

TOWN OF ORONO, MAINE

Annual Financial Report

For the year ended June 30, 2015

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For the year ended June 30, 2015

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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, 2015, 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, 2015, 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, the schedule of funding progress, the schedule of Town's proportionate share of the net pension liability, and the schedule of Town contributions 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 1, 2016 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 cursive script that reads "Ryan Kristen Ouellette".

February 1, 2016
South Portland, Maine

TOWN OF ORONO, MAINE
Management's Discussion and Analysis
June 30, 2015

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, 2015. 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 \$18,636,416 (*net position*, Statement 1). Of this amount, \$5,965,849 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 \$1,170,404 (Statement 2). This represents an increase of \$929,934 in governmental activities and an increase of \$240,470 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 \$13,471,203 (Statement 3), which is an increase of \$5,646,502 (Statement 4) from the prior fiscal year. Of the total increase, \$950,742 is shown in the General Fund, \$1,557,177 is attributable to the Katahdin Project fund, \$3,208,348 is attributable to the new Public Works Building fund, and the final (\$69,765) is shown in other governmental funds.
- The Town of Orono, Maine's General Fund reports an unassigned fund balance of \$2,364,489 (Statement 3); however, the other governmental funds have a deficit unassigned fund balance of (\$61,794) (Statement 3), leaving the Town with a total unassigned fund balance of \$2,302,695 (Statement 3). Total unassigned fund balance increased by \$1,364,214 from the prior fiscal year. This was driven by the elimination of the deficit unassigned fund balance in the Katahdin project in the prior year of (\$1,557,177) due to the issuance of long-term bonds to reimburse the Town's fund balance for expenditures incurred in FY 2014 and to finance current year expenditures. Further, \$617,928 of funds were shifted from committed to unassigned that were attributable to the sale of Town owned property located at 3 Godfrey Drive, as these funds were previously held in escrow as a safeguard to protect the Town in the event that the tenant defaulted on their rent agreement with the Town, due to the fact that the Town is responsible for repayment of the bond associated with the property.
- Assigned fund balance (Statement 3) has increased from the previous fiscal year by \$3,745,921 to \$6,327,851. This increase in assigned fund balance was driven by a shift of \$2,667,000 of funds from nonspendable to unassigned due to the sale of Town owned property at 3 Godfrey Drive and a corresponding reduction in notes receivable, as the sale of the property concluded the Town's collection of this debt.
- The Town issued \$19,776,081 in new bond debt in FY 2015. Of this debt, \$11,211,081 was for governmental activities and \$8,565,000 was for business-type activities (Sewer). Of the governmental activities bond issuances, \$3,276,081 was issued for the purpose of completing the Katahdin Parking Lot, \$5,655,000 was issued for the Town's new Public Works Building, and the remainder was used to pay off existing debt. As of June 30, 2015, the total outstanding debt principal of the Town, including Sewer fund debt, was \$22,658,750.

Overview of the Financial Statements

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

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

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.

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 of its liabilities.

The following schedule is a summary of net position for the years ended June 30, 2015 and June 30, 2014.

	Governmental Activities			Business-type Activities		
	2015	2014 (as restated)	Change	2015	2014	Change
ASSETS						
Current and other assets	\$ 14,952,490	9,271,126	5,681,364	2,399,472	2,534,808	(135,336)
Capital assets	15,578,326	12,866,465	2,711,861	12,070,356	12,328,072	(257,716)
Total assets	30,530,816	22,137,591	8,393,225	14,469,828	14,862,880	(393,052)
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources - related to pensions	382,635	234,994	147,641	-	-	-
Total deferred outflows of resources	382,635	234,994	147,641	-	-	-
LIABILITIES						
Current liabilities	1,004,939	886,752	118,187	128,195	339,150	(210,955)
Noncurrent liabilities	16,279,204	9,675,785	6,603,419	8,445,199	8,867,766	(422,567)
Total liabilities	17,284,143	10,562,537	6,721,606	8,573,394	9,206,916	(633,522)
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - related to pensions	889,326	-	889,326	-	-	-
Total deferred inflows of resources	889,326	-	889,326	-	-	-
NET POSITION						
Net investment in capital assets	4,189,554	5,624,984	(1,435,430)	3,640,356	3,460,306	180,050
Restricted	4,840,657	1,019,362	3,821,295	-	-	-
Unrestricted	3,709,771	5,165,702	(1,455,931)	2,256,078	2,195,658	60,420
Total net position	\$ 12,739,982	11,810,048	929,934	5,896,434	5,655,964	240,470

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

The Town of Orono, Maine's governmental activities assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$12,739,982 and business-type activities assets exceeded its liabilities by \$5,896,434 for total net position of \$18,636,416 at the close of the most recent fiscal year. The summary above shows an increase in net position of 7.87% for governmental activities and an increase of 4.25% 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 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 used to liquidate these liabilities.

It should be noted that 32% of the Town's net position is available to be used to meet the Town's ongoing obligations to its citizens and creditors.

Statement of Activities

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

The Town of Orono, Maine's net position increased \$1,170,404 during the current fiscal year. This change is broken out in the following categories:

- **Governmental activities:** The Town's governmental activities increased net position by \$929,934.
- **Business-type activities:** The Town's single business-type activity, the sewer district, increased the Town's net position by \$240,470.

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

The following schedule is a summary of the statement of activities for the years ended June 30, 2015 and June 30, 2014:

	Governmental Activities			Business-type Activities		
	2015	2014	Change	2015	2014	Change
Revenues:						
Program revenues:						
Charges for services	\$ 1,685,058	680,102	1,004,956	1,918,064	1,561,040	357,024
Operating grants and contributions	213,388	332,317	(118,929)	-	-	-
Capital grants	239,073	98,254	140,819	-	-	-
General revenues:						
Taxes	11,453,105	10,965,040	488,065	-	-	-
Intergovernmental	1,756,108	1,806,665	(50,557)	-	-	-
Investment earnings	98,055	17,603	80,452	18,270	3,973	14,297
Miscellaneous	103,630	408,060	(304,430)	-	-	-
Loss on disposal	(16,709)	-	(16,709)	-	-	-
Transfers	122,825	120,000	2,825	(122,825)	(120,000)	(2,825)
Total revenues	15,654,533	14,428,041	1,226,492	1,813,509	1,445,013	368,496
Expenses:						
Primary government:						
General government	1,522,884	1,752,187	(229,303)	-	-	-
Public services	914,781	766,229	148,552	-	-	-
Public safety	3,127,065	3,075,196	51,869	-	-	-
Public works	1,755,038	1,704,154	50,884	-	-	-
Education	5,814,358	5,714,080	100,278	-	-	-
County tax	495,096	477,242	17,854	-	-	-
Unclassified	138,652	226,526	(87,874)	-	-	-
Interest on debt service	435,537	322,995	112,542	-	-	-
Capital maintenance	521,188	81,923	439,265	-	-	-
Sewer services	-	-	-	1,573,039	1,634,795	(61,756)
Total expenses	14,724,599	14,120,532	604,067	1,573,039	1,634,795	(61,756)
Change in net position	929,934	307,509	622,425	240,470	(189,782)	430,252
Net position, July 1	11,810,048	13,235,460	(1,425,412)	5,655,964	5,845,746	(189,782)
Net position, June 30	\$ 12,739,982	13,542,969	(802,987)	5,896,434	5,655,964	240,470

*The 2014 columns of this table have not been restated for the effects of the implementation of GASB 68 as the information is not available.

