund Payables	Transfers
<b>Governmental Activities:</b>			
Major funds:			
General Fund	\$ 122,756	-	140,040
Other governmental funds:			
Cemetery	450	-	-
Grant fund	-	32,672	(1,215)
<b>Business-type Activities</b>			
Sewer Fund	-	90,534	(138,825)
<b>Totals</b>	<b>\$ 123,206</b>	<b>123,206</b>	<b>-</b>

---

**CAPITAL ASSETS**

---

	Balance (Restated) June 30, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2021</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,948,915	-	-	1,948,915
Construction in progress	447,133	188,074	416,223	218,984
<b>Total capital assets not being depreciated</b>	<b>2,396,048</b>	<b>188,074</b>	<b>416,223</b>	<b>2,167,899</b>
Capital assets, being depreciated:				
Buildings	10,631,282	-	-	10,631,282
Improvements	1,041,939	45,717	-	1,087,656
Equipment	1,695,624	96,673	275,989	1,516,308
Vehicles	3,784,883	469,683	615,200	3,639,366
Infrastructure	16,826,437	679,536	-	17,505,973
<b>Total capital assets being depreciated</b>	<b>33,980,165</b>	<b>1,291,609</b>	<b>891,189</b>	<b>34,380,585</b>
Less accumulated depreciation for:				
Buildings	3,446,792	253,858	-	3,700,650
Improvements	388,941	49,255	-	438,196
Equipment	1,303,674	78,101	275,989	1,105,786
Vehicles	2,863,460	280,360	615,200	2,528,620
Infrastructure	10,282,490	382,841	-	10,665,331
<b>Total accumulated depreciation</b>	<b>18,285,357</b>	<b>1,044,415</b>	<b>891,189</b>	<b>18,438,583</b>
<b>Total capital assets being depreciated, net</b>	<b>15,694,808</b>	<b>247,194</b>	<b>-</b>	<b>15,942,002</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 18,090,856</b>	<b>435,268</b>	<b>416,223</b>	<b>18,109,901</b>

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

**CAPITAL ASSETS, CONTINUED**

**Business-type Activities:**

Capital assets, not being depreciated:				
Land	\$ 44,573	-	-	44,573
Construction in progress	12,643	71,000	12,643	71,000
<b>Total capital assets not being depreciated</b>	<b>57,216</b>	<b>71,000</b>	<b>12,643</b>	<b>115,573</b>
Capital assets, being depreciated:				
Sewer infrastructure	18,657,710	213,968	-	18,871,678
<b>Total capital assets being depreciated</b>	<b>18,657,710</b>	<b>213,968</b>	<b>-</b>	<b>18,871,678</b>
Less accumulated depreciation for:				
Sewer infrastructure	8,814,398	589,139	-	9,403,537
<b>Total accumulated depreciation</b>	<b>8,814,398</b>	<b>589,139</b>	<b>-</b>	<b>9,403,537</b>
<b>Total capital assets being depreciated, net</b>	<b>9,843,312</b>	<b>(375,171)</b>	<b>-</b>	<b>9,468,141</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 9,900,528</b>	<b>(304,171)</b>	<b>12,643</b>	<b>9,583,714</b>

Depreciation expense was charged to the following functions:

**Governmental Activities:**

General government	\$ 224,846
Public services	71,154
Public safety	173,605
Public works	574,810

**Total governmental activities depreciation expense \$ 1,044,415**

**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Beginning			Ending	Amounts
	Balance	Additions	Reductions	Balance	Due Within
					One Year
<b>Governmental Activities:</b>					
Bonds and notes from direct borrowings	\$ 10,228,102	9,605,000	8,876,897	10,956,205	576,205
Bond premium	-	1,652,975	90,439	1,562,536	90,439
Financed purchases*	18,731	-	18,731	-	-
Other postemployment benefits	729,476	71,166	-	800,642	-
Landfill closure and postclosure	246,000	2,000	-	248,000	-
Net pension liability	1,911,794	504,624	-	2,416,418	-
Accrued compensated absences	237,234	30,089	-	267,323	-
<b>Total governmental activities</b>	<b>\$ 13,371,337</b>	<b>11,865,854</b>	<b>8,986,067</b>	<b>16,251,124</b>	<b>666,644</b>
<b>Business-type Activities:</b>					
Notes from direct borrowings	\$ 7,295,000	5,730,000	6,170,000	6,855,000	365,000
Accrued compensated absences	22,833	-	-	22,833	-
<b>Total business-type activities</b>	<b>\$ 7,317,833</b>	<b>5,730,000</b>	<b>6,170,000</b>	<b>6,877,833</b>	<b>365,000</b>

\* These agreements are considered direct borrowings.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

**LONG-TERM DEBT**

Defeasance of debt - In October of 2020, the Town defeased its 2014 general obligation bond by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments and the related call premiums on the old bonds. The trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2021, \$11,215,000 of defeased bonds remain outstanding.

Bonds and notes from direct borrowings at June 30, 2021 is comprised of the following:

	Date of <u>issue</u>	Original amount <u>issued</u>	Date of <u>maturity</u>	Interest <u>rate</u>	Balance June 30, <u>2021</u>
<b>Governmental activities:</b>					
2008 Note – MMBB	10/30/08	\$ 500,000	11/1/28	0.08-5.58%	200,000
2014 Bond – Gorham Savings	7/1/14	8,285,000	11/1/39	3.00-4.00%	1,095,000
2019 Note – First National Bank	8/2/18	163,500	7/2/21	3.410%	56,205
2020 Bond-Series B – US Bank	10/29/20	5,485,000	11/1/38	2.20-5.00%	5,485,000
2020 Bond-Series A – US Bank	10/29/20	4,120,000	8/1/43	2.00-2.125%	4,120,000
<b>Total governmental activities</b>					<b>\$ 10,956,205</b>
<b>Business-type activities:</b>					
2014 Bond – Gorham Savings	7/1/2014	\$ 8,565,000	11/1/2036	3.00-4.00%	1,125,000
2020 Bond – US Bank	10/29/20	5,730,000	11/1/2038	2.20-5.00%	5,730,000
<b>Total business-type activities</b>					<b>\$ 6,855,000</b>

