

TOWN OF OGUNQUIT

OGUNQUIT, MAINE

FINANCIAL AUDIT REPORT

JUNE 30, 2014

**TOWN OF OGUNQUIT
OGUNQUIT, MAINE
JUNE 30, 2014**

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Smith & Associates, CPAs

A Professional Association

500 US Route One, Suite 203 • Yarmouth, Maine 04096
Ph (207) 846-8881 • Fax (207) 846-8882
www.smithassociatescpa.com

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Selectmen and Manager
TOWN OF OGUNQUIT
Ogunquit, Maine

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and remaining fund information, which collectively comprise the financial statements, of the Town of Ogunquit, Maine as of and for the year ended June 30, 2014, as listed in the table of contents, and the related notes to the financial statements.

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.

Auditors' 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 financial statements in order to design audit procedures that are appropriate in the circumstance, 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, business-type activities, each major fund and remaining fund information of the Town of Ogunquit and the changes in financial position and cash flows, where applicable, of those activities and funds and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Management Discussion and Analysis (MD&A) which is the responsibility of management, is represented for purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedure applied in the audit of the financial statements and accordingly we do not express an opinion or provide any assurance on it.

Smith & Associates

SMITH & ASSOCIATES, CPAs
A Professional Association

Yarmouth, Maine
December 22, 2014



MUNICIPAL OFFICES
23 SCHOOL STREET • P.O. BOX 875
OGUNQUIT, MAINE 03907-0875
(207) 646-5139 General Offices
(207) 646-9326 Land Use
(207) 646-9546 Town Clerk
E-mail: townofogt@maine.rr.com

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As Town Manager of the Town of Ogunquit, I offer the readers of the Town of Ogunquit's financial statements this narrative overview and analysis of the financial activities of the Town of Ogunquit for the fiscal year ended June 30, 2014. I encourage the readers to consider the information presented here in conjunction with the financial statements presented.

Financial Highlights

- The assets of the Town of Ogunquit exceeded its liabilities at the close of the most recent fiscal year by \$11,340,235 per Exhibit I (Net Position). Of this amount, \$6,167,844 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens and creditors. The Town's total net position increased by \$692,453.
- As of the close of the current fiscal year, the Town of Ogunquit's governmental funds reported combined ending fund balances of \$6,526,575 an decrease of \$118,188 over the prior year. The amount of \$2,927,978 is the general fund unreserved fund balance which is available for appropriation in the next budget cycle; \$219,532 has been assigned to FY 2015.
- The Town of Ogunquit has \$2,424,911 reserved for Capital Projects, \$479,964 reserved for Special Revenues, and \$474,190 reserved for Permanent Funds. See Note 13 for details of these funds.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The *Statement of Net Position* (Exhibit I) presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

Government-Wide Financial Statements (Continued)

The *Statement of Activities* (Exhibit II) presents revenue and expenses and shows how the government's net position changed during the most recent fiscal year. All changes in net position are reported in a manner similar to the approach used by a private-sector business in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Both of the government-wide financial statements distinguish functions of the Town 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).

Fund Financial Statements

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

Governmental Funds

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 balances left at year-end that are available for spending. These funds are reported using an accounting method called 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.

Proprietary Funds

When the Town Charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Town's unemployment compensation program is reported in this fund.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required information concerning budgetary comparison of the general fund as Exhibit VII. .

Comparative Data

The tables below provides a summary of the Town of Ogunquit's net position and statement of activities for the year ended June 30, 2014, with comparative data for the previous year. Net position serves as a useful indicator of the Town's financial position. Changes in net position generally indicate the direction (positive and negative) of the Town's financial position over time.

TOWN OF OGUNQUIT'S NET POSITION

Condensed Statement of Net Position	Governmental Activities		Business - Type Activities		Total	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
Assets						
Current and Other Assets	\$ 7,015,894	\$ 7,006,663	\$ 42,038	\$ 35,454	\$ 7,057,932	\$ 7,042,127
Non Current Assets	<u>12,234,203</u>	<u>11,413,096</u>	<u>0</u>	<u>0</u>	<u>12,234,203</u>	<u>11,413,096</u>
Total Assets	<u>\$ 19,250,097</u>	<u>\$ 18,419,759</u>	<u>\$ 42,038</u>	<u>\$ 35,454</u>	<u>\$19,292,135</u>	<u>\$18,455,223</u>
Deferred Outflows of Resources	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Liabilities						
Current and Other Liabilities	\$ 1,023,468	\$ 732,060	\$ 0	\$ 0	\$ 1,023,468	\$ 732,060
Long Term Liabilities	<u>6,928,432</u>	<u>7,075,371</u>	<u>0</u>	<u>0</u>	<u>6,928,432</u>	<u>7,075,371</u>
Total Liabilities	<u>\$ 7,951,900</u>	<u>\$ 7,807,431</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,951,900</u>	<u>\$ 7,807,431</u>
Deferred Inflows of Resources	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Net Position						
Net Investment in Capital Assets						
Assets	\$ 4,715,832	\$ 3,813,653	\$ 0	\$ 0	\$ 4,715,832	\$ 3,813,653
Restricted	456,559	456,559	0	0	456,559	456,559
Unrestricted	<u>6,125,806</u>	<u>6,342,116</u>	<u>42,038</u>	<u>35,454</u>	<u>6,167,844</u>	<u>6,377,570</u>
Total Net Position	<u>\$ 11,298,197</u>	<u>\$ 10,612,328</u>	<u>\$ 42,038</u>	<u>\$ 35,454</u>	<u>\$11,340,235</u>	<u>\$10,647,782</u>

By far, the largest portion of the Town's net position 41.7% (35.9% in prior year) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Comparative Data (Continued)

Although the Town's investment in its capital assets is reported net of related debt, it should still 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.

An additional portion of the Town's net position 4.0% (4.3% in prior year) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$6,125,806 represents 54.2% (\$6,342,116 or 59.8% in prior year) may be used to meet the governments' ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate government and business type activities. The same situation held true for the prior year.