Total governmental activities revenues (\$15,654,533) (Statement 2) increased by 7.8% over fiscal year 2014. This was driven by growth in general taxes, charges for services, capital related grants, and unrestricted investment earnings, but the increase was mitigated by decreases in grants and miscellaneous revenues.

Total governmental activities expenses (\$14,724,599) (Statement 2) increased this year by 4.28% over fiscal year 2014. This decrease was driven by increases in costs for public services, public safety, public works, education, county tax, interest on long-term debt, and capital maintenance expenses, but were mitigated by decreases in general government and unclassified expenses.

Total revenues exceeded total expenditures by \$929,934 (Statement 2) resulting in a positive change in net position.

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

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 \$13,471,203, an increase of \$5,646,502 in comparison with the prior year. Just over 17% of this total amount (\$2,302,695) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance (\$11,168,508) is not available for new spending because it has already been set aside in its use for various capital and other governmental purposes (\$4,840,657) or assigned to specific uses (\$6,327,851). Restricted funds include Tax Increment Financing (TIF) funds (\$1,155,627), the Public Works Building fund (\$3,208,348), and Other Governmental Funds (\$476,682).

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 (\$2,302,695) (Statement 3) represents 10.54% of the total governmental funds expenditures (\$21,841,016) (Statement 4); total governmental fund balance (\$13,471,203) (Statement 3) represents 61.68% 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 2015 balance sheet and statement of revenues, expenses, and changes in net position, please see pages 19 and 20 of the audited financial statements.

Net position of the Town's sewer district increased by \$240,470 to \$5,896,434 (Statement 8). Operating income (operating revenues less operating expenses) was \$349,889 while net non-operating expenses and transfers out were (\$109,419). Of the total net position as of the end of the fiscal year, the amount classified as net investment in capital assets was \$3,640,356 and unrestricted net position made up the other \$2,256,078. Unrestricted net position represents 143.86% of current year operating expenses.

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

Our 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, many other funds are established to help control and manage money for particular purposes or to show the Town is meeting legal responsibilities for using certain taxes, grants, and other money. The Town reports governmental funds and a proprietary fund.

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

- 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 3 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/Trust/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 \$868,147.

General Fund Budgetary Highlights

The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual located on page 18 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, 2015 amounts to \$37,136,771, net of accumulated depreciation of \$21,558,445, leaving a net book value of \$15,578,326. This is an increase of \$2,711,861 from fiscal year 2014. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, as well as infrastructure. Capital asset additions for the year ending June 30, 2015 included the following: infrastructure improvements related to the Benoch Road parking lot, College Avenue retaining wall, Park Street and Noyes Drive sidewalks, Kelley Road extension, etc. (\$2,708,822); 2015 Pierce Arrow Fire Truck (\$407,000); 2015 Ford SUV for the Police Department (\$28,887); and additions to construction in progress for various ongoing projects (\$2,268,892). Additionally, a 2012 ambulance that was not capitalized in the year the expenditure was incurred was added to capital assets at the full cost incurred (\$148,282) less any depreciation that would have been taken had it been properly capitalized (\$49,427), for a net increase to beginning capital assets of \$98,855.

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

The Town of Orono's capital assets for its business-type activities as of June 30, 2015 amounts to \$18,034,729, net of accumulated depreciation of \$5,964,373, leaving a net book value of \$12,070,356. This is a decrease of \$257,716. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and sewer infrastructure. Capital asset additions for the year ending June 30, 2015 included the following: 2014 Western Star Sludge Truck (\$104,533); spare set of UV lamps and tubes (\$11,360); operations building roof replacement (\$45,316); and additions to construction in progress related to Island Avenue improvements (\$170,691).

Additionally, a fully depreciated 1996 GMC Sierra pickup truck with an original cost of \$16,299 was transferred from the business-type activities to the governmental activities to be used by the Public Works Department.

Long-term Debt

At year-end, the Town had \$22,658,750 in outstanding bonds compared to \$16,109,247 in 2014. This is comprised of governmental activities bonds of \$14,228,750 and business-type activities bonds of \$8,430,000.

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. The current debt limitation for the Town of Orono as a whole is \$62,880,000 and \$31,440,000 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>
2003	\$258,835,900	Base year	\$ 6,151,647	\$ 24.30	Base Year
2004	\$270,982,200	4.69%	\$ 6,801,653	\$ 25.10	3.29%
2005	\$289,534,200	6.85%	\$ 7,006,728	\$ 24.20	-3.59%
2006	\$308,880,270	6.68%	\$ 7,135,134	\$ 23.10	-4.55%
2007	\$343,897,190	11.34%	\$ 7,565,738	\$ 22.00	-4.76%
2008	\$392,874,635	14.24%	\$ 7,857,493	\$ 20.00	-9.09%
2009	\$417,499,265	6.27%	\$ 8,224,735	\$ 19.70	-1.50%
2010	\$408,312,500	-2.20%	\$ 8,492,000	\$ 20.80	5.58%
2011	\$415,448,300	1.75%	\$ 8,620,552	\$ 20.75	-0.24%
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	1.40%	\$11,295,724	\$24.40	2.30%

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 matters.

TOWN OF ORONO, MAINE
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 13,697,931	2,095,821	15,793,752
Investments	286,316	-	286,316
Receivables:			
Accounts receivable	209,989	309,726	519,715
Rescue receivable (net of allowance of \$210,871)	133,503	-	133,503
Taxes receivable - current year	281,253	-	281,253
Taxes receivable - prior years	138,673	-	138,673
Receivable - RSU #26 debt service payments	198,750	-	198,750
Internal balances	6,075	(6,075)	-
Nondepreciable capital assets	5,438,517	215,264	5,653,781
Depreciable capital assets, net	10,139,809	11,855,092	21,994,901
Total assets	30,530,816	14,469,828	45,000,644
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - related to pensions	382,635	-	382,635
Total deferred outflows of resources	382,635	-	382,635
LIABILITIES			
Accounts payable	358,508	76,649	435,157
Accrued payroll and benefits	173,227	7,448	180,675
Accrued interest	127,402	44,098	171,500
Performance bond liability	345,802	-	345,802
Noncurrent liabilities:			
Due within one year	978,594	145,000	1,123,594
Due in more than one year	15,300,610	8,300,199	23,600,809
Total liabilities	17,284,143	8,573,394	25,857,537
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - related to pensions	889,326	-	889,326
Total deferred inflows of resources	889,326	-	889,326
NET POSITION			
Net investment in capital assets	4,189,554	3,640,356	7,829,910
Restricted	4,840,657	-	4,840,657
Unrestricted	3,709,771	2,256,078	5,965,849
Total net position	\$ 12,739,982	5,896,434	18,636,416

See accompanying notes to basic financial statements.