The annual requirements to amortize bonds and notes from direct borrowings as of June 30, 2021 are as follows:

Year ending June 30,	<b>Governmental</b>		<b>Business-type</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 576,205	332,363	365,000	255,975
2023	530,000	315,384	375,000	244,875
2024	535,000	300,149	385,000	233,475
2025	585,000	281,075	360,000	218,700
2026	600,000	257,888	375,000	200,325
2027-2031	3,000,000	932,121	2,245,000	686,875
2032-2036	3,060,000	418,054	2,750,000	173,320
2037-2041	1,795,000	334,283	-	-
2042-2044	275,000	8,872	-	-
	<b>\$ 10,956,205</b>	<b>3,180,189</b>	<b>6,855,000</b>	<b>2,013,545</b>

**OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE**

**General Information about the OPEB Plans**

**Plan Description** - The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT).



**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

**OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE**

The Town Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**Benefits Provided** - MMEHT provides healthcare and life insurance benefits for retirees and their dependents. Town employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

*Employees Covered by Benefit Terms* – At January 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employee entitled to but not yet receiving benefits	-
Active employees	57
Total	60

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

The Town’s total Health Plan OPEB liability of \$778,679 was measured as of January 1, 2021, and was determined by an actuarial valuation as of that date.

*Changes in the Total OPEB Liability*

Balance at June 30, 2020	\$	696,061
Changes for the year:		
Service cost		26,902
Interest		19,661
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions or other inputs		46,921
Benefit payments		(10,866)
Net changes		82,618
Balance at June 30, 2021	\$	778,679

Change in assumptions reflects a change in the discount rate from 2.74% to 2.12%.

For the year ended June 30, 2021, The Town recognized OPEB expense of \$61,063. At June 31, 2021, The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

---

OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE, CONTINUED

---

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,798	-
Changes of assumption	154,774	-
Contributions subsequent to the measurement date	7,312	-
Total	\$ 220,884	-

\$7,312 is reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ 27,353
2023	27,353
2024	27,353
2025	27,353
2026	27,353
Thereafter	76,807

**Actuarial Assumptions** - The total OPEB liability in the January 1, 2021 measurement for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% per annum
Salary increases	2.75% per annum
Discount rate	2.12%
Healthcare cost trend rates	8.55% Non-Medicare, decreasing to 3.28% by 2040.
Retirees' share of the benefit related costs	100% of projected health insurance premiums

Mortality rates for the Health Plan were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2021 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

**Discount Rate** - The rate used to measure the total OPEB liability for the Health Plan was 2.12% per annum. The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate** - The following presents the Town's total OPEB liability calculated using the discount rate of 2.12%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.12%) or 1 percentage-point higher (3.12%) than the current rate:

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE, CONTINUED

	1% Decrease <u>(1.12%)</u>	Discount Rate <u>(2.12%)</u>	1% Increase <u>(3.12%)</u>
Total OPEB liability	\$ 910,877	778,679	672,022

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The following presents the Town’s total OPEB liability calculated using the healthcare cost trend rates, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 657,685	778,679	935,169

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE

**General Information about the OPEB Plan**

**Plan Description** - The Town sponsors a post-retirement benefit plan providing group term life insurance to retiring employees (hereafter referred to as the PLD OPEB plan). The PLD OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for the PLD OPEB plan. MPERS issues publicly available financial reports that are available at [www.maineipers.org](http://www.maineipers.org).

**Benefits Provided** - Under the PLD OPEB plan, MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the PLD OPEB plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees’ average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

**Contributions** - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums total \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Employer contributions to the PLD OPEB plan from the Town were \$532 for the year ended June 30, 2021. Employees are not required to contribute to the PLD OPEB plan.

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

The net OPEB liability plan was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the Town reported a liability of \$21,963 for its proportionate share of the net OPEB liability. At June 30, 2020, the Town’s proportion was 0.1665%.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

**OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE**

For the year ended June 30, 2021, the Town recognized OPEB gain of \$494 for the PLD OPEB plan. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,711	-
Changes of assumptions	-	13,366
Net difference between projected and actual earnings on OPEB plan investments	-	548
Changes in proportion and differences between Town contributions and proportionate share of contributions	4,889	-
Town contributions subsequent to the measurement date	532	-
<b>Total</b>	<b>\$ 8,132</b>	<b>13,914</b>

An amount of \$532 is reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2022	\$ (2,015)
2023	(1,682)
2024	187
2025	(874)
2026	(1,930)

**Actuarial Assumptions** - The total OPEB liability in the June 30, 2020 actuarial valuations was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>PLD OPEB Plan</u>
Inflation	2.75%
Salary increases	2.75% - 9.00%
Investment rate of return	6.75%

Mortality rates for the PLD OPEB plan were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2020 valuations were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

**OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE**

The long-term expected rate of return on PLD OPEB plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	15.0%	3.0%
U.S. Government Securities	10.0%	2.3%

**Discount Rate** - The discount rate used to measure the collective total OPEB liability was 6.75% for 2020 for the 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 Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Town’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** - The following presents the Town’s proportionate share of the net PLD OPEB plan liability calculated using the discount rate of 6.75%, as well as what the Town’s proportionate share of the net PLD OPEB plan liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	\$ 29,580	21,963	15,840

**OPEB Plan Fiduciary Net Position** - Detailed information about the PLD OPEB plan’s fiduciary net positions are available in a separately issued MPERS financial report.