TOWN OF OGUNQUIT'S CHANGES IN NET POSITION

Condensed Statement of Activities	Governmental Activities		Business – Type Activities		Total	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
Revenues:						
<i>Program Revenues</i>						
Charge for Services	\$ 2,470,293	\$ 2,407,203	\$ 0	\$ 0	\$ 2,470,293	\$ 2,407,203
Operating Grants and Contributions	170,007	18,472	0	0	170,007	18,472
Capital Grants and Contributions	0	0	0	0	0	0
<i>General Revenues</i>						
Property and Other Taxes	10,248,411	9,889,425	0	0	10,248,411	9,889,425
Grants and Contributions Not Restricted to Specific Programs	33,069	43,067	0	0	33,069	43,067
Unrestricted Investment Earnings	4,354	10,287	84	55	4,438	10,342
Miscellaneous	<u>0</u>	<u>0</u>	<u>9,000</u>	<u>15,000</u>	<u>9,000</u>	<u>15,000</u>
Total Revenues	<u>\$ 12,926,134</u>	<u>\$ 12,368,454</u>	<u>\$ 9,084</u>	<u>\$ 15,055</u>	<u>\$ 12,935,218</u>	<u>\$ 12,383,509</u>
Expenses						
General Government	\$ 1,278,415	\$ 1,206,996	\$ 2,500	\$ 663	\$ 1,280,915	\$ 1,207,659
Public Works and Sanitation	1,490,852	1,460,597	0	0	1,490,852	1,460,597
Protection	2,347,930	2,541,416	0	0	2,347,930	2,541,416
Culture and Recreation	887,060	558,317	0	0	887,060	558,317
General Assistance	2,471	2,558	0	0	2,471	2,558
Health and Social Service	7,300	7,300	0	0	7,300	7,300
Education	4,703,618	4,624,761	0	0	4,703,618	4,624,761
Interest	247,399	254,489	0	0	247,399	254,489
Fixed Charges	795,524	702,773	0	0	795,524	702,773
Depreciation	<u>479,696</u>	<u>450,079</u>	<u>0</u>	<u>0</u>	<u>479,696</u>	<u>450,079</u>
Total Expenses	<u>\$ 12,240,265</u>	<u>\$ 11,809,286</u>	<u>\$ 2,500</u>	<u>\$ 663</u>	<u>\$ 12,242,765</u>	<u>\$ 11,809,949</u>
Increase (Decrease) In Net Position	\$ 685,869	\$ 559,168	\$ 6,584	\$ 14,392	\$ 692,453	\$ 573,560
Net Position, July 1	<u>10,612,328</u>	<u>10,053,160</u>	<u>35,454</u>	<u>21,062</u>	<u>10,647,782</u>	<u>10,074,222</u>
Net Position, June 30	<u>\$ 11,298,197</u>	<u>\$ 10,612,328</u>	<u>\$ 42,038</u>	<u>\$ 35,454</u>	<u>\$ 11,340,235</u>	<u>\$ 10,647,782</u>

Analysis of Overall Financial Position and Results of Operations

The Statement of Activities indicates that the total revenues exceeded total expenses by \$692,453 indicating a strong overall financial position for the year ended June 30, 2014.

Analysis of Significant Individual Fund Balances, Transactions and Changes in Fund Balance

General Fund

Expenditures exceeded total revenues by \$118,188 for the governmental funds. The CIP projects reflected total fund balance of \$2,424,911 (major & non major CIP) as indicated in Note 13. General fund balance amounted to \$3,147,510. The general fund balance increased by \$549,825. While the amount of fund balance that any town needs to maintain is debatable, this amount is healthy by most standards.

Analysis of Significant General Fund Budget Variances

The general fund is the chief operating fund of the Town of Ogunquit. Revenues came in \$593,950 or 4.8% greater than expected. The actual expenditures were \$151,875 less than the proposed budget or a 1.2% variance. Accordingly, there were no significant overall variations from the original projected budgets, other than in licenses, permits and fees.

Significant Capital Asset and Long-Term Debt Activity

Capital assets net of depreciation increased by \$821,107 or 7.19%. The Town of Ogunquit’s total debt decreased by \$68,280 (0.88%) during the current fiscal year.

As a comparison by State law, the Town may have a debt service not to exceed 7.5% of the total assessed valuation of the Town of \$1,314,420,498. The actual long term debt as of June 30, 2014 was \$7,692,830 including accrued compensated absence pay, which represents less than 1% of the property valuation.

General Fund Budgetary Highlights

As presented in Exhibit VII, the original budgeted expenditures amount to \$12,698,483 (\$12,094,771 in prior year). The total gross budget for the year ending June 30, 2014, including transfers to and from other funds, was \$12,923,483 (\$13,236,771 in prior year). The budgeted revenues and expenditures in Exhibit VII are net of transfers in and out to various reserve funds.

The Town department budgets were under spent by \$151,875 (\$75,530 in prior year). This results in an increase in the Town’s undesignated fund balance to \$3,147,510. This healthy surplus allows the town to use funds for a one-time expenditure such as paving or equipment purchases (Capital Improvement Items). These undesignated funds are always considered during the budget review and subsequent town meetings.

Please note the table below. The Budget is net of revenues.

<u>YEAR</u>	<u>MIL RATE</u>	<u>BUDGET</u>
2011	\$6.88	\$8,926,552
2012	\$7.31	\$9,461,169
2013	\$7.31	\$9,525,177
2014	\$7.50	\$9,845,897
2015	\$7.76	\$10,229,671

Currently Known Facts

The currently known facts expected to affect the future financial position or the operations of the Town are as follows:

- Maine Department of Transportation reports that the bid for the Route 1 Rehabilitation Project will go out December 24, 2014. They hope to secure a contractor in January and start mobilization of the project in March 2015. The construction will start at the Wells/Ogunquit town line. The project is now estimated at 18 million dollars. This is a significant investment in our community. The project calls for sidewalks and granite curbing from town line to town line, two new bridges, and improved drainage.
- We continue our in house efforts to upgrade our Community Center and municipal offices. Recently we assigned lettering to the East side of the Dunaway Center so people could find us. The lettering can now be seen from Shore Road. We also continue to paint, replace trim, added new cameras for WOGT, and this past week CMP installed a new transformer secondary to our electrical upgrades.
- Parking lots are closed for the season and produced \$1.4M in revenues. The Board of Selectmen passed the new fee scale for November 18, 2014. Beach passes for 2015 will be \$35 for the first pass and \$100 for a second pass. The use of the beach is free. The fee is to park a car. All revenue collected for the second pass will be encumbered specifically for Beach Management related expenses. Currently, the Perkins Cove bathrooms are under construction. The maintenance crew has also been out to North Beach, Footbridge, working on the replacement of the shingles, doors, a new foot bath, and painting. The staff will be totally renovating the inside of the Main Beach bathrooms. The entire ceiling was replaced in October 2014 and the inside has received a fresh coat of paint.

Requests for Information

The Town of Ogunquit is truly fortunate to have such high caliber individuals serving on its various Boards and Committees. The Board of Selectmen would like to thank all members of the community who serve on the aforementioned committees and boards. Without the commitment from these important individuals, the Town simply could not function. Special thanks are due to all of the members of the municipal staff who continue to make Ogunquit the *Beautiful Place by the Sea!*

This financial report is designed to provide users with a general overview of the Town of Ogunquit's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Town Manager, Town of Ogunquit, P.O. Box 875, Ogunquit, Maine 03907-0875 or telephone (207)646-5139.