TOWN OF ORONO, MAINE
Statement of Activities
For the year ended June 30, 2015

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 1,522,884	868,147	12,980	25,049	(616,708)	-	(616,708)
Public services	914,781	197,742	27,312	-	(689,727)	-	(689,727)
Public safety	3,127,065	606,401	79,066	-	(2,441,598)	-	(2,441,598)
Public works	1,755,038	12,768	94,030	214,024	(1,434,216)	-	(1,434,216)
Education	5,814,358	-	-	-	(5,814,358)	-	(5,814,358)
County tax	495,096	-	-	-	(495,096)	-	(495,096)
Unclassified	138,652	-	-	-	(138,652)	-	(138,652)
Interest on debt service	435,537	-	-	-	(435,537)	-	(435,537)
Capital maintenance expenses	521,188	-	-	-	(521,188)	-	(521,188)
Total governmental activities	14,724,599	1,685,058	213,388	239,073	(12,587,080)	-	(12,587,080)
Business-type activities:							
Sewer services	1,573,039	1,918,064	-	-	-	345,025	345,025
Total business-type activities	1,573,039	1,918,064	-	-	-	345,025	345,025
Total primary government	\$ 16,297,638	3,603,122	213,388	239,073	(12,587,080)	345,025	(12,242,055)
General revenues:							
Property taxes					\$ 10,754,240	-	10,754,240
Excise taxes					698,865	-	698,865
Motor vehicle registration fees					13,274	-	13,274
UMO reimbursements					662,931	-	662,931
PILOT payments					52,600	-	52,600
Franchise fees					60,972	-	60,972
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					806,187	-	806,187
Homestead exemption					127,902	-	127,902
Other State aid					45,516	-	45,516
Unrestricted investment earnings					98,055	18,270	116,325
Miscellaneous					90,356	-	90,356
Loss on disposal of capital assets					(16,709)	-	(16,709)
Transfers					122,825	(122,825)	-
Total general revenues					13,517,014	(104,555)	13,412,459
Change in net position					929,934	240,470	1,170,404
Net position - beginning, as restated					11,810,048	5,655,964	17,466,012
Net position - ending					\$ 12,739,982	5,896,434	18,636,416

See accompanying notes to basic financial statements.

TOWN OF ORONO, MAINE
Balance Sheet
Governmental Funds
June 30, 2015

	General	Katahdin Project	Public Works Building	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 10,288,357	-	3,219,208	190,366	13,697,931
Investments	-	-	-	286,316	286,316
Receivables:					
Accounts receivable	202,654	-	-	7,335	209,989
Rescue receivable (net of allowance of \$210,871)	133,503	-	-	-	133,503
Taxes receivable - current year	281,253	-	-	-	281,253
Taxes receivable - prior years	138,673	-	-	-	138,673
Interfund loans receivable	74,144	-	-	-	74,144
Receivable - RSU #26 debt service payments	198,750	-	-	-	198,750
Total assets	\$ 11,317,334	-	3,219,208	484,017	15,020,559
LIABILITIES					
Accounts payable	346,588	-	10,860	1,060	358,508
Accrued payroll and benefits	173,227	-	-	-	173,227
Performance bond liability	345,802	-	-	-	345,802
Interfund loans payable	-	-	-	68,069	68,069
Total liabilities	865,617	-	10,860	69,129	945,606
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	405,000	-	-	-	405,000
Unavailable revenue - RSU #26 debt service payments	198,750	-	-	-	198,750
Total deferred inflows of resources	603,750	-	-	-	603,750
FUND BALANCES					
Restricted	1,155,627	-	3,208,348	476,682	4,840,657
Assigned	6,327,851	-	-	-	6,327,851
Unassigned	2,364,489	-	-	(61,794)	2,302,695
Total fund balances	9,847,967	-	3,208,348	414,888	13,471,203
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,317,334	-	3,219,208	484,017	

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.	15,578,326
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Unavailable revenue - property taxes	405,000
Unavailable revenue - RSU #26 debt service payments	198,750
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	(209,447)
Bonds payable	(14,228,750)
Capital leases payable	(330,052)
Other postemployment benefits	(314,260)
Net pension liability with related deferred inflows and outflows of resources	(1,553,386)
Accrued interest	(127,402)
Landfill closure and postclosure costs	(150,000)

Net position of governmental activities **\$ 12,739,982**

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, 2015

	General	Katahdin Project	Public Works Building	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 11,651,105	-	-	-	11,651,105
Intergovernmental	1,739,076	-	-	219,985	1,959,061
Licenses and permits	137,532	-	-	-	137,532
Interest income	54,277	-	38,318	5,460	98,055
Charges for services	642,442	-	-	-	642,442
Other revenues	1,250,291	-	-	7,931	1,258,222
Total revenues	15,474,723	-	38,318	233,376	15,746,417
Expenditures:					
Current:					
General government	1,506,885	-	-	-	1,506,885
Public services	841,993	-	-	-	841,993
Public safety	2,874,813	-	-	-	2,874,813
Public works	1,467,532	-	-	-	1,467,532
Education	5,814,358	-	-	-	5,814,358
County tax	495,096	-	-	-	495,096
Unclassified	-	-	-	138,652	138,652
Debt service	1,136,872	1,209,583	-	-	2,346,455
Capital expenditures	1,644,028	159,321	2,160,577	164,489	4,128,415
Total expenditures	15,781,577	1,368,904	2,160,577	303,141	19,614,199
Deficiency of revenues under expenditures	(306,854)	(1,368,904)	(2,122,259)	(69,765)	(3,867,782)
Other financing sources (uses):					
Issuance of bonds	2,630,000	2,926,081	5,655,000	-	11,211,081
Current refunding	(2,226,817)	-	-	-	(2,226,817)
Issuance of capital leases	407,195	-	-	-	407,195
Transfers-in	447,218	-	-	-	447,218
Transfers-out	-	-	(324,393)	-	(324,393)
Total other financing sources	1,257,596	2,926,081	5,330,607	-	9,514,284
Net change in fund balances	950,742	1,557,177	3,208,348	(69,765)	5,646,502
Fund balances (deficit), beginning of year	8,897,225	(1,557,177)	-	484,653	7,824,701
Fund balances, end of year	\$ 9,847,967	-	3,208,348	414,888	13,471,203

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, 2015

Net change in fund balances - total governmental funds (from Statement 4)	\$	5,646,502
<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 outlay (\$3,546,383) exceeded depreciation expense (\$817,813) and loss on disposal (\$16,709).</p>		
		2,711,861
<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>		
		(198,000)
<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:</p>		
Accrued compensated absences		(8,695)
Other postemployment benefits		(27,726)
Landfill closure and postclosure costs		(69,000)
Accrued interest		(19,827)
Net pension liability with related deferred inflows and outflows of resources		278,390
<p>Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt and capital leases increases long-term liabilities in the statement of net position. Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which bond proceeds (\$11,211,081) and capital lease proceeds (\$407,195) exceeded repayments of bonds (\$4,223,812) and capital leases (\$77,143).</p>		
		(7,317,321)
<p>The Town has bonds that were originally issued for School purposes. These amounts will be funded by Regional School Unit #26 when the debt service payments are due. The Town has recorded a long-term receivable for the amount that will be paid by the School Unit for these bonds. The amount of the receivable at year end was \$198,750. This is the principal paid off during the year.</p>		
		(66,250)
Change in net position of governmental activities (see Statement 2)		\$ 929,934

See accompanying notes to basic financial statements.

