

Audited Financial Information and
Other Supplementary Material

Town of Old Orchard Beach, Maine

June 30, 2014



Proven Expertise and Integrity

TOWN OF OLD ORCHARD BEACH, MAINE

CONTENTS

JUNE 30, 2014

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12
STATEMENT B - STATEMENT OF ACTIVITIES	13 - 14
<u>FUND FINANCIAL STATEMENTS</u>	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	15
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL BALANCE SHEET TO THE STATEMENT OF NET POSITION	16
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	17
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
STATEMENT G - BALANCE SHEET – PROPRIETARY FUNDS	19
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	20
STATEMENT I - STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	21
NOTES TO FINANCIAL STATEMENTS	22 - 42

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	43
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS – BUDGET AND ACTUAL – GENERAL FUND	44

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	45
SCHEDULE A - SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND	46
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS	47 - 49
SCHEDULE C - COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	50
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	51
SPECIAL REVENUE FUNDS DESCRIPTION	52
SCHEDULE E - COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS	53 - 54
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS	55 - 56
CAPITAL PROJECT FUNDS DESCRIPTION	57
SCHEDULE G - COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS	58 - 59
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS	60 - 61
GENERAL CAPITAL ASSETS DESCRIPTION	62
SCHEDULE I - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	63
SCHEDULE J - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	64

STATISTICAL SECTION

TABLE 1 - REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GENERAL FUND – GAAP BASIS - LAST TEN FISCAL YEARS	65
TABLE 2 - PROPERTY TAX LEVIES AND COLLECTIONS - LAST TEN FISCAL YEARS	66
TABLE 3 - ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY – LAST TEN FISCAL YEARS	67
TABLE 4 - PROPERTY TAX RATES – ALL OVERLAPPING GOVERNMENTS (PER \$1,000 OF ASSESSED VALUE) - LAST TEN FISCAL YEARS	68
TABLE 5 - RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND GENERAL BONDED DEBT PER CAPITA - LAST TEN FISCAL YEARS	69
TABLE 6 - RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES LAST TEN FISCAL YEARS	70
TABLE 7 - TEN LARGEST TAXPAYERS	71

FEDERAL COMPLIANCE

INDEPENDENT AUDITORS' REPORT OVER FINANCIAL REPORTING AND ON COMPLIANCE AND ON OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	72 - 73
SCHEDULE OF FINDINGS AND RESPONSES	74



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

Town Council
Town of Old Orchard Beach
Old Orchard Beach, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Old Orchard Beach, Maine, as of and for the year ended June 30, 2014, 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.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting 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 assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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 the aggregate remaining fund information of the Town of Old Orchard Beach, Maine as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, 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 management's discussion and analysis on pages 4 through 11 and budgetary comparison information on page 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2015, on our consideration of the Town of Old Orchard Beach, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in considering the Town of Old Orchard Beach, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
January 20, 2015

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

(UNAUDITED)

The following management's discussion and analysis of Town of Old Orchard Beach, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Old Orchard Beach's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets and liabilities with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town of Old Orchard Beach are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public works, sanitation, recreation culture and agencies, education, health and welfare, other.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Old Orchard Beach include the Ballpark fund.

Fund Financial Statements

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

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

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

The Town of Old Orchard Beach presents two columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Nonmajor Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Town of Old Orchard Beach maintains one proprietary fund, the Ballpark fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows – Proprietary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position for governmental funds was \$17.7 million compared to \$16.7 million in the prior year, an increase of \$968,401. For the business-type activities total net position was \$251,395 as compared to \$268,434 in the prior year, a decrease of \$17,039.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$7.0 million at the end of this year for governmental activities and \$(21,237) for the business-type activities.

