

Town of Orient

AUDIT

for the

YEAR ENDING 06/30/2017

PREPARED BY

CHESTER M. KEARNEY

Certified Public Accountants

TOWN OF ORIENT, MAINE

FINANCIAL STATEMENTS

JUNE 30, 2017

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To the Board of Selectmen of
Town of Orient, Maine

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, its major fund and the aggregate remaining fund information of Town of Orient, Maine, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, its major fund and the aggregate remaining fund information of Town of Orient, Maine, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 budgetary comparison information on page 17 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 regarding 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Orient's basic financial statements as a whole. The accompanying supplementary information on pages 18 and 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Chester M. Kearney

Presque Isle, Maine
December 8, 2022

BASIC FINANCIAL STATEMENTS

TOWN OF ORIENT, MAINE
STATEMENT OF NET POSITION

JUNE 30, 2017

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash and equivalents	
Taxes receivable	589,285
Tax liens	98,539
Certificate of deposit	9,856
	<u>25,927</u>
	<u>723,607</u>
Non-Current Assets	
Capital assets net of accumulated depreciation:	
Improvements	
Infrastructure	31,308
Total capital assets net of accumulated depreciation	<u>79,544</u>
	<u>110,852</u>
Total Assets	<u>834,459</u>
LIABILITIES	
Current liabilities	
Accounts payable	
Due to fiduciary fund	805
Due to other governments	2,020
	<u>1,470</u>
	<u>4,295</u>
NET POSITION	
Invested in capital assets, net of related debt	
Unrestricted	110,852
Total net position	<u>719,312</u>
	<u>830,164</u>

The notes to the financial statements are an integral part of this statement

TOWN OF ORIENT, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Capital Grants and Contributions</u>	<u>Net (expense) Revenues and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Primary Government Governmental Activities</u>
Governmental activities:					
General government	80,494				(80,494)
Protection	16,172				(16,172)
Health and sanitation	118				(118)
Public works	77,335		10,204		(67,131)
Social services	49,035				(49,035)
County tax	56,435				(56,435)
Education	254,459				(254,459)
Total government activities	<u>534,048</u>	<u>-</u>	<u>10,204</u>	<u>-</u>	<u>(523,844)</u>
General revenues:					
Property taxes					624,012
Excise taxes					25,318
Revenue sharing					4,030
Homestead exemption					3,864
Veteran's exemption					152
Tree growth					22,800
Business equipment tax exemption					297
Other					29,507
Total general revenues					<u>709,980</u>
Change in net position					186,136
Net position - beginning of year (restated)					<u>644,028</u>
Net position - end of year					<u>830,164</u>

The notes to the financial statements are an integral part of this statement

TOWN OF ORIENT, MAINE

BALANCE SHEET

GOVERNMENTAL FUNDS AND RECONCILIATION OF THE GOVERNMENTAL FUNDS

BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2017

	GENERAL FUND
ASSETS	
Cash	
Taxes receivable	589,285
Tax liens	98,539
Certificate of deposit	9,856
Total assets	<u>723,607</u>
LIABILITIES	
Accounts payable	
Due to fiduciary fund	805
Due to other governments	2,020
	<u>1,470</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable property taxes	<u>4,295</u>
	<u>108,000</u>
FUND BALANCES	
Non-spendable	
Committed	9,856
Assigned	157,174
Unassigned	106,827
TOTAL FUND BALANCES	<u>337,455</u>
	<u>611,312</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>723,607</u>
RECONCILIATION TO THE STATEMENT OF NET POSITION	
Fund Balance - governmental funds	611,312
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	110,852
Deferred revenues are not available to pay current period expenditures and are not reported in the government wide financial statements.	<u>108,000</u>
	<u>830,164</u>

The notes to the financial statements are an integral part of this statement

TOWN OF ORIENT, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
 GOVERNMENTAL FUNDS AND RECONCILIATION OF THE STATEMENT
 OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2017