TOWN OF ORONO, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended June 30, 2015

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 11,525,982	11,525,982	11,651,105	125,123
Intergovernmental	1,733,500	1,733,500	1,739,076	5,576
Licenses and permits	93,675	93,675	137,532	43,857
Interest income	18,000	18,000	27,805	9,805
Charges for services	536,835	536,835	642,442	105,607
Other revenues	310,100	310,100	488,231	178,131
Total revenues	14,218,092	14,218,092	14,686,191	468,099
Expenditures:				
Current:				
General government	1,399,638	1,402,916	1,338,980	63,936
Public services	817,774	828,907	773,083	55,824
Public safety	2,841,211	2,878,260	2,874,226	4,034
Public works	1,084,425	1,410,633	1,467,532	(56,899)
Education	5,814,358	5,814,358	5,814,358	-
County tax	495,096	495,096	495,096	-
Debt service	411,167	411,167	408,452	2,715
Capital expenditures	1,008,765	1,008,765	691,954	316,811
Total expenditures	13,872,434	14,250,102	13,863,681	386,421
Excess (deficiency) of revenues over (under) expenditures	345,658	(32,010)	822,510	854,520
Other financing sources (uses):				
Issuance of bonds	-	-	2,280,000	2,280,000
Current refunding	-	-	(2,226,817)	(2,226,817)
Transfers-in	151,325	151,325	147,825	(3,500)
Transfers-out	(846,983)	(846,983)	(846,983)	-
Utilization of assigned balance	-	377,668	-	(377,668)
Utilization of unassigned balance	350,000	350,000	-	(350,000)
Total other financing sources (uses)	(345,658)	32,010	(645,975)	(677,985)
Net change in fund balance, budgetary basis	-	-	176,535	176,535
Fund balance, beginning of year-budgetary basis			6,481,883	
Fund balance, end of year-budgetary basis			6,658,418	
Amounts held in reserves			3,189,549	
Fund balance, end of year			\$ 9,847,967	

See accompanying notes to basic financial statements.

TOWN OF ORONO, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2015

Business-type Activities - Enterprise Funds		Sewer Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$	2,095,821
Accounts receivable		309,726
Total current assets		2,405,547
Noncurrent assets:		
Capital assets:		
Construction in progress		170,691
Land		44,573
Capital assets, being depreciated		17,819,465
Accumulated depreciation		(5,964,373)
Total capital assets, net		12,070,356
Total assets		14,475,903
LIABILITIES		
Current liabilities:		
Accounts payable		76,649
Accrued payroll and benefits		7,448
Accrued interest expense		44,098
Interfund loans payable		6,075
Current portion of bonds payable		145,000
Total current liabilities		279,270
Noncurrent liabilities:		
Accrued compensated absences		15,199
Bonds payable		8,285,000
Total noncurrent liabilities		8,300,199
Total liabilities		8,579,469
NET POSITION		
Net investment in capital assets		3,640,356
Unrestricted		2,256,078
Total net position	\$	5,896,434

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, 2015

Business-type Activities - Enterprise Funds		Sewer Fund
Operating revenues:		
Charges for services	\$	1,918,064
Total operating revenues		1,918,064
Operating expenses:		
Personnel services		383,444
Contractual services		79,562
Supplies, maintenance and repairs		81,146
Utilities		124,940
Other expenses		309,467
Depreciation		589,616
Total operating expenses		1,568,175
Operating income		349,889
Nonoperating revenue (expense):		
Investment income		18,270
Interest expense		(4,864)
Total nonoperating revenue		13,406
Net income before transfer		363,295
Transfer out - administrative expense reimbursement		(122,825)
Change in net position		240,470
Net position, beginning of year		5,655,964
Net position, end of year	\$	5,896,434

See accompanying notes to basic financial statements.

TOWN OF ORONO, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2015

Business-type Activities - Enterprise Funds		Sewer Fund
Cash flows from operating activities:		
Receipts from customers and users	\$	1,894,826
Payments to suppliers		(528,733)
Payments to employees		(386,977)
Net cash provided by operating activities		979,116
Cash flows from non-capital and related financing activities:		
Transfers to other funds		(122,825)
Net interfund loans		(4,953)
Net cash used in non-capital and related financing activities		(127,778)
Cash flows from capital and related financing activities:		
Purchase of capital assets		(331,900)
Proceeds from long-term debt		8,565,000
Principal payments on bonds		(9,002,766)
Interest paid on bonds		(263,469)
Net cash used in capital and related financing activities		(1,033,135)
Cash flows from investing activities:		
Interest on cash and investments		18,270
Net cash provided by investing activities		18,270
Decrease in cash		(163,527)
Cash and cash equivalents, beginning of year		2,259,348
Cash and cash equivalents, end of year	\$	2,095,821
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$	349,889
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		589,616
(Increase) decrease in assets:		
Accounts receivable		(23,238)
Increase (decrease) in liabilities:		
Accounts payable		66,382
Accrued compensated absences		(3,533)
Net cash provided by operating activities	\$	979,116

See accompanying notes to basic financial statements.

TOWN OF ORONO, MAINE
Notes to Basic Financial Statements
June 30, 2015

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 funds:

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

The *Katahdin Project Fund* accounts for bond proceeds and project expenditures related to the construction of a new municipal parking lot and plaza.

The *Public Works Building Fund* accounts for bond proceeds and project expenditures related to the construction of a new public works building.

The government 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. 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 fair market 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.

H. 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

I. 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.

J. 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.

K. Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The deferred outflows relate to the net pension liability, which include the Town's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds have two types of items that qualify for reporting in this category, unavailable revenue from property taxes and unavailable revenue from Regional School Unit #26 debt service payments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred inflows that relate to the net pension liability, which include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

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. 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.

N. 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.

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.

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2015, expenditures exceeded appropriations for the following:

Public works	\$ 56,899
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C. Deficit Fund Balances

At June 30, 2015, the following funds had deficit fund balances:

Grant fund	\$ 61,794
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The deficit will be funded with future loan proceeds and grant revenue.

DEPOSITS AND INVESTMENTS

A. Deposits

The Town conducts all its banking and investment transactions with depository banks and investment firms.

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, 2015, the Town reported deposits of \$15,793,752 with a bank balance of \$16,667,918. Of the Town's bank balance of \$16,667,918, \$361,448 was exposed to custodial credit risk as it was not covered by the 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	\$ 13,697,931
Reported in business-type activities	<u>2,095,821</u>
Total deposits	<u>\$ 15,793,752</u>

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, 2015, the Town had the following investments and maturities:

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

DEPOSITS AND INVESTMENTS, CONTINUED

<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>
Common Stock	\$ 21,795	N/A	-	-
Mutual Funds	264,521	N/A	-	-
Totals	\$ 286,316	-	-	-

Investments have been reported as follows:

Reported in governmental funds	\$ 286,316
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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, 2015, the Town had no investments subject to custodial credit risk.

PROPERTY TAX

Property taxes for the current year were committed on August 11, 2014 on the assessed value listed as of the prior April 1, for all real and personal property located in the Town. Payment of taxes was due in two equal installments on September 19, 2014 and February 6, 2015. Interest was charged at 7% on all tax bills unpaid as of September 20, 2014 and February 7, 2015.

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 \$75,097 for the year ended June 30, 2015.