**LANDFILL CLOSURE AND POSTCLOSURE COSTS**

State and Federal laws and regulations require the Town to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for ten years after closure. Until fiscal year 2018, Federal law required a 30-year post closure monitoring and maintenance period. This change significantly reduced the future cost of these activities.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

**LANDFILL CLOSURE AND POSTCLOSURE COSTS**

Although closure and postclosure care costs will be paid only near or after the dates that the landfills stop accepting waste, the Town reports a portion of these closure and postclosure costs as a program expense in each year based on landfill capacity used as of each balance sheet date. The Town will recognize the remaining estimated cost of closure and postclosure care for the site as the remaining estimated capacity is filled.

The Town's landfill site is segregated into four cells: one active cell, two cells at maximum capacity that have been closed, and one undeveloped cell.

An engineering estimate was calculated for the closure and postclosure costs of the landfill as of June 30, 2021. Generally accepted accounting principles require that cost estimates be based on the present value of consultation and construction costs adjusted for an assumed inflation rate, known as current cost. The current cost of closure and postclosure costs projected in the engineering estimate total \$896,400. The estimated remaining life of the landfill at June 30, 2021 is 42 years. The new cell has a capacity of 40,000 yards, of which approximately 11,069 yards were used as of June 30, 2021.

Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Town anticipates financing closure costs by funding and using reserves and/or state grants and local assessments at the time of closure. A summary of estimated landfill closure and postclosure care costs is as follows:

	<u>2020</u>	<u>2021</u>
Total estimated future landfill closure and postclosure care costs	\$ 989,300	896,400
Estimated capacity used	24.82%	27.67%
Estimated gross landfill closure and postclosure care costs – end of year	246,000	248,000
<u>Amounts actually expended</u>	<u>-</u>	<u>-</u>
<u>Estimated liability for landfill closure and postclosure care costs - end of year</u>	<u>\$ 246,000</u>	<u>248,000</u>
<u>Estimated remaining landfill closure and postclosure care costs to be recognized</u>	<u>\$ 743,300</u>	<u>648,400</u>

Federal law requires financial assurance regarding closure and post-closure care. Financial assurance is computed annually through a variety of ratios regarding liquidity, debt, and revenues. The Town has met the financial assurance conditions for 2021.

**RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the Town either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently, the Town participates in several public entity and self-insured risk pools sponsored by the Maine Municipal Association (MMA). These pools, and the risks of loss to which the Town is exposed, are as follows:

MMA's workers' compensation fund retains \$400,000 of risk and purchases excess insurance for claims which exceed \$400,000 up to a maximum coverage of \$2,000,000 per occurrence.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

---

**RISK MANAGEMENT, CONTINUED**

---

MMA's income protection risk and health insurance risk pools are also self-insured. Each member retains \$135,000 of risk in total for the two plans and the pool purchases excess insurance for claims which exceed \$135,000 cumulative for both lines. The health insurance pool has no maximum coverage limit and the income protection has a limit of \$1,000 a week for a maximum of 52 weeks per occurrence.

MMA's property and casualty risk pool retains \$100,000 of risk and purchases excess insurance for claims which exceed \$100,000 up to a maximum coverage of \$1,000,000 for property and casualty coverage per occurrence, \$200,000,000 cumulative coverage for the entire pool, and \$250,000 for crime per entity per occurrence.

The Town is subject to assessments by the risk pools. Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2021.

---

**DEFERRED COMPENSATION PLAN**

---

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by the International City Management Association Retirement Corporation (ICMARC).

The plan, available to all full-time and permanent part-time Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Employees are permitted to contribute up to the maximum allowed per Internal Revenue Code limits. Employer contributions are not required, unless specifically agreed upon per individual contract with each employee. For the year ended June 30, 2021, the Town's contribution to the plan was \$30,380.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the Town and from any use by the Town other than paying benefits to employees and their beneficiaries in accordance with the plan. Employees are immediately vested in their own as well as employer contributions and earnings on those contributions. There is, therefore, no forfeiture provision.

---

**TAX INCREMENT FINANCING DISTRICTS**

---

Under Maine law, the Town has established seven tax increment financing (TIF) districts in order to finance development programs in the Town of Orono. The expenditures for these programs are paid for by tax dollars that have been retained under the tax increment financing program. The Town has entered into several Credit Enhancement Agreements (CEAs) with individual organizations as permitted within its TIF District development programs, established under the State of Maine Title 30-A. The CEA's outline conditions for the reimbursement of a percentage of tax revenues generated through the increased values of certain parcels within the districts. The agreements and payments are intended to promote economic development through real estate development and job creation, as well as infrastructure improvements and business incentives within the Town's TIF districts. For the fiscal year ended June 30, 2021, the Town remitted a total of \$207,086 in credit enhancement payments. All credit enhancement payments made during the year are outlined below.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

---

**TAX INCREMENT FINANCING DISTRICTS, CONTINUED**

---

Maine Technology Park Omnibus Municipal TIF (Previously Sensor Research and Development TIF) - This TIF was established in the spring of 2000 and had a life of 15 years. The original assessed base value in this district was assessed at zero. Acquisitions and improvements made by the Development Program were to result in an estimated investment of approximately \$4,834,100, creating additional tax base within the Town. The Town made available to Sensor Research and Development all of the retained captured tax increment revenues from the District for a period of ten years. These revenues were used by Sensor Research and Development, either to assist it in paying debt service related to financing the Project or as direct payments toward the cost of the Project. Fiscal year ended June 30, 2010 was the final year tax revenues were retained and made available to Sensor Research and Development.