Table 1
Town of Old Orchard Beach, Maine
Net Position
June 30,

	Governmental Activities		Business-Type Activities	
	2014	2013	2014	2013
Assets:				
Current and Other Assets	\$ 14,473,941	\$ 10,360,037	\$ (21,237)	\$ (21,237)
Capital Assets	17,744,298	17,832,060	272,632	289,671
Total Assets	<u>32,218,239</u>	<u>28,192,097</u>	<u>251,395</u>	<u>268,434</u>
Liabilities:				
Current Liabilities	3,686,167	1,783,699	-	-
Long-Term Debt Outstanding	10,824,978	9,710,419	-	-
Total Liabilities	<u>14,511,145</u>	<u>11,494,118</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Prepaid Taxes	-	207	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>207</u>	<u>-</u>	<u>-</u>
Net Position:				
Invested in Capital Assets, Net of Related Debt	7,451,801	8,793,440	272,632	289,671
Restricted	3,233,626	1,628,933	-	-
Unrestricted (deficit)	7,021,667	6,275,399	(21,237)	(21,237)
Total Net Position	<u>\$ 17,707,094</u>	<u>\$ 16,697,772</u>	<u>\$ 251,395</u>	<u>\$ 268,434</u>

Table 2
Town of Old Orchard Beach, Maine
Change in Net Position
For the Years Ended June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 1,722,936	\$ 1,545,571	\$ -	\$ -
Operating grants and contributions	95,482	11,939	-	-
Capital grants and contributions	77,903	78,220	-	-
<i>General Revenues:</i>				
Taxes	22,385,920	21,575,573	-	-
Grants and contributions not restricted to specific programs	582,415	746,109	-	-
Investment income	18,634	11,889	-	-
Miscellaneous	48,589	306,417	-	-
Total Revenues	<u>24,931,879</u>	<u>24,275,718</u>	<u>-</u>	<u>-</u>
Expenses				
General government	3,726,729	2,172,746	-	-
Public works	1,912,864	2,180,603	-	-
Sanitation	1,938,085	1,974,812	-	-
Public safety	4,347,009	5,084,695	-	-
Recreation, culture and agencies	911,184	963,304	-	-
Health and welfare	69,483	64,810	-	-
Education	9,470,881	9,070,942	-	-
County tax	884,185	819,033	-	-
Tax abatements/ overlay	29,142	32,731	-	-
Capital outlay	240,413	-	-	-
Interest on long-term debt	432,149	380,901	-	-
Enterprise funds	-	-	17,039	17,040
Total Expenses	<u>23,962,124</u>	<u>22,744,577</u>	<u>17,039</u>	<u>17,040</u>
Change in Net Position	969,755	1,531,141	(17,039)	(17,040)
Net Position - July 1	<u>16,737,339</u>	<u>15,166,631</u>	<u>268,434</u>	<u>285,474</u>
Net Position - June 30	<u>\$ 17,707,094</u>	<u>\$ 16,697,772</u>	<u>\$ 251,395</u>	<u>\$ 268,434</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by \$654,807, while total expenses increased by \$1,217,547. The biggest increase in expenses was in general government while the biggest increase in revenues was in tax revenue.

Expenses for the Town's proprietary funds were consistent, as the only item of expense was depreciation.

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
Town of Old Orchard Beach, Maine
Fund Balances - Governmental Funds
June 30, 2014

	2014	2013
Major Funds:		
General Fund:		
Nonspendable	\$ 25,866	\$ 28,595
Unassigned	4,857,785	4,530,409
Total Major Funds	\$ 4,883,651	\$ 4,559,004
Nonmajor Funds:		
Capital project funds:		
Restricted	\$ 3,217,165	\$ 1,603,955
Committed	1,019,365	759,453
Assigned	2,526	2,526
Unassigned	-	-
Special revenue funds:		
Restricted	16,461	24,978
Committed	1,184,994	1,024,325
Total Nonmajor Funds	\$ 5,440,511	\$ 3,415,237

The general fund total fund balance increased by \$324,647 from the prior fiscal year. The non-major fund balances increased by \$2,025,274 from the prior fiscal year. The general fund increased due to all revenue categories being over budget. The increase in non-major funds was due to proceeds from long-term debt and net transfers in excess of revenues less expenditures.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The ballpark fund had an operating loss of \$17,039.

Budgetary Highlights

There were significant differences between the original and final budget for the general fund. These differences were budget adjustments done by the Town for special town meetings or adjustments between departments as well as use of unassigned and assigned fund balances.