EXHIBIT I**TOWN OF OGUNQUIT
STATEMENT OF NET POSITION
JUNE 30, 2014**

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business -</u>	
	<u>Activities</u>	<u>Type</u>	<u>Total</u>
		<u>Activities</u>	
Assets			
Cash and Cash Equivalents	\$ 6,200,838	\$ 42,038	\$ 6,242,876
Accounts Receivable	44,896	0	44,896
Taxes Receivable	690,886	0	690,886
Tax Liens Receivable	54,118	0	54,118
Prepaid Expenses	25,156	0	25,156
Capital Assets, Net of Accumulated Depreciation	<u>12,234,203</u>	<u>0</u>	<u>12,234,203</u>
Total Assets	<u>\$ 19,250,097</u>	<u>\$ 42,038</u>	<u>\$ 19,292,135</u>
Deferred Outflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Liabilities			
Accounts Payable	\$ 121,104	\$ 0	\$ 121,104
Accrued Expenses	312,425	0	312,425
<i>Non Current Liabilities</i>			
Due Within One Year	589,939	0	589,939
Due in More Than One Year	<u>6,928,432</u>	<u>0</u>	<u>6,928,432</u>
Total Liabilities	<u>\$ 7,951,900</u>	<u>\$ 0</u>	<u>\$ 7,951,900</u>
Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Position			
<i>Net Investment in Capital Assets</i>	\$ 4,715,832	\$ 0	\$ 4,715,832
<i>Restricted</i>			
Permanent Funds, Non-Expendable	456,559	0	456,559
<i>Unrestricted</i>	<u>6,125,806</u>	<u>42,038</u>	<u>6,167,844</u>
Total Net Position	<u>\$ 11,298,197</u>	<u>\$ 42,038</u>	<u>\$ 11,340,235</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

EXHIBIT III

**TOWN OF OGUNQUIT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>General Fund</u>	<u>MDOT Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Cash Equivalents	\$ 5,323,385	\$ 0	\$ 877,453	\$ 6,200,838
Taxes Receivable	690,886	0	0	690,886
Tax Liens Receivable	54,118	0	0	54,118
Accounts and Notes Receivable	44,896	0	0	44,896
Prepaid Expenses	25,156	0	0	25,156
Due From Other Funds	<u>0</u>	<u>2,183,079</u>	<u>319,533</u>	<u>2,501,612</u>
Total Assets	<u>\$ 6,138,441</u>	<u>\$ 2,182,079</u>	<u>\$ 1,196,986</u>	<u>\$ 9,517,506</u>
Deferred Outflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 6,138,441</u>	<u>\$ 2,182,079</u>	<u>\$ 1,196,986</u>	<u>\$ 9,517,506</u>
Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities				
Accounts Payable	\$ 121,104	0	0	\$ 121,104
Accrued Expenses	95,215	0	0	95,215
Due to Other Funds	<u>2,501,612</u>	<u>0</u>	<u>0</u>	<u>2,501,612</u>
Total Liabilities	<u>\$ 2,717,931</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,717,931</u>
Deferred Inflows of Resources				
Unavailable Revenue – Property Taxes	<u>\$ 273,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 273,000</u>
Fund Balance				
<i>Reserved Reported In:</i>				
<i>Nonspendable</i>				
Permanent Funds, Non-Expendable	\$ 0	\$ 0	\$ 456,559	\$ 456,559
<i>Restricted</i>	0	0	0	0
<i>Committed</i>				
Capital Projects Funds	0	2,182,079	242,832	2,424,911
<i>Unreserved Reported In:</i>				
<i>Assigned</i>				
Appropriated Fund Balance FY 2015	219,532	0	0	219,532
Special Revenue Funds	0	0	479,964	479,964
Permanent Funds, Expendable	0	0	17,631	17,631
<i>Unassigned</i>				
General Fund	<u>2,927,978</u>	<u>0</u>	<u>0</u>	<u>2,927,978</u>
Total Fund Balance	<u>\$ 3,147,510</u>	<u>\$ 2,182,079</u>	<u>\$ 1,196,986</u>	<u>\$ 6,526,575</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 6,138,441</u>	<u>\$ 2,182,079</u>	<u>\$ 1,196,986</u>	<u>\$ 9,517,506</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

**TOWN OF OGUNQUIT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
STATEMENT OF NET POSITION
JUNE 30, 2014**

Total Fund Balance – Total Governmental Funds \$ 6,526,575

**Amounts Reported for Governmental Activities in the Statement of
Net Position is Different Because:**

Capital Assets Used in Governmental Activities are Not Current Financial Resources and Therefore are Not Reported in the Governmental Funds Balance Sheet 12,234,203

Interest Payable on Long-Term Debt Does Not Require Current Financial Resources. Therefore Interest Payable is Not Reported as a Liability in Governmental Funds Balance Sheet (42,751)

Unavailable Property Tax Revenues are Not Available to Pay for Current Period Expenditures and, Therefore, are Deferred Inflows of Resources. 273,000

Long Term Liabilities are Not Due and Payable in the Current Period and, Therefore, They are Not Reported in the Governmental Funds Balance Sheet:

Due in One Year	\$ 589,939	
Due in More Than One Year	6,928,432	
Accrued Compensated Absence Pay	<u>174,459</u>	<u>(7,692,830)</u>

Net Position of Governmental Activities **\$ 11,298,197**

The Notes to the Financial Statements are an Integral Part of This Statement.

TOWN OF OGUNQUIT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	MDOT Project	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 10,336,411	\$ 0	\$ 0	\$ 10,336,411
Intergovernmental	132,021	0	71,055	203,076
Licenses, Permits and Fees	2,016,543	0	0	2,016,543
Charges for Services	185,596	0	65,185	250,781
Investment Income	306	596	3,452	4,354
Miscellaneous	<u>202,556</u>	<u>0</u>	<u>413</u>	<u>202,969</u>
Total Revenues	<u>\$ 12,873,433</u>	<u>\$ 596</u>	<u>\$ 140,105</u>	<u>\$ 13,014,134</u>
Expenditures				
<i>Current</i>				
General Government	\$ 1,201,006	0	\$ 81,202	\$ 1,282,208
Public Works	1,482,509	39,200	817,860	2,339,569
Protection	2,318,082	0	12,204	2,330,286
Culture and Recreation	847,793	0	35,187	882,980
General Assistance	2,471	0	0	2,471
Debt Service	769,193	0	0	769,193
Health and Social Services	7,300	0	0	7,300
Education	4,693,975	0	9,643	4,703,618
Fixed Charges	795,524	0	0	795,524
<i>Capital Outlay</i>	<u>428,755</u>	<u>0</u>	<u>24,418</u>	<u>453,173</u>
Total Expenditures	<u>\$ 12,546,608</u>	<u>\$ 39,200</u>	<u>\$ 980,514</u>	<u>\$ 13,566,322</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 326,825</u>	<u>\$ (38,604)</u>	<u>\$ (840,409)</u>	<u>\$ (552,188)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	\$ (220,000)	\$ 0	\$ 211,000	\$ (9,000)
Proceeds from Bond	<u>443,000</u>	<u>0</u>	<u>0</u>	<u>443,000</u>
Total Other Financing Sources (Uses)	<u>\$ 223,000</u>	<u>\$ 0</u>	<u>\$ 211,000</u>	<u>\$ 434,000</u>
Net Change in Fund Balance	\$ 549,825	\$ (38,604)	\$ (629,409)	\$ (118,188)
Fund Balance – July 1, 2013	<u>2,597,685</u>	<u>2,220,683</u>	<u>1,826,395</u>	<u>6,644,763</u>
Fund Balance – June 30, 2014	<u>\$ 3,147,510</u>	<u>\$ 2,182,079</u>	<u>\$ 1,196,986</u>	<u>\$ 6,526,575</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