	GENERAL FUND
REVENUES	
Property taxes	
Federal and state assistance	575,268
Other revenues	41,347
	<u>54,825</u>
TOTAL REVENUES	<u>671,440</u>
EXPENDITURES	
Current	
General government	
Protection	78,984
Health and sanitation	16,172
Public works	118
Social services	65,602
County tax	49,035
Education	56,435
	<u>254,459</u>
TOTAL EXPENDITURES	<u>520,805</u>
NET CHANGE IN FUND BALANCE	<u>150,635</u>
FUND BALANCE - JULY 1, 2016 (RESTATED)	<u>460,677</u>
FUND BALANCE - JUNE 30, 2017	<u>611,312</u>
RECONCILIATION TO THE NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	
NET CHANGE IN FUND BALANCE - GOVERNMENTAL ACTIVITIES	150,635
Governmental funds report capital outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. Additionally, gross sales of capital assets are reported on the Statement of Revenue while capital gains are reported in the Statement of Activities.	
Depreciation expense	(13,243)
Change in property taxes unavailable for use in the current period	48,744
Change in net position of governmental activities	<u>186,136</u>

The notes to the financial statements are an integral part of this statement

TOWN OF ORIENT, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUND

JUNE 30, 2017

	<u>Private Purpose Trust Fund</u>
ASSETS	
Due from general fund	
Certificate of deposit	2,020
TOTAL ASSETS	<u>10,737</u> <u>12,757</u>
LIABILITIES	
	<u>None</u>
NET POSITION - HELD IN TRUST	<u>12,757</u>

The notes to the financial statements are an integral part of these statements.

TOWN OF ORIENT, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - FIDUCIARY FUND

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Private Purpose Trust Fund</u>
REVENUES	
Cemetery plot sales	
Interest income	800
TOTAL REVENUES	<u>29</u>
	<u>829</u>
EXPENDITURES	
Other	
TOTAL EXPENDITURES	<u>-</u>
	<u>-</u>
NET CHANGE IN NET POSITION	829
NET POSITION - JULY 1, 2016	<u>11,928</u>
NET POSITION - JUNE 30, 2017	<u><u>12,757</u></u>

The notes to the financial statements are an integral part of these statements.

TOWN OF ORIENT, MAINE
NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Orient, Maine, was incorporated on April 9, 1856 under the laws of the State of Maine. The Town is a municipal corporation that operates under a selectmen-manager form of government and provides the following services: public safety, public works, health and social services, education, public improvements, planning and zoning and general administrative services. The accompanying financial statements present the activities of The Town of Orient, Maine.

Basis of Presentation – Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the overall government, except the fiduciary activities. These statements distinguish between the governmental and business-type activities, if any, of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external users.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Town does not allocate indirect expenses to functions in the statement of activities. Program revenues include (a) fees, fines, and charges paid by those recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, if any, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund financial statements provide information about the Town's funds including its fiduciary fund. Each individual fund is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Separate statements for each fund category – governmental, proprietary, if any, and fiduciary, if any, – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

TOWN OF ORIENT, MAINE
NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

The Town reports the following major governmental funds:

General Fund - To account for all financial resources except those required to be accounted for in another fund. The general fund is the Town's operating fund.

Additionally, the Town reports the following fund type:

Fiduciary Fund - To account for resources held by the Town in a custodial capacity. The assets of these funds are not available to support Town programs and therefore are not included in the government-wide financial statements. The perpetual care fund is a private purpose trust fund of the Town.

Measurement Focus and Basis of Accounting

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, includes property taxes, grants, entitlements and donations. Property taxes are recognized as revenues in the year for which they are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met.

Governmental-fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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. Property taxes and inter-governmental revenues and grants are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt are reported as other financing sources.

Deposits and Investments

Available cash is deposited in interest-bearing accounts to as great a degree as possible. These residual investments are classified for reporting purposes as cash. Earnings from these investments are reported by the applicable funds generating the investments. All deposits are carried at cost, plus accrued interest.

The laws of the State of Maine, under 30-A M.R.S.A. Sections 5706-5719, limit investment of municipal funds to investments described within that law. The law authorizes the Town to invest in various financial institutions insured by Federal Deposit Insurance Corporation and the National Credit Union Association.