On October 25, 2013, the TIF district was amended and renamed the Maine Technology Park Omnibus Municipal TIF. The term was extended to 30 years ending February 28, 2030. The original assessed base value in this district was assessed at \$4,762,300 as of April 1, 2012 and spans 34.99 acres. The Town is allowed to enter into credit enhancement agreements up to 100% reimbursement, however, there is currently no CEA's in place for this TIF district. In FY19, the District value decreased substantially due to the purchase of property by the University of Maine that was converted to tax-exempt status as a result, no taxes were captured for this tax year. The balance of tax increment funds retained by the Town, in previous years, for its approved development purposes at the year ended June 30, 2021 was \$45,918.

EnvisioNet Municipal Development TIF - This TIF was established on July 13, 2000 and has a life of 20 years and then renewed on July 20, 2020 for ten additional years (through June 30, 2030). The original assessed base value in this district is zero. EnvisioNet filed for bankruptcy in FY14 and the Town decided to retain the 70% TIF revenues that were to be reimbursed. During 2015, the related property was sold and all current and back taxes were paid to the Town. The amount of tax increment revenues retained by the Town for the year ended June 30, 2021 was \$71,082, representing 100% of the captured tax revenues. On June 30, 2021, the balance of the EnvisioNet Development Program Fund was \$58,866.

Dirigo Pines TIF - This TIF was established on February 10, 2003 and has a life of 30 years. The original assessed base value in this district is \$182,500 and the development program excludes the first \$433,500 of the increase in assessed value. The development program calls for 30% of the tax revenues derived from the increase in value in excess of \$616,000 to be sheltered and returned to the developer in accordance with the terms of the credit enhancement agreement.

Fiscal year ended June 30, 2021 was the eighteenth year tax revenues were made available to Dirigo Pines. The amount of tax increment revenues made available for the year ended June 30, 2021 was \$124,532, which was returned to the developer. As of June 30, 2021, the Dirigo Pines TIF Fund had a balance of \$2,929.

Downtown and Transit-Oriented Development TIF - This TIF was established on March 17, 2000 and has a life of 30 years. The original assessed base value in this district is \$28,080,265. The Town created the tax increment financing district to fund transportation-related projects for the Town's downtown.



**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

---

**TAX INCREMENT FINANCING DISTRICTS, CONTINUED**

---

On May 13, 2013, the TIF district was renamed the Downtown and Transit-Oriented Development TIF whereas the original name was Transit-Oriented TIF. The amendment increased the original acreage to 96.4 acres in order to allow the Town to fund various transit and other economic development costs; provide continuing employment opportunities for the citizens of the Town and surrounding region; improve and broaden the tax base of the Town; improve the general economy of the Town, the surrounding region and the State of Maine; and to encourage the development, expansion and improvement of commercial facilities within the Town. The amount of tax increment revenues received for the year ended June 30, 2021 was \$495,405, of which \$25,632 was returned due to credit enhancement agreements with Staar Properties, James D. Swett Living Trust, Rose Property and Bazampas LLC. As of June 30, 2021, the Downtown and Transit Oriented TIF Program Development Program had a balance of \$449,130.

Webster Point TIF - This TIF was established on February 7, 2011 and is in effect until June 30, 2027. The original assessed base value in this district is zero. Effective May 14, 2012 the Town agreed to a Credit Enhancement Agreement with Webster Point LLC. In that agreement, the Town agreed to provide the developer 85% of the tax increment revenues. The Town will use the remaining 15% for approved development projects and mitigating impacts within the district. The amount of tax increment revenues received for the year ended June 30, 2021 was \$41,360 with \$29,110 returned to the developer. As of June 30, 2021, the Webster Point TIF Development Program had a balance of \$ \$69,876.

Penobscot Valley Dermatology - While approved by the Orono Town Council on April 1, 2014, this TIF District was established to exist for a total of thirty (30) years beginning on July 1, 2015. The original assessed base value in this district is \$200,400 with 100% of the incremental value captured. The development program includes a credit enhancement agreement with Cutis Properties, LLC for thirty (30) years total with an average return of up to 40% of the taxes paid on real and personal property. (Specifically, the maximum agreed rate of return is as follows: years 1-5 60%; years 6-15 45%; and years 16-30 30%.) This Credit Enhancement Agreement also contains a provision requiring that the Town retain, at minimum, taxes at the following levels paid on a value of \$2,000,000: FY16-20 40%; FY21-30 55%; and FY31-45 70%. The development program allows funds retained by the Town to also be used for public infrastructure, childcare, recreational trails, mitigation of downtown impacts, economic development, professional and administrative costs, and financing expenses. For FY21, the District value was \$1,999,400 which resulted in 45.00% of taxes paid on the increment returned to Cutis Properties (equaling \$25,177). The amount of tax increment revenues received for the year ended June 30, 2021 was \$50,534. As of June 30, 2021, the Penobscot Valley Dermatology TIF Development Program had a balance of \$111,279.

Orono Basin Omnibus Municipal Development and TIF District - On February 11, 2019, the Orono Town Council approved and Maine Department of Economic and Community Development subsequently authorized this TIF District to exist for a total of 20 years beginning on July 1, 2020. In FY21, the Town captured taxes of \$5,580 and returned \$2,634 to Hub LLC.. As of June 30, 2021, the Orono Basin Omnibus Municipal Development and TIF District had a balance of \$8,235.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

---

**NET PENSION LIABILITY**

---

***General Information about the Pension Plan***

**Plan Description** - Employees of the Town are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan), a cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute; in the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Maine State Legislature to amend the terms. MPERS issues a publicly available financial report that can be obtained at [www.maineopers.org](http://www.maineopers.org).

**Benefits Provided** - The PLD Plan provides 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. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014).

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. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions.

**Contributions** - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. Employees are required to contribute 7.35% to 8.10% of their annual pay for the regular AC plan and 8.10% of their annual pay for the special 2C plan. The Town's contractually required contribution rates for the year ended June 30, 2021, were 10.10% of annual payroll for the regular AC Plan, and 10.80% of annual payroll for the special 2C Plan.