**TOWN OF OGUNQUIT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Net Change in Fund Balance – Total Governmental Funds \$(118,188)

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

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 and Reported as Depreciation Expense. This is the Amount of Capital Assets Recorded in the Current Period 1,300,803

Depreciation Expense on Capital Assets is Reported in the Government-Wide Statement of Activities and Changes in Net Position, But They Do Not Require the Use of Current Financial Resources. Therefore, Depreciation Expense is Not Reported as Expenditure in Governmental Funds (479,696)

The Issuance of Long-Term Debt (e.g. Bonds, Leases and Accrued Compensated Absence Pay) Provides Current Financial Resources To Governmental Funds, While the Repayment of the Principal of Long-Term Debt Consumes the Current Financial Resources of Governmental Funds. Neither Transaction, However, has Any Effect on Net Position. Also, Governmental Funds Report the Effect of Issuance Cost, Premiums, Discounts, and Similar Items When Debt is First Issued, Whereas the Amounts are Deferred and Amortized in the Statement of Activities. This Amount is the Net Effect of These Differences in the Treatment of Long-Term Debt and Related Items 68,287

Some Property Tax Will Not be Collected for Several Months After the Town's Fiscal Year End; They are Not Considered Current Financial Resources in the Governmental Funds. This Amount is the Net Effect of the Differences (88,000)

Accrued Interest Expense on Long-Term Debt is Reported in the Government-Wide Statement of Activities and Changes in Net Position, But Does Not Require the Use of Current Financial Resources; Therefore, Accrued Interest Expense is not Reported as Expenditures in Governmental Funds 2,663

Change in Net Position of Governmental Activities \$ 685,869

The Notes to the Financial Statements are an Integral Part of This Statement.

**TOWN OF OGUNQUIT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$10,221,897	\$10,221,897	\$10,336,411	\$ 114,514
Intergovernmental	52,643	52,643	132,021	79,378
Licenses, Permits and Fees	1,754,475	1,754,475	2,016,543	262,068
Charges for Services	178,100	178,100	185,596	7,496
Investment Income	8,000	8,000	306	(7,694)
Miscellaneous	<u>64,368</u>	<u>64,368</u>	<u>202,556</u>	<u>138,188</u>
Total Revenues	<u>\$12,279,483</u>	<u>\$12,279,483</u>	<u>\$12,873,433</u>	<u>\$ 593,950</u>
Expenditures				
<i>Current</i>				
General Government	\$ 1,262,782	\$ 1,262,782	\$ 1,201,006	\$ 50,324
Public Works	1,509,450	1,509,450	1,482,509	23,016
Protection	2,390,383	2,390,383	2,318,082	80,164
Culture and Recreation	872,379	872,379	847,793	19,130
General Assistance	3,000	3,000	2,471	372
Debt Service	761,822	761,822	769,193	1
Health and Social Services	7,300	7,300	7,300	0
Education	4,693,975	4,693,975	4,693,975	0
Fixed Charges	774,392	774,392	795,524	(21,132)
<i>Capital Outlay</i>	<u>423,000</u>	<u>423,000</u>	<u>428,755</u>	<u>0</u>
Total Expenditures	<u>\$12,698,483</u>	<u>\$12,698,483</u>	<u>\$12,546,608</u>	<u>\$ 151,875</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>\$ (419,000)</u>	<u>\$ (419,000)</u>	<u>\$ 326,825</u>	<u>\$ 745,825</u>
Other Financing Sources (Uses)				
Transfers In (Out)	\$ (225,000)	\$ (225,000)	\$ (220,000)	\$ (5,000)
Proceeds from Bond	<u>443,000</u>	<u>443,000</u>	<u>443,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>\$ 218,000</u>	<u>\$ 218,000</u>	<u>\$ 223,000</u>	<u>\$ (5,000)</u>
Net Change in Fund Balance	<u>\$ (201,000)</u>	<u>\$ (201,000)</u>	<u>\$ 549,825</u>	<u>\$ 740,825</u>
Fund Balance – July 1, 2013	<u>2,597,685</u>	<u>2,597,685</u>	<u>2,597,685</u>	<u>0</u>
Fund Balance – June 30, 2014	<u>\$ 2,396,685</u>	<u>\$ 2,396,685</u>	<u>\$ 3,147,510</u>	<u>\$ 740,825</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

EXHIBIT VIII

**TOWN OF OGUNQUIT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014**

	<u>Business - Type Activities Enterprise Funds Unemployment</u>
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 42,038
Accounts Receivable	<u> 0</u>
Total Assets	<u>\$ 42,038</u>
Liabilities	
Current Liabilities	
Accounts Payable	<u>\$ 0</u>
Net Position	
Unrestricted	<u>\$ 42,038</u>
Total Net Position	<u>\$ 42,038</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

**TOWN OF OGUNQUIT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Business - Type Activities Enterprise Funds Unemployment</u>
Operating Revenues	
Interest Income	\$ 84
Miscellaneous	<u>0</u>
Total Operating Revenues	\$ 84
Operating Expenses	
General Government	<u>2,500</u>
Changes in Net Position	\$ (2,416)
Transfers from General Fund	<u>9,000</u>
Changes in Net Position after Transfers	\$ 6,584
Net Position – July 1, 2013	<u>35,454</u>
Net Position – June 30, 2014	<u>\$ 42,038</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

EXHIBIT X

**TOWN OF OGUNQUIT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Business - Type Activities Enterprise Funds Unemployment</u>
Cash Flows from Operating Activities	
Interest	\$ 84
Payments to Vendors	<u>(2,500)</u>
Net Cash Provided by (Used) in Operating Activities	\$ (2,416)
Cash Flows from Non-Capital Financing Activities	
Transfers In (Out)	<u>9,000</u>
Net Increase (Decrease) in Cash after Transfers	\$ 6,584
Cash and Cash Equivalents – July 1, 2013	<u>35,454</u>
Cash and Cash Equivalents – June 30, 2014	<u>\$ 42,038</u>
Reconciliation of Operating Income to Net Cash Provided by (Used) in Operating Activities:	
Changes in Net Position	<u>\$ (2,416)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used) in Operating Activities	
Depreciation Expense	\$ 0
(Increase) Decrease in Accounts Receivable	<u>0</u>
Total Adjustments	<u>\$ 0</u>
Net Cash Provided by (Used) in Operating Activities	<u><u>\$ (2,416)</u></u>

The Notes to the Financial Statements are an Integral Part of This Statement.

TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. – General Statement

The Town of Ogunquit, Maine was incorporated as the Ogunquit Village Corporation in 1913 and later became the Town of Ogunquit by an act of the Legislature in 1980 under the laws of the State of Maine. The Town currently operates under a Selectmen/Town Manager Form of Government.

The accounting and reporting policies of the Town relating to the funds and account groups included in the accompanying financial statements conform to generally accepted accounting principles as applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the Town are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

The financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Town’s overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Town’s activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements including notes to financial statements.

B. – Financial Reporting Entity

The Town's combined financial statements include the accounts of all Town of Ogunquit operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Town holds the corporate powers of the organization
- The Town appoints a voting majority of the organization's board
- The Town is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Town
- There is fiscal dependency by the organization on the Town

**TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. – Financial Reporting Entity (Continued)

Based on the aforementioned criteria, the Town of Ogunquit has no component units that are not included in this report.

C. – Financial Statements – Government-Wide Statements

The Town's financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, charges for services, etc). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (whether operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc).

D. – Financial Statements – Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. – Financial Statements – Fund Financial Statements (Continued)

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Maine Department of Transportation (MDOT) Project is considered a major fund.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry. A permanent fund would be used, for example, to account for the perpetual care endowment of a municipal cemetery.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town of Ogunquit:

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has a third party requirement that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Ogunquit Unemployment program operates in a manner similar to private business enterprises. The intent is that costs for these services provided to the employees on a continuing basis be recovered through fees.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

E. – Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. – Measurement Focus/Basis of Accounting (Continued)

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. A one-year availability period is used for recognition of all other governmental fund revenues. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

F. – Budgetary Control

Formal budgetary accounting is employed as a management control for the general fund of the Town of Ogunquit. The Town of Ogunquit's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. During the second half of the last fiscal year the Town prepared a budget for this fiscal year beginning July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town of Ogunquit was then called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

The Town does not adopt budgets for the Special Revenue Funds.

**TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. – Cash

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. Generally, the Town invests certain funds in checking, savings accounts or certificates of deposit.

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and investments in money market funds.

H. – Capital Assets

Capital assets purchased or acquired with an original cost of \$10,000 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 basis over the following estimated useful lives:

Buildings and Improvements	15-40 Years
Machinery and Equipment	5-12 Years
Vehicles	5-10 Years

The Town of Ogunquit has elected not to retroactively report major general infrastructure assets.

I. – Compensated Absences

The Town of Ogunquit recognizes accumulated leave compensation during the period in which the related liability is incurred. In compliance with Town personnel policies the liability for accrued compensated absence pay was \$174,459 at June 30, 2014.

J. – Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. – Equity Classifications

Government-Wide Statements

Net position represent the differences between assets and liabilities. Equity is classified as net position and displayed in three components:

- *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position* – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – all other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Statements

Governmental fund equity is classified as fund balance. In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Selectmen, such as an appropriation. Assigned fund balance is constrained by the Board’s intent to be used for specific purposes by directive. See Note 13 for additional information about fund balances.

L. – Use of Estimates

Preparation of financial statements in conformity with GAAP requires the use of management’s estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

M. – Accounts Receivable

Accounts Receivable at June 30, 2014, primarily consist of miscellaneous intergovernmental receivables. There is no allowance for doubtful accounts as the Town believes they are 100% collectible.

**TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 – CASH AND CASH EQUIVALENTS

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and certain corporate stocks and bonds. Generally, the Town invests such excess funds in checking accounts, savings accounts, certificates of deposit and U.S. government obligations (through an investment group owned by a financial institution).

A. Deposits

The Town's deposits are categorized as follows to give an indication of the level of risk assumed by the Town at year end: Category 1 includes deposits covered by federal depository insurance or by collateral held by the Town or by the Town's agent in the Town's name; Category 2 includes uninsured deposits covered by collateral held by the pledging financial institution's trust department or agent in the Town's name; Category 3 includes uninsured and uncollateralized deposits.

At June 30, 2014, all cash and cash equivalents consisted of Category 1 deposits.

NOTE 3 – PROPERTY TAXES

The Town is responsible for assessing, collecting and distributing property taxes in accordance with enabling state legislation. The Town of Ogunquit's property tax is levied on the assessed value listed as of the prior April 1st for all taxable real and personal property located in the Town. Assessed values are periodically established by the Assessor at 100% of assumed market value. The assessed value for the list of April 1, 2013, upon which the levy for the year ended June 30, 2014, was based, amounted to \$1,314,420,498. The assessed value was 104.63% of the 2014 State valuation of \$1,256,200,000.

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 \$2,437 for the year ended June 30, 2014.

In the fund financial statements, property taxes are recognized in compliance with NCGA Interpretation – 3, *Revenue Recognition – Property Taxes* which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no longer than 60 days after the close of the current period.

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 tax liens and associated costs remain unpaid. The following summarizes the 2013 - 2014 levy:

TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 – PROPERTY TAXES (CONTINUED)

Net Assessed Value	\$ 1,314,420,498
Less: Homestead Exemption	(1,615,000)
BETE	<u>(19,348)</u>
Net Assessed Value	\$ 1,312,786,150
Tax Rate (Per \$1,000)	<u>7.50</u>
Commitment	\$ 9,845,896
Supplemental Taxes Assessed	<u>6,627</u>
Sub-Total	\$ 9,852,523
Less: Abatements	(18,394)
Collections	<u>(9,146,718)</u>
Receivable at Year End	<u>\$ 687,411</u>
Collection Rate	<u>92.8%</u>