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 2015 levy:

	<u>2015</u>
Assessed value	\$ 456,522,000
<u>Tax rate (per \$1,000)</u>	<u>23.85</u>
Commitment	10,888,050
<u>Supplemental taxes assessed</u>	<u>11,000</u>
	10,899,050
Less:	
Abatements	5,087
<u>Collections</u>	<u>10,612,710</u>
<u>Receivable at June 30</u>	<u>\$ 281,253</u>
Interest rate on delinquent taxes	7.00%
Collection rate	97.42%

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

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 2,805,552	-	-	2,805,552
Construction in progress	2,247,590	2,268,892	1,883,517	2,632,965
Total capital assets, not being depreciated	5,053,142	2,268,892	1,883,517	5,438,517
Capital assets, being depreciated				
Buildings	13,299,515	-	-	13,299,515
Improvements	418,128	-	-	418,128
Equipment	1,374,826	-	14,000	1,360,826
Vehicles	3,045,990	452,186	469,307	3,028,869
Infrastructure	10,882,094	2,708,822	-	13,590,916
Total capital assets, being depreciated	29,020,553	3,161,008	483,307	31,698,254
Less accumulated depreciation:				
Buildings	10,234,524	120,303	-	10,354,827
Improvements	222,828	16,936	-	239,764
Equipment	1,138,946	43,956	14,000	1,168,902
Vehicles	2,013,813	286,445	452,598	1,847,660
Infrastructure	7,597,119	350,173	-	7,947,292
Total accumulated depreciation	21,207,230	817,813	466,598	21,558,445
Total capital assets being depreciated, net	7,813,323	2,343,195	16,709	10,139,809
Governmental activities capital assets, net	\$ 12,866,465	4,612,087	1,900,226	15,578,326
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 44,573	-	-	44,573
Construction in progress	-	170,691	-	170,691
Total capital assets, not being depreciated	44,573	170,691	-	215,264
Capital assets, being depreciated:				
Sewer items	17,684,528	161,209	26,272	17,819,465
Total capital assets, being depreciated	17,684,528	161,209	26,272	17,819,465
Less accumulated depreciation:				
Sewer items	5,401,029	589,616	26,272	5,964,373
Total accumulated depreciation	5,401,029	589,616	26,272	5,964,373
Total capital assets being depreciated, net	12,283,499	(428,407)	-	11,855,092
Business-type activities capital assets, net	\$ 12,328,072	(257,716)	-	12,070,356

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

CAPITAL ASSETS, CONTINUED

Depreciation expense was charged to the following functions:

Governmental Activities:

General government	\$	188,968
Public safety		72,788
Public services		252,252
Public works		303,805
Total governmental activities depreciation expense	\$	817,813

Business-type Activities:

Sewer	\$	589,616
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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, 2015 arising from these transactions were as follows:

	Interfund Receivables	Interfund Payables	Transfers
Governmental Activities:			
Major funds:			
General Fund	\$ 74,144	-	447,218
Public Works Building Fund	-	-	(324,393)
Other governmental funds:			
Grant Fund	-	68,069	-
Business-type Activities			
Sewer Fund	-	6,075	(122,825)
Totals	\$ 74,144	74,144	-

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 Town's proportionate interest in the net position of the MRC on December 31, 2014, the date of MRC's most recent audited financial statements, was \$860,601 (2.47%). Complete financial statements may be obtained from the MRC at 40 Harlow Street, Bangor, ME 04401.

As of December 31, 2014, the MRC in turn owned 25.52% of the limited partnership interests in Penobscot Energy Recovery Company (PERC). Allocation of PERC ownership interests among the members of the MRC is based upon their respective shares of cumulative performance credits and other cash flows and reserves. At June 30, 2015, the Town's proportionate interest in PERC was 0.63%.

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

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Beginning			Ending	Amounts
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within</u>
Governmental Activities:					<u>One Year</u>
Bonds payable	\$ 7,241,481	11,211,081	4,223,812	14,228,750	899,360
Capital leases payable	-	407,195	77,143	330,052	79,234
Other postemployment benefits	286,534	27,726	-	314,260	-
Landfill closure and postclosure	81,000	69,000	-	150,000	-
Net pension liability	2,066,770	-	1,020,075	1,046,695	-
Accrued compensated absences	200,752	8,695	-	209,447	-
Total governmental activities	\$ 9,876,537	11,723,697	5,321,030	16,279,204	978,594
Business-type Activities:					
Bonds payable	\$ 8,867,766	8,565,000	9,002,766	8,430,000	145,000
Accrued compensated absences	18,732	-	3,533	15,199	-
Total business-type activities	\$ 8,886,498	8,565,000	9,006,299	8,445,199	145,000

LONG-TERM DEBT

Long-term debt payable at June 30, 2015 is comprised of the following:

	Date of	Original	Date of	Interest	Balance
	<u>issue</u>	<u>amount</u>	<u>maturity</u>	<u>rate</u>	<u>June 30,</u>
		<u>issued</u>			<u>2015</u>
Governmental activities:					
1997 General obligation bonds (1)	11/1/97	\$ 1,325,000	11/1/17	5.28-5.78%	198,750
2002 General obligation bonds	8/1/02	2,460,000	8/1/17	3.50-4.88%	600,000
2008 General obligation bonds	10/30/08	500,000	11/1/28	0.08-5.58%	350,000
2010 General obligation bonds	12/1/10	325,000	12/1/15	3.00-4.25%	65,000
2010 General obligation bonds	12/1/10	4,205,000	12/1/20	3.00-5.75%	2,890,000
2014 General obligation bonds	7/1/14	8,285,000	11/1/39	3.00-4.00%	8,125,000
2014 General obligation bonds	8/27/14	2,000,000	8/27/43	3.13%	2,000,000
Total governmental activities					14,228,750
Business-type activities:					
2014 General obligation bonds	7/1/2014	8,565,000	11/1/2036	3.00-4.00%	8,430,000
Total business-type activities					\$ 8,430,000

(1) As of July 1, 2009, the Orono School Department joined Regional School Unit (RSU) #26. In accordance with the consolidation agreement, RSU #26 reimburses the Town when debt service payments related to the former School Department are due. The Town has recorded a receivable for \$198,750, which is the outstanding amount of bonds payable related to the former School Department.

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

LONG-TERM DEBT, CONTINUED

The annual requirements to amortize bonds payable as of June 30, 2015 are as follows:

Year ending June 30,	Governmental		Business-type		Total
	Principal	Interest	Principal	Interest	
2016	\$ 899,630	521,634	145,000	268,294	1,834,558
2017	860,986	483,774	155,000	263,794	1,763,554
2018	887,384	444,531	165,000	258,994	1,755,909
2019	822,575	407,194	330,000	251,569	1,811,338
2020	849,062	372,174	340,000	241,519	1,802,755
2021-2025	3,204,289	1,342,852	1,875,000	1,045,069	7,467,210
2026-2030	2,334,079	953,728	2,215,000	739,669	6,242,476
2031-2035	2,341,318	577,726	2,640,000	347,841	5,906,885
2036-2040	1,637,246	191,154	565,000	11,300	2,404,700
2041-2044	392,181	31,100	-	-	423,281
	<u>\$ 14,228,750</u>	<u>5,325,867</u>	<u>8,430,000</u>	<u>3,428,049</u>	<u>31,412,666</u>

OTHER POSTEMPLOYMENT BENEFITS

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the Town of Orono, Maine for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The Town of Orono is a member of the Maine Municipal Employees Health Trust. The Trust is a multiple employer Voluntary Employee's Beneficiary Association. The Town is an individually rated member within the Association. The Trust issues a publicly available financial report.

The Health Trust contracted with an outside consultant to assist in the determination and valuation of the District's OPEB liability under GASB Statement 45. The consultants completed the latest OPEB liability actuarial valuation in August 2014.

Plan Descriptions - The Town of Orono contributes to the Maine Municipal Employees Health Trust, an agent multiple-employer defined benefit postretirement healthcare plan. The Town sponsors a post-retirement benefit plan providing health and life insurance to retiring employees. Retirees that are eligible (reach age 55 with 5 years of continuous service) in the plan pay 100% of the coverage premium. Complete plan financial statements may be obtained from the Maine Municipal Employees Health Trust at 60 Community Drive, Augusta, ME 04330.

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

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

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Normal cost	\$ 24,660	24,660	23,057
Amortization of unfunded	31,605	31,605	38,224
Interest	12,575	11,166	9,616
Adjustment to ARC	(16,570)	(14,533)	(12,147)
Annual required contribution	52,270	52,898	58,750
Contributions made	(24,544)	(17,669)	(17,497)
Increase in Net OPEB	27,726	35,229	41,253
Net OPEB obligation – beginning of year	286,534	251,305	210,052
Net OPEB obligation – end of year	\$ 314,260	286,534	251,305

The following table represents the OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2015 and the two preceding years.