Contribution rates are actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$418,341 for the year ended June 30, 2021.

***Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions***

At June 30, 2021, the Town reported a liability of \$2,416,418 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2020, the Town's proportion was 0.6082%.

For the year ended June 30, 2021, the Town recognized pension expense of \$509,290. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

---

**NET PENSION LIABILITY, CONTINUED**

---

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ -	-
Differences between expected and actual experience	118,437	-
Net difference between projected and actual earnings on pension plan investments	157,239	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	35,444
Town contributions subsequent to the measurement date	418,341	-
<b>Total</b>	<b>\$ 694,017</b>	<b>35,444</b>

\$418,341 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ (98,360)
2023	71,180
2024	133,558
2025	133,854

**Actuarial Assumptions** - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.75% + merit
Investment return	6.75%
Cost of living benefit increases	1.91%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

**NET PENSION LIABILITY, CONTINUED**

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 asset class. 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 arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	7.2%
Diversifiers	10.0%	5.9%

**Discount Rate** - The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

**Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
Town's proportionate share of the net pension liability	\$ 5,078,335	2,416,418	237,443

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

**Payables to the Pension Plan** - None as of June 30, 2021.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

---

**NET POSITION**

---

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes capital leases payable and bond premiums and adding back any unspent proceeds. The Town's net investment in capital assets was calculated as follows at June 30, 2021:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 36,548,484	18,987,251
Accumulated depreciation	(18,438,583)	(9,403,537)
Bonds and notes from direct borrowings	(10,956,205)	(6,855,000)
Bond premium	(1,562,536)	-
Unspent bond proceeds	2,268,074	-
<b><u>Total net investment in capital assets</u></b>	<b><u>\$ 7,859,234</u></b>	<b><u>2,728,714</u></b>

---

**FUND BALANCES**

---

As of June 30, 2021, fund balance components consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>
<b>Nonspendable:</b>		
<u>Inventory</u>	\$ 17,249	-
<b>Restricted:</b>		
Downtown TIF	449,130	-
Maine Technology Park TIF	45,918	-
Penobscot Valley Dermatology TIF	69,876	-
Webster Point TIF	111,279	-
EnvisioNet TIF	58,866	-
Dirigo Pines Inn TIF	2,929	-
Orono Basin TIF	8,235	-
Unspent bond proceeds	2,268,074	-
Grant Fund	-	150,387
Cemetery	-	417,427
Public Library	-	83,602
<u>Library Construction</u>	-	12,147
<b><u>Total restricted</u></b>	<b><u>3,014,307</u></b>	<b><u>663,563</u></b>

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

---

**FUND BALANCES, CONTINUED**

---

Assigned:		
Assigned for subsequent year's budget	\$ 382,500	-
Reserves:		
Unemployment reserve	41,459	-
Landfill closure reserve	67,556	-
Winter maintenance	20,000	-
Capital Infrastructure	809,398	-
Capital equipment reserve	350,881	-
Council reserve projects	4,607	-
Major maintenance reserve	37,515	-
Safety equipment reserve	11,507	-
Public works garage reserve	40,544	-
Skate park reserve	18,157	-
Recreation reserve	4,572	-
Police tuition reimbursement	15,000	-
Professional Development	45,000	-
Employee benefits reserve	87,121	-
Library maintenance reserve	51,042	-
Public Works Facility Maint Rsrv	20,033	-
Police technology reserve	7,570	-
Ambulance reserve	39,710	-
Fire truck reserve	198	-
Sally Jacobs sculpture steward	1,904	-
IT audiovisual reserve	35,653	-
Assessing revaluation reserve	17,500	-
Pub Sfty Radio Upgrade	15,000	-
Solid waste reserve	84,565	-
Trail system reserve	20,000	-
Carryforwards:		
Intern project	35,000	-
IT equipment	3,000	-
COVID enhancements	7,500	-
Pavement marking	22,909	-
<b>Total assigned</b>	<b>2,297,401</b>	<b>-</b>
<b>Total unassigned</b>	<b>3,382,299</b>	<b>-</b>
<b>Total fund balances</b>	<b>\$ 8,711,256</b>	<b>663,563</b>

---

**PRIOR PERIOD ADJUSTMENT**

---

During fiscal year 2021, the Town performed a full physical count of its capital assets. As a result of the count, beginning governmental activities capital assets decreased by \$326,763 and accumulated depreciation increased by \$593,327. Beginning governmental activities net position decreased by \$266,564.

**TOWN OF ORONO, MAINE**  
**Required Supplementary Information**

**Schedule of Town's Proportionate Share of the Net Pension Liability**  
**Maine Public Employees Retirement System Consolidated Plan**

Last 10 Fiscal Years\*\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>PLD Plan</b>							
Town's proportion of the net pension liability	\$ 0.6082%	0.6255%	0.6237%	0.6192%	0.6344%	0.6536%	0.6802%
Town's proportionate share of the net pension liability	2,416,418	1,911,794	1,706,948	2,535,046	3,370,789	2,085,401	1,046,695
Town's covered payroll	3,787,081	3,761,277	3,504,468	3,466,077	3,411,083	3,322,232	3,297,330
Town's proportionate share of the net pension liability as a percentage of its covered payroll	63.81%	50.83%	48.71%	73.14%	98.82%	62.77%	31.74%
Plan fiduciary net position as a percentage of the total pension liability	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year.

\*\*Only seven years of information available.