TOWN OF ORIENT, MAINE
NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Repurchase agreements are allowed to the extent secured by the obligations of the United States Government, as defined in Section 5712, Subsection 1, provided that the market value of the underlying obligation is equal to or greater than the amount of the municipality's investment and that the municipality's security interest is perfected.

Investments in mutual funds are limited to bonds and other direct obligations of the United States Government or repurchase agreements secured by bonds and other direct obligations of the United States Government.

For other securities, including the above-mentioned investment vehicles, minimum security quality grade requirements are mandated in conjunction with percentage limitations of reserve amounts or portfolio balances, depending upon the type of the applicable securities purchased.

Tax acquired property

The Town records all tax acquired property at the lesser of fair market value or the taxes due on the property at the time of foreclosure. As of June 30, 2017 the Town held no tax acquired property.

Deferred Outflows of Resources

The Town reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. No deferred outflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows of Resources

The Town's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The Town will not recognize the related revenues until they are available (collected not later than 60 days after the end of the Town's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes are reported in the governmental funds balance sheet.

Cash and Cash Equivalents

The Town of Orient considers all highly liquid investments (including restricted assets) with a maturity of three (3) months or less when purchased to be cash equivalents.

Receivables and Payables

All outstanding uncollected taxes are considered fully collectible by management of the Town and the Town's reserve for uncollectable accounts is \$0 as of June 30, 2017.

TOWN OF ORIENT, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Property Tax Calendar

Property taxes are levied as of April 1, 2016 and are used to finance the operations of the Town for the fiscal year beginning July 1, 2016. Taxes are committed for collection on October 3, 2016 and are due and payable on or before January 3, 2017 after which interest will accrue at a rate of 7 percent per annum. In accordance with Maine law, taxes not collected within 8 months following the date of commitment are secured by liens.

Inventories and Prepaid Items

The Town reports no inventory or prepaid items in its financial statements. -

Capital Assets

Capital assets, not including infrastructure assets, purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost if actual historical is not available. Infrastructure assets capitalized have an original cost of \$50,000 or more. 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. Repairs and maintenance are recorded as expenses.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20-40 years
Infrastructure	10 years
Machinery and Equipment	3-15 years

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide statement, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Equity

The Town follows Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). GASB 54 establishes a fund balance hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds and defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

TOWN OF ORIENT, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Under the GASB #54 reporting format, fund balance is reported as follows:

- Non-spendable-Items that are either not in spendable form or legally or contractually required to remain intact.
- Restricted fund balance-Resources that have constraints imposed by creditors, grantors, contributors or laws and regulations of other governments; or amounts that have very stringent conditions imposed by external parties or law.
- Unrestricted fund balance-Has 3 components;
 - Committed fund balance-Amounts with internally imposed restrictions mandated by the government's highest level of decision making authority which require action from that authority to be redeployed. In the case of the Town of Orient, this action requires a selectmen vote at a town meeting.
 - Assigned fund balance-Amounts that are constrained by the government's intent that they will be used for specific purposes. Decision making authority with respect to these amounts lies with a committee or other government official but not the highest level authority.
 - Unassigned fund balance-This is the residual balance of the general fund which represents the remaining fund balance after allocation to the other fund balance categories. It reflects resources that are available for further appropriation and expenditure for general governmental purposes.

Net Position

Net position represents the residual of all other financial statement elements presented in a statement of financial position.

Other General Items

The Town is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. Settled claims, if any, resulting from these risks, have not exceeded commercial insurance coverage.

Minimum Fund Balance

The Board has not adopted a financial policy to maintaining a minimum level of unrestricted fund balance in the general fund.

(2) BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except for special revenue funds and the capital projects funds, which adopt project-length budgets.

The budget is prepared by the Board of Selectmen. From this information, warrant articles are prepared for the annual town meeting. The warrant articles include budget recommendations of the Board of Selectmen as well as the prior years appropriated amounts.

The 2016 - 2017 fiscal budget was approved at its annual town meeting.

TOWN OF ORIENT, MAINE
NOTES TO FINANCIAL STATEMENTS (cont'd.)