Property taxes on real and personal property accounts were due on November 11, 2013 and May 2, 2014. Interest was charged at a rate of 7% on delinquent accounts after that date.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance <u>July 1</u>	Additions/ <u>Completions</u>	Retirement/ <u>Adjustments</u>	Ending Balance <u>June 30</u>
Governmental Activities				
<i>Capital Assets not being Depreciated</i>				
Land	\$ 4,667,460	\$ 0	\$ 0	\$ 4,667,460
 <i>Capital Assets being Depreciated</i>				
Buildings and Improvements	\$ 4,524,633	\$ 0	\$ 0	\$ 4,524,633
Machinery and Equipment	879,533	0	17,890	861,643
Vehicles	2,320,211	322,575	0	2,642,786
Infrastructure	<u>3,822,144</u>	<u>978,228</u>	<u>0</u>	<u>4,800,372</u>
Total Capital Assets being Depreciated	<u>\$ 11,546,521</u>	<u>\$ 1,300,803</u>	<u>\$ 17,890</u>	<u>\$ 12,829,434</u>
 <i>Less Accumulated Depreciation for</i>				
Buildings and Improvements	\$ 2,340,725	\$ 93,761	\$ 0	\$ 2,434,486
Machinery and Equipment	498,949	78,624	17,890	559,683
Vehicles	1,251,944	137,915	0	1,389,859
Infrastructure	<u>709,267</u>	<u>169,396</u>	<u>0</u>	<u>878,663</u>
Total Accumulated Depreciation	<u>\$ 4,800,885</u>	<u>\$ 479,696</u>	<u>\$ 17,890</u>	<u>\$ 5,262,691</u>
Total Capital Assets being Depreciated, Net	<u>\$ 6,745,636</u>	<u>\$ 821,107</u>	<u>\$ 0</u>	<u>\$ 7,566,743</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,413,096</u>	<u>\$ 821,107</u>	<u>\$ 0</u>	<u>\$ 12,234,203</u>

TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – LONG-TERM DEBT

At June 30, 2014, bonds, mortgage payable, and capital leases consisted of the following individual issues:

	<u>Governmental Activities</u>
Bonds and Mortgage Payable	
<i>Maine Municipal Bond Bank</i>	
Marine Bulkheads Capital Improvement Bond of 2004, Interest Rates 1.946% to 9.0%, Annual Principal Payments of \$16,500 Plus Interest Through 2024	\$ 181,500
General Obligation Bond of 2004, Interest Rate 1.597% to 9.0%, Annual Principal Payments of \$24,750 Plus Interest Through 2024	272,250
General Obligation Bond of 2005, Interest Rate 3.05% to 9.0%, Annual Principal Payments of \$20,000 Plus Interest Through 2025	240,000
General Obligation Bond of 2006, Interest Rate 3% to 6%, Annual Principal Payments of \$120,000 Plus Interest Through 2026	1,560,000
General Obligation Bond of 2008, Interest Rate 3.94%, Annual Principal Payments of \$89,295 - \$145,285 Plus Interest Through 2028	1,619,279
General Obligation Bond of 2010, Interest Rate 2.37%, Annual Principal Payments of \$111,350 Plus Interest Through 2030	1,892,950
General Obligation Bond of 2012, Interest Rate 1.48% to 3.706%, Annual Principal Payments of \$57,000 - \$70,000 Plus Interest Through 2032	1,135,000
General Obligation Bond of 2013, Interest Rate 0.45% to 4.57%, Annual Principal Payments of \$22,500 - \$39,800 Plus Interest Through 2033	443,000
<i>Transfer Station Mortgage</i>	
Transfer Station Mortgage Payable, Interest Rate of 3%, Annual Payment of Principal and Interest Ranging From \$11,330 to \$19,250 Through 2028	165,000

**TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 5 – LONG-TERM DEBT (CONTINUED)

	<u>Governmental Activities (Continued)</u>
Capital Leases	
<i>Gorham Leasing Group, LLC</i>	
Capital Lease, 36 Month, \$133 a month, 4.105%	
Interest, Total \$4,522 for Copier Through 2014	\$ 666
Capital Lease, 60 month, \$299 a month, 3.826%	
Interest, Total \$16,357 for Konica Copier through 2016	<u>8,270</u>
Total Bonds, Mortgage Payable, and Capital Leases	<u>\$ 7,517,915</u>

Changes in Outstanding Debt

Transactions for the year ended June 30, 2014, are summarized as follows:

	Balance <u>July 1</u>	Issues or <u>Additions</u>	Payments or <u>Expenditures</u>	Balance <u>June 30th</u>	Due Within <u>One Year</u>
Governmental Activities					
General Obligation Bonds	\$ 7,408,864	\$ 443,000	\$ 507,885	\$ 7,343,979	\$547,685
Mortgage Payable	176,000	0	11,000	165,000	11,000
Capital Leases Payable	14,579	0	5,187	9,392	4,254
Compensated Absences	<u>161,674</u>	<u>12,785</u>	<u>0</u>	<u>174,459</u>	<u>0</u>
Total Governmental Activities	<u>\$ 7,761,117</u>	<u>\$ 455,785</u>	<u>\$ 524,072</u>	<u>\$ 7,692,830</u>	<u>\$562,939</u>

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for each debt type for the fiscal years subsequent to June 30, 2014, are as follows:

<u>Year Ending June 30</u>	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014/15	\$ 558,685	\$ 238,673	\$ 797,358
2015/16	558,685	219,680	778,365
2016/17	558,685	201,162	759,847
2017/18	558,685	183,577	742,262
2018/19	545,685	165,160	710,845
2019/24	2,448,425	571,348	3,019,773
2024/29	1,806,929	21,132	1,828,061
2029/34	<u>473,200</u>	<u>25,179</u>	<u>498,379</u>
Total	<u>\$ 7,508,979</u>	<u>\$ 1,625,911</u>	<u>\$ 9,134,890</u>

**TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Annual Requirements to Retire Debt Obligations (Continued)

In accordance with 30-A MRSA, Section 5702, as amended, the amount of long-term debt that can be incurred by the Municipality is limited by state statute. Total outstanding long-term obligations during a year can be no greater than 7.5%, with certain exceptions, of the state valuation of taxable property as of the beginning of the fiscal year. As of June 30, 2014, the amount of outstanding long-term debt was equal to 0.59% of property valuation for the year then ended.

Capital Leases

The following is a schedule of future minimum lease payments for the Town of Ogunquit as of June 30, 2014:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2014/15	\$ 4,254
2015/16	3,588
2016/17	<u>1,550</u>
Total Minimum Lease Payments	\$ 9,392
Less Amount Representing Interest	<u>(453)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 8,939</u>

NOTE 6 – DEFINED PENSION PLAN

Deferred Compensation Plan

The government offers its employees two deferred compensation plans through John Hancock Insurance, created in accordance with Internal Revenue Code Section 457, and the Maine Public Employees Retirement System. The John Hancock Plan, available to all government employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

John Hancock Insurance Pension Plans

The Town has two pension plans with John Hancock Insurance. The Plans covers all full-time employees who are at least 18 years of age and have met certain service requirements. Employees become fully vested upon entering the Plan.

Under the terms of the Plan 1 - 401k Plan, the Town contributes 8% of the participating employees' annual compensation. Plan 2 - 457 Plan, for department heads the Town contributes a matching 3% of the participating employees' annual compensation. There are no allocation requirements to receive any contribution made to the plan. Participants shall have a fully vested and nonforfeitable interest in Employer Contributions and their investment earnings. The Participant shall be responsible for the investment of his or her Plan account.

**TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 6 – DEFINED PENSION PLAN (CONTINUED)

The Town's total covered payroll was \$1,449,742 for the year ended June 30, 2014.