**TOWN OF ORONO, MAINE**  
**Required Supplementary Information, Continued**

**Schedule of Town Contributions – Net Pension Liability**  
**Maine Public Employees Retirement System Consolidated Plan (PLD)**

Last 10 Fiscal Years\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>PLD Plan</b>								
Contractually required contribution	\$ 418,341	390,507	386,308	344,915	318,336	303,704	267,184	234,994
Contributions in relation to the contractually required contribution	<u>(418,341)</u>	<u>(390,507)</u>	<u>(386,308)</u>	<u>(344,915)</u>	<u>(318,336)</u>	<u>(303,704)</u>	<u>(267,184)</u>	<u>(234,994)</u>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	\$ 4,003,830	3,787,081	3,761,277	3,504,468	3,466,077	3,411,083	3,322,323	3,297,330
Contributions as a percentage of covered payroll	10.45%	10.31%	10.27%	9.84%	9.18%	8.90%	8.04%	7.13%

\* Only eight years of information available.



**TOWN OF ORONO, MAINE**  
**Required Supplementary Information, Continued**

**Schedule of Changes in the Town's Total Health Plan OPEB Liability and Related Ratios**

Last 10 Fiscal Years\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 26,902	19,115	21,783	17,980
Interest	19,661	20,204	17,964	15,795
Changes of benefit terms	-	(14,140)	-	-
Differences between expected and actual experience	-	73,346	-	206
Changes of assumptions or other inputs	46,921	130,452	(53,776)	76,377
Benefit payments	<u>(10,866)</u>	<u>(13,015)</u>	<u>(12,514)</u>	<u>(7,105)</u>
Net change in total OPEB Liability	82,618	215,962	(26,543)	103,253
Total OPEB liability - beginning	<u>696,061</u>	<u>480,099</u>	<u>506,642</u>	<u>403,389</u>
<b>Total OPEB liability - ending</b>	<b>\$ <u><u>778,679</u></u></b>	<b><u><u>696,061</u></u></b>	<b><u><u>480,099</u></u></b>	<b><u><u>506,642</u></u></b>
Covered-employee payroll	\$ 3,021,511	3,021,511	2,815,179	2,815,179
Total OPEB liability as a percent of covered-employee payroll	25.77%	23.04%	17.05%	18.00%

\*Only four years of information available.

**TOWN OF ORONO, MAINE**  
**Required Supplementary Information, Continued**

**Schedule of Town's Proportionate Share of the Net OPEB Liability – Life Insurance**  
**Last 10 Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Town's proportion of the net OPEB liability	0.1665%	0.1562%	0.1371%	0.1330%	0.1363%
Town's proportionate share of the net OPEB liability	\$ 21,963	33,415	27,691	22,239	30,832
Town's covered-employee payroll	3,787,081	3,761,277	3,504,468	3,466,077	3,411,083
Town's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	0.58%	0.89%	0.79%	0.64%	0.90%
Plan fiduciary net position as a percentage of the total OPEB liability	55.40%	43.18%	43.92%	47.42%	unavailable

*\* Only five years of information available.*

*Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.*

**TOWN OF ORONO, MAINE**  
**Required Supplementary Information, Continued**

**Schedule Town's Contributions - Net OPEB Liability - Life Insurance**  
**Maine Public Employees Retirement System Consolidated Plan (PLD)**

Last 10 Fiscal Years\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>PLD Plan</b>					
Contractually required contribution	\$ 532	638	638	639	639
Contributions in relation to the contractually required contribution	<u>(532)</u>	<u>(638)</u>	<u>(638)</u>	<u>(639)</u>	<u>(639)</u>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered-employee payroll	\$ 4,003,830	3,787,081	3,761,277	3,504,468	3,466,077
Contributions as a percentage of covered- employee payroll	0.013%	0.017%	0.017%	0.018%	0.018%

\* Only five years of information available.

**TOWN OF ORONO, MAINE**  
**Notes to Required Supplementary Information**

---

Changes of Benefit Terms (Pension) - None

Changes of Assumptions (Pension) - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	6.750%	6.750%	6.750%	6.875%	7.125%	7.250%
Inflation rate	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%
Salary increases	2.75 + merit	2.75-9.00%	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%
Cost of living increases	1.91%	1.91%	2.20%	2.20%	2.55%	3.12%

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table.

Changes of Benefit Terms (OPEB – Life Insurance) - None

Changes of Assumptions (OPEB – Life Insurance) - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	6.75%	4.98%	5.13%	5.41%

Changes of Benefit Terms (OPEB – Health Insurance) - None

Changes of Assumptions (OPEB – Health Insurance) - Changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.12%	2.74%	4.10%	3.44%	3.78%

Additionally, the valuation method for the Town Health Plan was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

\* This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.

## **GENERAL FUND**

**TOWN OF ORONO, MAINE**  
**Balance Sheet - General Fund**  
**June 30, 2021**

<b>ASSETS</b>		
Cash and cash equivalents	\$	8,467,048
Investments		649,361
Receivables:		
Accounts		317,008
Rescue		121,374
Taxes - current year		245,489
Taxes - prior years		236,829
Inventory		17,249
Interfund loans receivable		122,756
<b>Total assets</b>	<b>\$</b>	<b>10,177,114</b>
<b>LIABILITIES</b>		
Accounts payable		638,477
Accrued payroll and benefits		238,287
Performance bond liability		93,957
Taxes paid in advance		71,437
Total liabilities		1,042,158
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes		423,700
Total deferred inflows of resources		423,700
<b>FUND BALANCE</b>		
Nonspendable - inventory		17,249
Restricted		3,014,307
Assigned		2,297,401
Unassigned		3,382,299
Total fund balance		8,711,256
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$</b>	<b>10,177,114</b>