<u>Fiscal Year End</u>	<u>Annual OPEB Costs</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 58,750	29.78%	251,305
June 30, 2014	52,898	33.40%	286,534
June 30, 2015	52,270	46.96%	314,260

Funding Status and Funding Progress - The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2015 and two preceding years are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarial accrued liability	\$ 568,375	568,375	687,417
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 568,375	568,375	687,417
Funded ratio	0%	0%	0%
Covered payroll	\$ 3,592,872	3,622,238	3,434,751
Unfunded actuarial accrued liability as a percentage of covered payroll	15.82%	15.69%	20.01%

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

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

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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

Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/14
Actuarial cost method	Projected unit credit
Amortization method	Level dollar open
Remaining amortization period	30 years
Actuarial assumptions:	
Discount rate	4.0%
Rate of salary increases	3.0%
Ultimate rate of health trend costs	4.60%

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 thirty years after closure. Although closure and post-closure 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 post-closure 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 post-closure 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 post-closure costs of the landfill during fiscal year 2013. 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 post-closure costs projected in the engineering estimate total \$2,114,400. The estimated remaining life of the landfill at June 30, 2015 is 35 years. The new cell has a capacity of 40,000 yards, of which approximately 2,835 yards were used as of June 30, 2015.

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>2015</u>
Total estimated future landfill closure and postclosure care costs	\$ 2,114,400
Estimated capacity used	7.09%
Estimated gross landfill closure and postclosure care costs – end of year	150,000
Amounts actually expended	-
<u>Estimated liability for landfill closure and postclosure care costs - end of year</u>	<u>150,000</u>
<u>Estimated remaining landfill closure and postclosure care costs to be recognized</u>	<u>\$ 1,964,400</u>

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

LANDFILL CLOSURE AND POSTCLOSURE COSTS, CONTINUED

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 2015.

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.

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, 2015.

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 Town 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, 2015, the Town's contribution to the plan was \$15,299.

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.

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

TAX INCREMENT FINANCING DISTRICTS

Under Maine law, the Town has established five 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.

Maine Technology Park Omnibus Municipal TIF (Previously Sensor Research Development TIF) - 100% Economic Development - 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. The amount of captured tax increment revenues retained by the Town for its approved development purposes for the year ended June 30, 2015 was \$37,123, representing 100% of the captured tax revenues.

EnvisioNet Municipal Development TIF - This TIF was established on July 13, 2000 and has a life of 20 years. 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 in an amount of \$195,550. The amount of tax increment revenues retained by the Town for the year ended June 30, 2015 was \$114,752, representing 100% of the captured tax revenues.

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 returned to the developer in accordance with the terms of the credit enhancement agreement.

Fiscal year ended June 30, 2015 was the eleventh year tax revenues were made available to Dirigo Pines. The amount of tax increment revenues made available for the year ended June 30, 2015 was \$105,734, which was returned to the developer.

Downtown and Transit-Oriented Development TIF - 100% Economic Development - 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 made available for the year ended June 30, 2015 was \$581,919, of which \$14,186 was returned due to a credit enhancement agreement.

Webster Point TIF - 100% Economic Development - This TIF was established on February 7, 2011 and is in effect until June 30th, 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. For the year ended June 30, 2015, \$42,703 was returned to the developer and \$5,486 was retained for the intended purpose of the district.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

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.maineper.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. For PLD members, 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 7.8% for the regular plan and 8.5% for the special plan of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2015, was 7.8% and 8.3% of annual payroll for the regular and special plans, respectively. These contributions, 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 \$267,184 for the year ended June 30, 2015.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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

At June 30, 2015, the Town reported a liability of \$1,046,695 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2014, the Town's proportion was 0.6802%.

For the year ended June 30, 2015, the Town recognized a pension gain of \$11,206. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 98,576	-
Net difference between projected and actual earnings on pension plan investments	-	889,326
Changes in proportion and differences between Town contributions and proportionate share of contributions	16,875	-
Town contributions subsequent to the measurement date	267,184	-
Total	\$ 382,635	\$ 889,326

\$267,184 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, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (183,848)
2017	(183,848)
2018	(183,848)
2019	(222,331)

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary Increases	3.5% to 9.5% per year
Investment return	7.25% per annum, compounded annually
Cost of living benefit increases	3.12% per annum

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	2.5%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.0%
<u>Total</u>	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. 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 District'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 7.25%, 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 (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability	\$ 3,265,380	\$ 1,046,695	\$ (807,850)

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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, 2015.

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 and capital leases payable and adding back any unspent proceeds. The Town's net investment in capital assets was calculated as follows at June 30, 2015:

	Governmental <u>activities</u>	Business-type <u>activities</u>
Capital assets	\$ 37,136,771	18,034,729
Accumulated depreciation	(21,558,445)	(5,964,373)
Bonds payable	(14,228,750)	(8,430,000)
Capital leases payable	(330,052)	-
<u>Unspent bond proceeds</u>	<u>3,170,030</u>	<u>-</u>
<u>Total net investment in capital assets</u>	<u>\$ 4,189,554</u>	<u>3,640,356</u>

FUND BALANCE

As of June 30, 2015, fund balance components consisted of the following:

	General <u>Fund</u>	Public Works <u>Building</u>	Other Governmental <u>Funds</u>
Restricted:			
Downtown TIF	\$ 754,510	-	-
Maine Technology Park TIF	96,288	-	-
Webster Point TIF	9,303	-	-
EnvisioNet TIF	295,526	-	-
Public Works Building Fund	-	3,208,348	-
MBNA Infrastructure	-	-	37,997
Cemetery	-	-	334,938
Public Library	-	-	57,239
Park Trust – Library Fund	-	-	4,604
<u>Library Construction</u>	<u>-</u>	<u>-</u>	<u>41,904</u>
Total restricted	1,155,627	3,208,348	476,682

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

FUND BALANCE, CONTINUED

	General Fund	Public Works Building	Other Governmental Funds
Assigned:			
Assigned for subsequent year's budget	\$ 362,000	-	-
OEDC debt service	3,461,166	-	-
Town Manager	26,400	-	-
Finance and administration	20,815	-	-
Insurance	5,200	-	-
Planning and code	8,817	-	-
Fire	39,000	-	-
Hazmat	7,447	-	-
Cemetery	5,000	-	-
Library	800	-	-
Recreation	3,050	-	-
Municipal pool	2,600	-	-
Municipal and public safety building	2,500	-	-
Undistributed employee benefits	4,124	-	-
Contracted services	12,000	-	-
Health insurance	16,200	-	-
Capital infrastructure and facilities	316,810	-	-
Orono Economic Development Corporation	479,214	-	-
Communications replacement	1,532	-	-
Unemployment	36,563	-	-
Landfill closure	10,410	-	-
Hazardous materials	128,886	-	-
Wood chipper	6,917	-	-
Capital equipment	868,147	-	-
Cable capital support	22	-	-
Office computer system	8,137	-	-
Council reserve projects	4,481	-	-
Emergency medical services	7,409	-	-
Major maintenance	8,179	-	-
Safety equipment	13,963	-	-
Public works garage	334,426	-	-
Skate park	18,526	-	-
Bennoch Road reconstruction	4	-	-
Recreation reserve	12,922	-	-
Voting machine	19,568	-	-
Employee benefits	49,419	-	-
Library maintenance	25,197	-	-
Total assigned	6,327,851	-	-
Total unassigned	2,364,489	-	(61,794)
Total fund balance	\$ 9,847,967	3,208,348	414,888

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

NEW PRONOUNCEMENTS AND RESTATEMENTS OF NET POSITION

For the fiscal year ended June 30, 2015, the Town has elected to implement Statement No. 68 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27. As a result of implementing GASB Statement No. 68, the Town has restated beginning net position in the government-wide statement of net position to account for the addition of the Town’s proportionate share of the net pension liability of \$2,066,770 and deferred outflows for the Town’s contributions subsequent to the measurement date of \$234,994, which effectively decreased the Town’s net position as of July 1, 2014 by \$1,831,776.