<u>Year Ended</u>	<u>Contributions</u>
June 30, 2014	\$ 77,722
June 30, 2013	\$ 86,413
June 30, 2012	\$ 123,404

Maine Public Employees Retirement System

Certain employees of the Town participate in the Maine Public Employees Retirement System ("System"). Employees participating in the Maine Public Employees Retirement System are eligible for normal retirement upon attaining the age of sixty and early retirement after completing twenty to twenty-five or more years of creditable service depending upon plan documents.

Under the plan, participants contribute 6.5% of compensation. Total pension expense for the Town for the year was \$173,402. The total covered payroll for the Town was approximately \$1,572,667 for the year ended June 30, 2014.

Information concerning the consolidated pension plan is available from the System. The percentages and contributions to the plan for past years are as follows:

<u>Year Ended</u>	<u>% Contributed</u>	<u>Contributions</u>
June 30, 2014	6.5% - 12.8%	\$ 173,402
June 30, 2013	5.3% - 12.5%	\$ 161,296
June 30, 2012	4.4% - 10.2%	\$ 126,707

A. Plan Description

Town employees contribute to the Maine Public Employees Retirement System, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for public school teachers, state employees (except as members of the judiciary and legislature who are covered under the Judicial and Legislative Retirement Systems) and political subdivisions.

Several Town employees participate in the System. Benefits vest after five years of service. Participants who retire at or after age 60 with 20 - 25 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2% of the average of their highest three year earnings per year of service.

The System also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute.

Employees are required to contribute 6.5% of their annual salary to the System. The Town contributes the remaining amounts necessary to fund the System, using the actuarial basis specified by statute.

**TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 6 – DEFINED PENSION PLAN (CONTINUED)

B. Funding Status and Progress

Information concerning the pension benefit obligation for Town employees is available from the Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

C. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information is not currently available from the System.

NOTE 7 – INTERFUND ACTIVITY

Interfund balances at June 30, 2014, consisted of the following:

Due To	
<i>Major Governmental Funds</i>	
MDOT Project	\$2,182,079
<i>Non-Major Governmental Funds</i>	
Special Revenues	76,701
Capital Project Funds	<u>242,832</u>
Total	<u>\$2,501,612</u>
Due From	
General Fund	<u>\$2,501,612</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the year ended June 30, 2014, consisted of the following:

Transfer To	
<i>Non-Major Governmental Funds</i>	
Special Revenues	\$ 65,077
Capital Project Funds	145,923
Enterprise Fund-Unemployment	<u>9,000</u>
Total	<u>\$220,000</u>
Transfer From	
General Fund	<u>\$220,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 8 – 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 carries commercial insurance. There have been no significant reductions in insurance coverages during the fiscal year and no significant settlements that exceeded insurance coverage.

NOTE 9 – APPROPRIATIONS AND TRANSFERS

At the Annual Town Meeting on June 11, 2013 and the Special Town Meeting on November 5, 2013, the Townspeople voted appropriations of general fund balance totaling \$201,000, which are reflected as the excess of budgeted expenditures over budgeted revenues on Exhibit VII for the year ended June 30, 2014.

The following appropriations were made at the June 11, 2013 Annual Town Meeting:

Purpose	Article #	<u>Amount</u>
Administration Services	46	\$ 30,000
Dunaway Center	47	30,000
Main Beach Comfort Station Roof	49	26,000
Beach Fencing	50	20,000
Replenish Natural Disaster	51	20,000
Replenish Natural Disaster	52	12,000
Replenish Natural Disaster	53	38,000
Land Conservation Reserve Fund	54	<u>25,000</u>
Total Use of Fund Balance		<u>\$ 201,000</u>

Per the November 15, 2013 Special Town Meeting, the Charter was amended for Board Transfers.

<u>Transfers</u>	<u>Amount</u>
General Government	\$ (11,452)
Culture and Recreation	(5,456)
Public Works	(3,925)
General Assistance	(157)
Capital Outlay	5,755
Debt Service	7,372
Protection	<u>7,863</u>
Total Transfers	<u>\$ 0</u>

Transfer is limited to an amount not to exceed \$25,000 for any one department and not to exceed 1% of total municipal operating budget. Amounts over the limit will require a Special Town Meeting approval.

**TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 10 – JOINT VENTURE

In 1985, the Town entered into a joint venture known as Ecomaine. Ecomaine provides solid waste disposal services to participating communities. The governing bodies of the participating communities appoint the Board of Directors who establishes the budget and charges the communities and commercial enterprises that use the facility.

The Town's proportionate share of Ecomaine Municipal Recycling Facilities' outstanding debt is not recorded in the financial statements of the Town of Ogunquit. The following is a statement from Ecomaine:

Ecomaine is a solid waste management corporation serving 40 municipalities in Cumberland, Oxford, and York counties in Maine. Owned and controlled by 21 member communities, ecomaine creates electricity through its processing of waste and also operates an extensive recycling program. The town is a member community in ecomaine. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore has not reported an asset in these financial statements in connection with its participation in ecomaine. Selected information for ecomaine for the year ended June 30, 2014 unaudited includes an accrual for landfill closure and post closure care amounting to \$16,191,575. Ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2011 and a projected closing date. The share of costs for Ogunquit is estimated at 2.78% or \$450,285 at June 30, 2014.

The Town has terminated its contract as of June 30, 2014 with Ecomaine.

NOTE 11 - OVERLAPPING DEBT

The Town's proportionate share of Community School District No. 18's debt is not recorded in the financial statements of the Town of Ogunquit. The overlapping debt as of June 30, 2014 was not available before release of this report. Prior year's overlapping debt for year ended June 30, 2013 amounted to \$2,042,127 for the Town's share of 22.34% of the District's total outstanding debt of \$9,141,717.

The Town's proportionate share of York County's debt is not recorded in the financial statements of the Town of Ogunquit. Per the June 30, 2013 County of York's latest audited financial statements, the Town's share was 4.38% (\$390,256) of the County's outstanding debt of \$8,900,000.

NOTE 12 - CONTINGENT LIABILITIES

There are various claims pending against the Town of Ogunquit which arise in the normal course of the Town's activities. Several cases are currently pending which in the aggregate may or may not have a material effect on the financial position of the Town. In the opinion of the Town Counsel, it is extremely difficult to assess the extent or probability of the Town's liability at the present time.

TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 12 - CONTINGENT LIABILITIES (CONTINUED)

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement, which may arise as the result of these audits, is not expected to be material.

NOTE 13 – GOVERNMENTAL FUND BALANCES

Previously, the Town implemented the following accounting standard issued by the Governmental Accounting Standards Board (GASB):

- GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions.

GASB Statement 54 clarifies the existing governmental fund type definitions and provides clearer fund balance categories and classifications. The hierarchical fund balance classification is based primarily upon the extent to which a government is bound to follow constraints on resources in governmental funds and includes the terms: nonspendable, committed, restricted, assigned, and unassigned.