**TOWN OF ORONO, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2021**

	2021		Variance positive (negative)
	Budget	Actual	
Revenues:			
Taxes:			
Property taxes	\$ 13,527,440	13,305,623	(221,817)
Excise taxes	784,100	816,271	32,171
Interest and costs on taxes	48,000	44,151	(3,849)
Total taxes	14,359,540	14,166,045	(193,495)
Intergovernmental:			
State revenue sharing	1,248,160	2,160,555	912,395
State road subsidy	51,100	68,660	17,560
General assistance reimbursement	9,170	4,279	(4,891)
BETE reimbursement	80,437	80,437	-
Homestead tax exemption	538,229	538,229	-
UMO reimbursements	655,431	655,431	-
Other miscellaneous intergovernmental revenues	16,850	20,015	3,165
Total intergovernmental	2,599,377	3,527,606	928,229
Licenses and permits:			
Motor vehicle agent fee	15,000	14,679	(321)
Town licenses and permits	6,000	9,400	3,400
Building permits	15,000	82,975	67,975
Plumbing fees	2,800	4,286	1,486
Electrical permits	7,500	3,481	(4,019)
Land use ordinance fees	1,000	700	(300)
Road opening permits	750	1,550	800
Rental unit registration fee	44,700	43,279	(1,421)
Parking permits	4,800	6,000	1,200
Fish and wildlife license fees	800	495	(305)
Site plan review	-	2,250	2,250
Landfill permit	-	11,673	11,673
Birth, death and marriage records	5,950	5,275	(675)
Development fees	-	13,000	13,000
Dog licenses	900	2	(898)
Total licenses and permits	105,200	199,045	93,845
Interest income	22,000	89,015	67,015

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

	2021		Variance positive (negative)
	Budget	Actual	
Revenues, continued:			
Charges for services:			
Fire and ambulance fees	\$ 394,800	380,336	(14,464)
Advertising	7,000	6,850	(150)
Police fees	20,000	5,187	(14,813)
Police accident reports	5,000	5,301	301
Police special detail	10,000	23	(9,977)
Court fees	6,100	82	(6,018)
BB Express: Orchard Trails	3,000	3,000	-
Air bottle refill	100	5	(95)
School resource officer	41,500	41,500	-
School crossing guard reimbursement	12,324	11,901	(423)
Recreation	17,570	6,210	(11,360)
Public library fees	3,500	688	(2,812)
OVWD plowing fees	2,000	2,000	-
Disposal site fees	25,000	7,248	(17,752)
Black Bear Express	-	2,269	2,269
Veazie EMS contract fees	32,000	37,125	5,125
TIF administration fees	1,000	1,245	245
Town office admin fees	1,500	1,287	(213)
Public works fees	100	-	(100)
Solid waste hauler	7,250	1,882	(5,368)
Cemetery revenue	2,500	6,475	3,975
Rental income	1,500	450	(1,050)
Total charges for services	593,744	521,064	(72,680)
Other revenues:			
Housing Foundation PILOT	35,000	35,000	-
Freeman Forest Foundation	17,600	17,600	-
Parking fines	20,000	15,970	(4,030)
ACO late fees	-	50	50
Code enforcement penalties and fees	5,000	14,250	9,250
Donations	1,000	850	(150)
Sale of surplus property	3,000	30,503	27,503
Cable franchise fees	66,500	51,952	(14,548)
Recycling revenue	2,500	250	(2,250)
MRC rebate	18,750	27,129	8,379
Miscellaneous revenue	200	185	(15)
Total other revenues	169,550	193,739	24,189
Total revenues	17,849,411	18,696,514	847,103



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

	2021		Variance positive (negative)
	Budget	Actual	
Expenditures:			
Current:			
General government:			
Town Council	\$ 39,985	36,007	3,978
Town Manager	326,824	304,387	22,437
Finance	232,610	217,648	14,962
Administration	226,590	215,113	11,477
Assessor	135,395	117,824	17,571
Elections and voter registration	21,560	11,089	10,471
Insurance	85,850	78,091	7,759
General assistance	13,100	5,302	7,798
Planning	90,455	74,550	15,905
Code enforcement	98,660	104,069	(5,409)
Contracted services	47,245	47,186	59
IT / GIS	100,910	88,018	12,892
Tax abatements	75,487	66,234	9,253
Miscellaneous	10,000	-	10,000
Total general government	1,504,671	1,365,518	139,153
Public services:			
Library	323,935	301,889	22,046
Recreation	133,975	114,305	19,670
Facilities	226,265	220,499	5,766
Municipal and public safety buildings	89,635	81,154	8,481
Library facilities maintenance	18,080	13,146	4,934
Senior Citizen Center	11,760	7,467	4,293
Anderson Community House	12,135	7,363	4,772
Total public services	815,785	745,823	69,962
Public safety:			
Public safety administration	123,640	122,374	1,266
Police Department	1,556,190	1,458,719	97,471
Fire Department	1,976,705	2,032,512	(55,807)
Fire protection	239,660	236,417	3,243
Total public safety	3,896,195	3,850,022	46,173
Public works:			
General maintenance	974,270	863,836	110,434
Winter maintenance	228,740	116,588	112,152
Cemetery	6,100	6,650	(550)
Solid waste disposal	324,505	340,971	(16,466)
Town garage	236,060	216,120	19,940
Total public works	1,769,675	1,544,165	225,510

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

	2021		Variance positive (negative)
	Budget	Actual	
Expenditures, continued			
Current, continued:			
Educational assessment	\$ 7,386,565	7,386,560	5
County tax	705,010	705,009	1
Debt service	4,874,328	2,551,860	2,322,468
Capital expenditures:			
Capital equipment	176,680	154,659	22,021
Capital infrastructure	415,000	196,685	218,315
Capital facilities	45,000	26,057	18,943
Total capital expenditures	636,680	377,401	259,279
Total expenditures	21,588,909	18,526,358	3,062,551
(Excess) deficiency of revenues over (under) expenditures	(3,739,498)	170,156	3,909,654
Other financing sources (uses):			
Transfers-in from sewer fund	138,825	138,825	-
Transfers-in from grant fund	-	1,215	1,215
Transfers-out to reserves	(1,005,060)	(1,037,807)	(32,747)
Bond and premium proceeds	4,174,733	4,174,758	25
Utilization of assigned balance	31,000	-	(31,000)
Use of prior year surplus	400,000	-	(400,000)
Total other financing sources (uses)	3,739,498	3,276,991	(462,507)
Net change in fund balances, budgetary basis	-	3,447,147	3,447,147
Fund balance, beginning of year-budgetary basis		2,671,384	
Fund balance, end of year - budgetary basis		6,118,531	
Amounts held in reserves		2,592,725	
<b>Fund balance, end of year</b>		<b>\$ 8,711,256</b>	