Additionally, during our testing of capital assets, it was noted that an ambulance purchased in 2012 was never capitalized. As such, an asset and related accumulated depreciation must be recorded.

Net position as of July 1, 2014 has been restated as follows:

	Governmental <u>Activities</u>
Net position as previously reported	\$ 13,542,969
Asset capitalized	98,855
Record net pension liability	<u>(1,831,776)</u>
Net position, as restated	<u>\$ 11,810,048</u>

TOWN OF ORONO, MAINE
Required Supplementary Information

Retiree Healthcare Plan
Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) /c]
2009	1/1/2009	\$ -	788,227	788,227	-	3,425,000	23.01%
2010	1/1/2009	-	788,227	788,227	-	2,899,016	27.19%
2011	1/1/2011	-	687,417	687,417	-	2,795,000	24.59%
2012	1/1/2011	-	687,417	687,417	-	2,994,000	22.96%
2013	1/1/2011	-	687,417	687,417	-	3,434,751	20.01%
2014	1/1/2014	-	568,375	568,375	-	3,622,238	15.69%
2015	1/1/2014	-	568,375	568,375	-	3,592,872	15.82%

TOWN OF ORONO, MAINE
Required Supplementary Information, Continued

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

Last 10 Fiscal Years*
(Only one year of information available)

2015

Town's proportion of the net pension liability	0.6802%
Town's proportionate share of the net pension liability	\$1,046,695
Town's covered-employee payroll	\$3,322,232
Town's proportion share of the net pension liability as a percentage of its covered-employee payroll	31.51%
Plan fiduciary net position as a percentage of of the total pension liability	94.10%

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

TOWN OF ORONO, MAINE
Required Supplementary Information, Continued

Schedule of Town Contributions
Maine Public Employees Retirement System Consolidated Plan
Last 10 Fiscal Years
(Only two years of information available)

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 267,184	234,994
Contributions in relation to the contractually required contribution	(267,184)	(234,994)
<u>Contribution deficiency (excess)</u>	<u>\$ -</u>	<u>-</u>
Town's covered-employee payroll	\$ 3,322,232	3,297,330
Contributions as a percentage of covered- employee payroll	8.04%	7.13%

TOWN OF ORONO, MAINE
Notes to Required Supplementary Information

Changes of Benefit Terms - None

Changes of Assumptions - None

TOWN OF ORONO, MAINE
Balance Sheet - General Fund
June 30, 2015

ASSETS		
Cash and cash equivalents	\$	10,288,357
Receivables:		
Accounts receivable		202,654
Rescue receivable (net of allowance of \$210,871)		133,503
Taxes receivable - current year		281,253
Taxes receivable - prior years		138,673
Interfund loans receivable		74,144
Receivable - RSU #26 debt service payments		198,750
Total assets	\$	11,317,334
LIABILITIES		
Accounts payable		346,588
Accrued payroll and benefits		173,227
Performance bond liability		345,802
Total liabilities		865,617
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes		405,000
Unavailable revenue - RSU #26 debt service payments		198,750
Total deferred inflows of resources		603,750
FUND BALANCE		
Restricted		1,155,627
Assigned		6,327,851
Unassigned		2,364,489
Total fund balance		9,847,967
Total liabilities, deferred inflows of resources, and fund balance	\$	11,317,334

TOWN OF ORONO, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2015

	2015		Variance positive (negative)
	Budget	Actual	
Revenues:			
Taxes:			
Property taxes	\$ 10,888,050	10,863,965	(24,085)
Village Center District taxes	8,832	8,149	(683)
Supplemental taxes	-	11,000	11,000
Excise taxes	594,100	698,865	104,765
Interest and costs on taxes	35,000	69,126	34,126
Total taxes	11,525,982	11,651,105	125,123
Intergovernmental:			
State revenue sharing	800,000	806,187	6,187
State road subsidy	67,500	70,540	3,040
General assistance reimbursement	10,000	1,471	(8,529)
BETE reimbursement	22,117	22,228	111
Homestead tax exemption	127,902	127,902	-
Other State grants and reimbursements	17,050	21,817	4,767
UMO reimbursements	662,931	662,931	-
Other grants	26,000	26,000	-
Total intergovernmental	1,733,500	1,739,076	5,576
Licenses and permits:			
Motor vehicle agent fee	11,000	12,722	1,722
Recreational vehicle registration fees	450	552	102
Town licenses and permits	7,500	6,990	(510)
Building permits	15,000	27,073	12,073
Plumbing fees	2,500	23,798	21,298
Electrical permits	7,000	8,645	1,645
Land use ordinance fees	2,500	9,155	6,655
Road opening permits	4,500	1,100	(3,400)
Rental unit registration fee	35,000	37,525	2,525
Burning permits	500	332	(168)
Parking permits	750	1,775	1,025
Fish and wildlife license fees	500	511	11
Dog license fees	475	402	(73)
Birth, death and marriage records	6,000	6,952	952
Total licenses and permits	93,675	137,532	43,857
Interest income	18,000	27,805	9,805

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

	2015		Variance positive (negative)
	Budget	Actual	
Revenues, continued:			
Charges for services:			
Ambulance fees	\$ 350,000	385,686	35,686
Advertising	-	5,910	5,910
Police fees	400	6,123	5,723
Police accident reports	2,500	2,494	(6)
Police special detail	500	22,995	22,495
Court fees	2,500	1,078	(1,422)
EMS CPR training	-	1,432	1,432
UMO fire marshal program	5,000	-	(5,000)
Fire Department fines	2,500	2,450	(50)
Air bottle refill	600	5	(595)
Recreation	154,035	175,329	21,294
Community theater	-	6,264	6,264
Library lost and damaged fees	-	715	715
Haz mat reimbursement fees	-	9,920	9,920
Public works fees	-	293	293
Disposal site fees	10,000	12,475	2,475
PERC administrative fee	4,800	5,118	318
Rental income	4,000	4,155	155
Total charges for services	536,835	642,442	105,607
Other revenues:			
Housing Foundation PILOT	35,000	35,000	-
Freeman Forest PILOT	17,600	17,600	-
Cemetery revenue	4,400	5,718	1,318
Parking fines	36,000	40,988	4,988
Code enforcement penalties	100	97,230	97,130
Library income	3,500	3,763	263
Senior Citizen Center	4,000	5,953	1,953
Sale of surplus property	3,000	-	(3,000)
Cable franchise fees	65,000	60,972	(4,028)
PERC performance credit	95,000	90,624	(4,376)
Recycling revenue	5,000	4,027	(973)
School Resource Officer	27,000	27,000	-
School Crossing Guard reimbursement	9,000	9,000	-
Miscellaneous revenue	5,500	90,356	84,856
Total other revenues	310,100	488,231	178,131
Total revenues	14,218,092	14,686,191	468,099