The Town's fund balances represent: **(1) Nonspendable Fund Balance**, resources that cannot be spent because of legal or contractual provisions that require they be maintained intact. (e.g. the principal of an endowment). **(2) Restricted Purposes**, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; **(3) Committed Purposes**, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Selectmen; **(4) Assigned Purposes**, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. **(5) Unassigned Fund Balance**, net resources in excess of what is properly categorized in one of the four categories already described. A positive amount of unassigned fund balance will never be reported in a governmental fund other than the general fund, because GASB Statement 54 prohibits reporting resources in another fund unless they are at least assigned to the purpose of that fund. However, funds other than the general fund could report a negative amount of unassigned fund balance should the total of nonspendable, restricted and committed fund balance exceeds the total net resources of the fund.

The Town of Ogunquit has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments.

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. When committed, assigned, and unassigned resources are available for use, it is the Town's policy to use committed or assigned resources first, then unassigned resources as they are needed.

The General Fund unassigned fund balance total of \$2,927,978 represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund.

**TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 13 – GOVERNMENTAL FUND BALANCES (CONTINUED)

As per Exhibit III, a summary of the nature and purpose of these reserves by fund type at June 30, 2014 follows.

*Nonspendable and Assigned
Non - Major Funds*

Permanent Funds	Nonexpendable <u>Amount</u>	Expendable <u>Amount</u>	<u>Total</u>
Dorothea Jacobs Grant Fund	\$ 219,259	\$ 1,079	\$ 220,338
Performing Arts	145,300	12,131	157,431
Music Center Escrow	<u>92,000</u>	<u>4,421</u>	<u>96,421</u>
Total	<u>\$ 456,559</u>	<u>\$ 17,631</u>	<u>\$ 474,190</u>

*Committed
Major Fund*

Capital Projects

Sidewalks \$ 2,182,079

*Committed
Non – Major Funds*

Capital Projects

2014 Main Beach Roofing	\$ 14,163
2014 Dunaway Center Improvement	18,319
2014 Perkins Cove Comfort	89,100
2013 Comfort Station Rehab	51,926
2013 Public Works Building Project	24,178
2013 RIP Rap Main Beach	13,497
2013 Agamenticus Park	10,000
2011 Ogunquit Village School	13,849
2011 Sidewalks	<u>7,800</u>

Total \$ 242,832

*Assigned
Non - Major Funds*

Special Revenue Funds

Land Conservation Reserve	\$ 175,564
Marginal Way Investment	90,232
Perpetual Bench Care Fund	84,730
Ambulance Fund	76,701
Contingent Fund	36,118
National Disaster Emergency Repair	3,883

**TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 13 – GOVERNMENTAL FUND BALANCES (CONTINUED)

Assigned

Non - Major Funds

Special Revenue Funds (Continued)

Planning Board Project Escrow	\$ 3,725
Computer Software	3,172
Dog Park	2,121
Police Drug and Interdiction	1,217
Community Cupboard	1,003
Firefighter Training Facilities Grant	543
Jay Parott Scholarships	489
Shore and Harbor Planning	375
Summer Program	<u>91</u>

Total \$ 479,964

Assigned

General Fund

Appropriated Fund Balance FY 2015 \$ 219,532

Unassigned

General Fund \$ 2,927,978

NOTE 14 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. - Budgetary Accounting

The Town of Ogunquit utilizes a formal budgetary accounting system to control revenues and expenditures accounted for in the General Fund. This budget is established by the Board of Selectmen and must be approved at the Annual Town Meeting.

B. - Excess of Expenditures over Appropriations

For the year ended June 30, 2014, expenditures did not exceed appropriations. Exhibit VII shows the following overdrafts.

Fixed Charges	\$ 21,132
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C. - Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end.

As of June 30, 2014, no individual funds held a deficit balance.

TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 15 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

All governments with periods beginning after December 15, 2011 were required to implement the following statements:

GASB No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB No. 65, Items Previously Reported as Assets and Liabilities.

GASB 63 and GASB 65 amend GASB 34 to incorporate deferred outflows of resources and deferred inflows of resources into the financial reporting model. These terms are defined as follows:

Deferred Outflows of Resources - a consumption of net position by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Deferred Inflows of Resources - an acquisition of net position by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

The GASB emphasizes in GASB 63 that deferred inflows and deferred outflows are not assets or liabilities and therefore should be separately categorized in the financial statements.

GASB 65 clarifies which financial statement items should continue to be presented as assets and liabilities and which should be reclassified as deferred outflows and deferred inflows, and which items should be treated as current period expenditures (outflows) or current period inflows.

The term “Net Assets” has been replaced with the term “Net Position” on the face of the statements. For governmental, proprietary and fiduciary statements, the residual amount remaining after the effects of assets plus deferred outflows less liabilities and deferred inflows has been referred as Net Position rather than Net assets, Proprietary, or Fiduciary Fund Balance or equity.

The previously component of net assets title “Net Assets Invested in Capital Net of Related Debt” is now named “Net Investment in Capital Assets.” It also changed the calculation of that amount to include the effects of deferred outflows and inflows related to the acquisition, construction or improvements of those related capital assets. Lastly, it removes the portion of debt or deferred inflows related to unspent proceeds of those capital related financing transactions from the calculation of Net Investment in Capital Assets.

Unavailable revenues from property taxes is the only type of deferred resources that qualifies for reporting in this category. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

NOTE 16 – SUBSEQUENT EVENT

Since the Route 1 Project was originally conceived and funded by a 2010 loan through Maine Municipal Bond Bank, Maine Department of Transportation (MDOT) has enhanced the scope of the Project which impacted the timing for the start and completion of the Project.

TOWN OF OGUNQUIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 16 – SUBSEQUENT EVENT (CONTINUED)

MDOT is completing a request for proposals (RFP) for reconstruction of Route 1 in Ogunquit from the Wells town line to the York town line. The RFP is planned for issuance in December 2014 with construction beginning in the spring of 2015. The construction will cease during the summer tourist seasons of 2015 and 2016 and pick up again in the fall of each year. Construction will also cease during the winter and begin again in the spring of 2016. The Project is expected to be completed in the fall of 2016.

The overall cost of the MDOT Project is now anticipated to be \$18 million, and the town's share of the project, \$2 million, will not change from the original 2010 planning. In September 2013, the Town, MDOT and Kennebunk Savings Bank signed an escrow agreement whereby the Town's share was transferred to an account in the name of the Bank "for the benefit of the Town". The movement of funds out of the account is controlled by MDOT and the Bank and effectively removes control of the funds from the Town.

At the June 10, 2014 Annual Town Meeting, the townspeople voted to authorize the borrowing of \$455,000 for the purchase of several capital assets.

NOTE 17 – DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through December 22, 2014 the date of which the financial statements were available to be issued.