**TOWN OF ORONO, MAINE**  
**General Fund Reserves**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2021**

	Fund balances beginning of year	Interest income	Other Revenues	Expenditures	Transfers in	Transfers out	Fund balances end of year
Restricted:							
Downtown TIF	\$ 631,717	3,486	-	681,478	495,405	-	449,130
Maine Technology Park TIF	45,705	213	-	-	-	-	45,918
Webster Point TIF	58,247	350	-	30,081	41,360	-	69,876
Penobscot Valley Dermatology TIF	85,866	506	-	25,627	50,534	-	111,279
EnvisioNet TIF	81,546	265	-	94,027	71,082	-	58,866
Dirigo Pines Inn TIF	2,692	236	-	124,531	124,532	-	2,929
Orono Basin TIF	5,254	35	-	2,634	5,580	-	8,235
Assigned:							
Interest on Reserves (all non-TIF)	30,006	6,677	-	-	-	(36,683)	-
Unemployment	42,898	-	-	1,439	-	-	41,459
Landfill closure	27,556	-	40,000	-	-	-	67,556
Winter maintenance	-	-	-	-	20,000	-	20,000
Capital Infrastructure	376,534	-	-	185,451	618,315	-	809,398
Capital equipment	506,210	-	-	200,000	44,671	-	350,881
Council reserve projects	4,607	-	-	-	-	-	4,607
Major maintenance	37,515	-	-	-	-	-	37,515
Safety equipment	11,507	-	-	-	-	-	11,507
Public works garage	40,544	-	-	-	-	-	40,544
Skate park	18,157	-	-	-	-	-	18,157
Recreation reserve	4,555	-	17	-	-	-	4,572
Police tuition reimbursement	-	-	-	-	15,000	-	15,000
Professional development	-	-	-	-	45,000	-	45,000
Employee benefits	87,121	-	-	-	-	-	87,121
Debt reserve - 3 Godfrey	1,503,806	-	-	1,013,319	-	(490,487)	-
Library maintenance	51,042	-	-	-	-	-	51,042
Public Works facility maintenance reserve	20,033	-	-	-	-	-	20,033
Police technology reserve	7,570	-	-	-	-	-	7,570
Ambulance reserve	39,710	-	-	-	-	-	39,710
Fire truck reserve	198	-	-	-	-	-	198
Sally Jacobs sculpture steward	1,904	-	-	-	-	-	1,904
IT Audiovisual Reserve	35,100	-	-	15,447	16,000	-	35,653
Assessing revaluation	77,603	-	-	77,603	17,500	-	17,500
Pub Sfty Radio Upgrade	15,000	-	-	-	-	-	15,000
Solid Waste Reserve	84,565	-	-	-	-	-	84,565
Trail System Reserve	20,000	-	-	-	-	-	20,000
<b>Total General Fund reserves</b>	<b>\$ 3,954,768</b>	<b>11,768</b>	<b>40,017</b>	<b>2,451,637</b>	<b>1,564,979</b>	<b>(527,170)</b>	<b>2,592,725</b>

**NONMAJOR GOVERNMENTAL FUNDS**

**TOWN OF ORONO, MAINE**  
**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

	Special Revenue Funds			Capital Project Fund	Totals
	Grant Fund	Cemetery	Public Library	Library Construction	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 190,980	27,364	581	12,147	231,072
Investments	-	389,613	83,021	-	472,634
Accounts receivable	6,206	-	-	-	6,206
Interfund loans receivable	-	450	-	-	450
<b>Total assets</b>	<b>\$ 197,186</b>	<b>417,427</b>	<b>83,602</b>	<b>12,147</b>	<b>710,362</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	14,127	-	-	-	14,127
Interfund loans payable	32,672	-	-	-	32,672
<b>Total liabilities</b>	<b>46,799</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,799</b>
Fund balances:					
Restricted	150,387	417,427	83,602	12,147	663,563
<b>Total fund balance</b>	<b>150,387</b>	<b>417,427</b>	<b>83,602</b>	<b>12,147</b>	<b>663,563</b>
<b>Total liabilities and fund balances</b>	<b>\$ 197,186</b>	<b>417,427</b>	<b>83,602</b>	<b>12,147</b>	<b>710,362</b>

**TOWN OF ORONO, MAINE**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2021**

	Special Revenue Funds			Capital Project Fund	Totals
	Grant Fund	Cemetery	Public Library	Library Construction	
Revenues:					
Intergovernmental	\$ 335,326	-	-	-	335,326
Investment income (loss)	792	73,054	7,906	-	81,752
Grant revenue	31,217	-	-	-	31,217
Other	-	5,400	2,013	-	7,413
Total revenues	367,335	78,454	9,919	-	455,708
Expenditures:					
Current:					
Program expenditures	358,490	-	-	-	358,490
Total expenditures	358,490	-	-	-	358,490
Other financing uses:					
Transfers-out	(1,215)	-	-	-	(1,215)
Total other financing uses	(1,215)	-	-	-	(1,215)
Net change in fund balances	7,630	78,454	9,919	-	96,003
Fund balances, beginning of year	142,757	338,973	73,683	12,147	567,560
<b>Fund balances, end of year</b>	<b>\$ 150,387</b>	<b>417,427</b>	<b>83,602</b>	<b>12,147</b>	<b>663,563</b>