(3) CASH AND INVESTMENTS

The Town's deposits at year end were covered by the Federal Credit Union Act (FCUA).

The Town's cash is categorized to give an indication of the level of risk assumed by the Town at year end. These categories are defined as follows:

- Category #1 - Insured or collateralized with securities held by the Town or by its agent in the Town's name.
- Category #2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- Category #3 - Uncollateralized, which includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Town's name.

At June 30, 2017, the Town's funds were on deposit with the banks listed below:

<u>BANK - TYPE OF ACCOUNT</u>	<u>CARRYING AMOUNT</u>	<u>BANK BALANCE</u>	<u>CATEGORY</u>		
			<u>#1</u>	<u>#2</u>	<u>#3</u>
<i>Governmental Activities:</i>					
Machias Savings Bank					
Checking (1)	109,443	111,689	111,689		
Savings (4)	479,842	479,842	29,066	450,776	
Certificate of deposit (1)	<u>25,927</u>	<u>25,927</u>	<u>25,927</u>		
	<u>615,212</u>	<u>617,458</u>	<u>166,682</u>	<u>450,776</u>	<u>None</u>

(4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental activities:</i>				
<i>Capital assets, being depreciated:</i>				
Improvements	45,295			45,295
Infrastructure	<u>117,332</u>			<u>117,332</u>
Total capital assets, being depreciated	<u>162,627</u>	<u>None</u>	<u>None</u>	<u>162,627</u>
<i>Less accumulated depreciation for:</i>				
Improvements	12,477	1,510		13,987
Infrastructure	<u>26,055</u>	<u>11,733</u>		<u>37,788</u>
Total accumulated depreciation	<u>38,532</u>	<u>13,243</u>	<u>None</u>	<u>51,775</u>
Total capital assets, being depreciated net	<u>124,095</u>	<u>(13,243)</u>	<u>None</u>	<u>110,852</u>

TOWN OF ORIENT, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(4) CAPITAL ASSETS (cont'd)

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	1,510
Public works	<u>11,733</u>
	<u>13,243</u>

(5) LEGAL DEBT LIMIT

The maximum legal debt limit for the Town is \$3,593,000, 7.5% of the 2016 state valuation of the Town, which amounted to \$47,910,000.

(8) PROPERTY TAXES - GENERAL FUND

Property taxes are made up of the following:

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Commitment	615,950	637,203	21,253
Increase in unavailable property taxes		(51,744)	(51,744)
Abatements and discounts	<u>(7,000)</u>	<u>(13,191)</u>	<u>(6,191)</u>
	<u>608,950</u>	<u>572,268</u>	<u>(36,682)</u>

(9) RISK MANAGEMENT

Town of Orient is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage for part of its risk management. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. The Town's management estimates that the amount of actual or potential claims against the Town as of June 30, 2017 will not materially affect the financial condition of the Town.

(10) SUBSEQUENT EVENTS

Management has evaluated all subsequent events through December 8, 2022, the date the financial statements were available to be issued.

The COVID-19 outbreak in the United States has caused disruption through mandated and voluntary closings. Management is presently evaluating the effect of the disruptions on operations. The related financial impact and duration cannot be reasonably estimated at this time by management.

TOWN OF ORIENT, MAINE
NOTES TO FINANCIAL STATEMENTS (cont'd.)

(11) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2017, expenditures did not exceed appropriations in any department.

(12) TAXES

As a municipal entity, the Town is not subject to Federal and State income taxes, accordingly it is not necessary to consider the effects of any uncertain tax positions.

The Town is subject to Federal and State payroll taxes and is required to file the appropriate tax returns. Management believes that all required returns have been properly filed as of June 30, 2017. No examinations have been conducted by the Federal or State taxing authorities and no correspondence has been received from these authorities.