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

	2015		Variance positive (negative)
	Budget	Actual	
Expenditures:			
Current:			
General government:			
Town Council	\$ 44,436	45,937	(1,501)
Town Manager	336,666	334,195	2,471
Finance and administration	360,591	355,946	4,645
Assessor	96,734	90,076	6,658
Elections and voter registration	7,050	4,536	2,514
Insurance	76,000	66,940	9,060
General assistance	21,200	3,700	17,500
Planning and code enforcement	193,871	198,062	(4,191)
Employee benefits	8,000	3,876	4,124
Contracted services	133,802	45,857	87,945
Tax increment financing - Dirigo Pines	105,734	105,734	-
Miscellaneous	18,832	84,121	(65,289)
Total general government	1,402,916	1,338,980	63,936
Public services:			
Library	307,327	298,282	9,045
Recreation	291,553	256,496	35,057
Facilities	118,997	113,324	5,673
Municipal and public safety buildings	82,510	77,911	4,599
Senior Citizen Center	12,635	13,455	(820)
Anderson Community House	15,885	13,615	2,270
Total public services	828,907	773,083	55,824
Public safety:			
Public safety administration	39,427	45,022	(5,595)
Police Department	1,156,100	1,184,349	(28,249)
Fire Department	1,350,733	1,320,203	30,530
Fire protection	229,000	228,807	193
Street lights	71,500	70,140	1,360
Haz-Mat	31,500	25,705	5,795
Total public safety	2,878,260	2,874,226	4,034
Public works:			
General maintenance	402,099	379,686	22,413
Winter maintenance	452,514	491,024	(38,510)
Cemetery	72,105	70,845	1,260
Solid waste disposal	278,698	305,448	(26,750)
Town garage	205,217	220,529	(15,312)
Total public works	1,410,633	1,467,532	(56,899)

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

	2015		Variance positive (negative)
	Budget	Actual	
Expenditures, continued			
Current, continued:			
Educational assessment	\$ 5,814,358	5,814,358	-
County tax	495,096	495,096	-
Debt service:			
Principal	297,945	297,944	1
Interest	113,222	110,508	2,714
Total debt service	411,167	408,452	2,715
Capital expenditures:			
Capital equipment	95,178	95,178	-
Capital infrastructure	842,087	528,026	314,061
Capital facilities	71,500	68,750	2,750
Total capital expenditures	1,008,765	691,954	316,811
Total expenditures	14,250,102	13,863,681	386,421
(Excess) deficiency of revenues over (under) expenditures	(32,010)	822,510	854,520
Other financing sources (uses):			
Issuance of bonds	-	2,280,000	2,280,000
Current refunding	-	(2,226,817)	(2,226,817)
Transfers-in	151,325	147,825	(3,500)
Transfers-out	(846,983)	(846,983)	-
Utilization of assigned balance	377,668	-	(377,668)
Utilization of unassigned balance	350,000	-	(350,000)
Total other financing sources (uses)	32,010	(645,975)	(677,985)
Net change in fund balances, budgetary basis	-	176,535	176,535
Fund balance, beginning of year-budgetary basis		6,481,883	
Fund balance, end of year-budgetary basis		6,658,418	
Amounts held in reserves		3,189,549	
Fund balance, end of year		\$ 9,847,967	

TOWN OF ORONO, MAINE
General Fund Reserves
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2015

Fund	Fund balances beginning of year	Interest income	Other Revenues	Expenditures	Transfers in (out)	Fund balances end of year
008 Orono Economic Development Corporation	\$ 440,972	7,469	529,129	498,356	-	479,214
010 Communications replacement	1,520	12	-	-	-	1,532
011 Unemployment	36,266	297	-	-	-	36,563
012 Landfill closure	10,325	85	-	-	-	10,410
013 Hazardous materials	127,837	1,049	-	-	-	128,886
014 Wood chipper	6,861	56	-	-	-	6,917
016 Capital equipment	853,754	6,956	18,000	70,563	60,000	868,147
017 Cable capital support	22	-	-	-	-	22
018 Downtown TIF	370,804	5,402	350,000	553,615	581,919	754,510
019 Office computer system	8,070	67	-	-	-	8,137
020 Council reserve projects	4,444	37	-	-	-	4,481
021 Emergency medical services	7,348	61	-	-	-	7,409
022 Major maintenance	17,520	143	-	9,484	-	8,179
024 Safety equipment	14,432	118	-	587	-	13,963
025 Public works garage	213,736	2,242	-	205,945	324,393	334,426
026 Maine Technology Park TIF	91,119	685	-	32,639	37,123	96,288
027 Skate park	12,797	102	5,627	-	-	18,526
028 Bennoch Road reconstruction	4	-	-	-	-	4
029 Recreation reserve	1,483	35	13,754	2,350	-	12,922
032 Voting machine	31,733	260	-	12,425	-	19,568
034 Employee benefits	73,813	606	-	-	(25,000)	49,419
036 Library maintenance	20,040	157	-	-	5,000	25,197
037 Webster Point TIF	3,788	29	-	42,703	48,189	9,303
060 Orono Economic Development Corporation debt service	66,654	604	195,550	82,034	114,752	295,526
Total General Fund reserves	\$ 2,415,342	26,472	1,112,060	1,510,701	1,146,376	3,189,549

TOWN OF ORONO, MAINE
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds					Capital Project Fund	Totals
	Grant Fund	MBNA Infrastructure	Cemetery	Public Library	Park Trust - Library Fund	Library Construction	
ASSETS							
Cash and cash equivalents	\$ -	37,997	70,417	35,444	4,604	41,904	190,366
Investments	-	-	264,521	21,795	-	-	286,316
Accounts receivable	7,335	-	-	-	-	-	7,335
Total assets	\$ 7,335	37,997	334,938	57,239	4,604	41,904	484,017
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	1,060	-	-	-	-	-	1,060
Interfund loans payable	68,069	-	-	-	-	-	68,069
Total liabilities	69,129	-	-	-	-	-	69,129
Fund balances (deficit):							
Restricted	-	37,997	334,938	57,239	4,604	41,904	476,682
Unassigned	(61,794)	-	-	-	-	-	(61,794)
Total fund balance (deficit)	(61,794)	37,997	334,938	57,239	4,604	41,904	414,888
Total liabilities and fund balances	\$ 7,335	37,997	334,938	57,239	4,604	41,904	484,017

TOWN OF ORONO, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2015

	Special Revenue Funds					Capital Project Fund	Totals
	Grant Fund	MBNA Infrastructure	Cemetery	Public Library	Park Trust - Library Fund	Library Construction	
Revenues:							
Intergovernmental	\$ 219,985	-	-	-	-	-	219,985
Interest income	-	309	4,103	559	22	467	5,460
Other	2,093	-	-	3,896	1,942	-	7,931
Total revenues	222,078	309	4,103	4,455	1,964	467	233,376
Expenditures:							
Current:							
Program expenditures	131,230	-	5,244	2,178	-	-	138,652
Capital outlay	150,298	-	-	-	-	14,191	164,489
Total expenditures	281,528	-	5,244	2,178	-	14,191	303,141
Net change in fund balances	(59,450)	309	(1,141)	2,277	1,964	(13,724)	(69,765)
Fund balances (deficit), beginning of year	(2,344)	37,688	336,079	54,962	2,640	55,628	484,653
Fund balances (deficit), end of year	\$ (61,794)	37,997	334,938	57,239	4,604	41,904	414,888