(13) RESTATEMENTS

In the fiscal year ending June 30, 2017, the Town of Orient determined that both the governmental activities net position and fund balance in the general fund were both overstated due to overstated cash and taxes receivable in the prior fiscal year ending June 30, 2016. As such, both net position and fund balance were restated as follows:

	<u>Net Position</u>	<u>Fund Balance</u>
Balance at June 30, 2016 - Original	\$ 646,746	\$ 463,395
Decrease in cash	\$ (2,220)	\$ (2,220)
Decrease in taxes receivable	\$ (498)	\$ (498)
Balance at June 30, 2016 - Restated	<u>\$ 644,028</u>	<u>\$ 460,677</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ORIENT, MAINE
 SCHEDULE OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Property taxes			
Commitment			
Increase in unavailable property taxes	615,950	637,203	21,253
Abatements and discounts	-	(48,744)	(48,744)
Net property taxes	<u>(7,000)</u>	<u>(13,191)</u>	<u>(6,191)</u>
	<u>608,950</u>	<u>575,268</u>	<u>(33,682)</u>
State assistance			
Revenue sharing	4,043	4,030	(13)
Homestead exemption	4,688	3,864	(824)
Veteran's exemption	-	152	152
Tree growth	-	22,800	22,800
Local road assistance program	-	10,204	10,204
Business equipment tax exemption	291	297	6
Excise tax	12,000	25,318	13,318
Other revenue	-	29,507	29,507
TOTAL REVENUES	<u>629,972</u>	<u>671,440</u>	<u>41,468</u>
EXPENDITURES			
Current			
General government			
Protection	97,167	78,984	18,183
Health and sanitation	17,672	16,172	1,500
Public works	118	118	-
Social services	68,500	65,602	2,898
County tax	58,000	49,035	8,965
Education	56,435	56,435	-
	<u>315,580</u>	<u>254,459</u>	<u>61,121</u>
TOTAL EXPENDITURES	<u>613,472</u>	<u>520,805</u>	<u>92,667</u>
NET CHANGE IN FUND BALANCE	<u>16,500</u>	150,635	<u>134,135</u>
FUND BALANCE - JULY 1, 2016 (RESTATED)		460,677	
FUND BALANCE - JUNE 30, 2017		<u>611,312</u>	

The notes to the financial statements are an integral part of this statement

SUPPLEMENTARY INFORMATION

TOWN OF ORIENT, MAINE
 SCHEDULE OF GENERAL FUND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
General Government			
Salaries	38,742	18,075	20,667
Administration	40,475	45,236	(4,761)
Insurance	10,150	11,173	(1,023)
Revaluation	7,800	4,500	3,300
	<u>97,167</u>	<u>78,984</u>	<u>18,183</u>
Protection			
Fire protection	6,500	5,000	1,500
Ambulance	11,172	11,172	-
	<u>17,672</u>	<u>16,172</u>	<u>1,500</u>
Health and Sanitation			
Septic disposal site	118	118	-
	<u>118</u>	<u>118</u>	<u>-</u>
Public Works			
Town roads / bridges	4,200	3,010	1,190
Snow removal / winter roads	64,300	62,592	1,708
	<u>68,500</u>	<u>65,602</u>	<u>2,898</u>
Social Services			
Transfer Station	58,000	49,035	8,965
	<u>58,000</u>	<u>49,035</u>	<u>8,965</u>

The notes to the financial statements are an integral part of this statement

TOWN OF ORIENT, MAINE
 SCHEDULE OF CHANGES IN ASSIGNED FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2017

	BALANCE JULY 1	APPRO- PRIATION	RECEIPTS	DISBURSE- MENTS	TRANSFERS FROM (TO) SURPLUS	BALANCE JUNE 30
Assigned Fund Balance						
Building maintenance	\$ 15,504	\$ -	\$ -	\$ -	\$ -	\$ 15,504
Equipment replacement	5,502	-	-	-	-	5,502
URIP	25,205	-	-	-	-	25,205
Highways	26,451	-	-	-	-	26,451
Fire equipment	6,122	-	-	-	-	6,122
Comprehensive plan	902	-	-	-	-	902
Cemeteries	12,141	-	-	-	-	12,141
Capital reserve	15,000	-	-	-	-	15,000
	<u>\$ 106,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,827</u>

The notes to the financial statements are an integral part of this statement