The general fund actual revenues exceeded the budget by \$315,432. This was a result of all revenues being receipted over budget.

The general fund actual expenditures were under the budget by \$592,706. The following expenditures were under budget which accounts for most of the balance:

General Government	\$270,482
Sanitation	95,051
Tax abatements/overlay	79,488

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2014, the net book value of capital assets recorded by the Town decreased by \$104,801. The decrease was caused by current year depreciation of \$1,195,663 less capital additions of \$1,261,822 and less net disposals of \$170,960 Refer to Note 4 of Notes to Financial Statements for additional information.

Table 4
Town of Old Orchard Beach, Maine
Capital Assets (Net of Depreciation)
June 30, 2014

	<u>2014</u>	<u>2013</u>
Land and improvements	\$ 908,036	\$ 925,075
Buildings and improvements	4,977,239	4,850,717
Machinery and equipment	1,451,271	1,526,271
Vehicles	1,180,052	1,158,716
Infrastructure	8,768,518	8,929,138
Construction in progress	731,814	731,814
Total	<u>\$ 18,016,930</u>	<u>\$ 18,121,731</u>

Debt

At June 30, 2014, the Town had \$10.1 million in bonds outstanding versus \$8.7 million last year, an increase of 15.8%. Other obligations include capital leases payable, accrued landfill costs, accrued vacation and sick time and accrued other post-employment benefits. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately two months, while also maintaining significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Finance Department at 1 Portland Road, Old Orchard Beach, Maine 04064.

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,348,033	\$ -	\$ 9,348,033
Investments	3,321,750	-	3,321,750
Accounts receivable (net of allowance for uncollectibles):			
Taxes	960,462	-	960,462
Tax liens	628,164	-	628,164
Other	74,260	-	74,260
Due from other governments	17,811	-	17,811
Inventory	25,866	-	25,866
Prepaid expenses	76,358	-	76,358
Internal balances	21,237	(21,237)	-
Total current assets	<u>14,473,941</u>	<u>(21,237)</u>	<u>14,452,704</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	1,367,218	-	1,367,218
Buildings, vehicles, machinery and equipment and infrastructure net of accumulated depreciation	<u>16,377,080</u>	<u>272,632</u>	<u>16,649,712</u>
Total noncurrent assets	<u>17,744,298</u>	<u>272,632</u>	<u>18,016,930</u>
TOTAL ASSETS	<u>\$ 32,218,239</u>	<u>\$ 251,395</u>	<u>\$ 32,469,634</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 543,853	\$ -	\$ 543,853
Due to other governments	63,543	-	63,543
Accrued expenses	217,884	-	217,884
Amounts held in escrow	1,740,000	-	1,740,000
Other liabilities	270,405	-	270,405
Current portion of long-term obligations	850,483	-	850,483
Total current liabilities	<u>3,686,168</u>	<u>-</u>	<u>3,686,168</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	9,302,880	-	9,302,880
Capital leases	139,134	-	139,134
Accrued landfill costs	84,000	-	84,000
Accrued compensated absences	1,071,737	-	1,071,737
Other postemployment benefits liability	227,227	-	227,227
Total noncurrent liabilities	<u>10,824,978</u>	<u>-</u>	<u>10,824,978</u>
TOTAL LIABILITIES	<u>14,511,146</u>	<u>-</u>	<u>14,511,146</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Invested in capital assets, net of related debt	7,451,801	272,632	7,724,433
Restricted	3,233,626	-	3,233,626
Unrestricted (deficit)	<u>7,021,666</u>	<u>(21,237)</u>	<u>7,000,429</u>
TOTAL NET POSITION	<u>17,707,093</u>	<u>251,395</u>	<u>17,958,488</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 32,218,239</u>	<u>\$ 251,395</u>	<u>\$ 32,469,634</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Totals
Governmental activities:							
General government	\$ 3,726,729	\$ 362,165	\$ -	\$ -	\$ (3,364,564)	\$ -	\$ (3,364,564)
Public works	1,912,864	-	15,302	77,903	(1,819,659)	-	(1,819,659)
Sanitation	1,938,085	187,125	-	-	(1,750,960)	-	(1,750,960)
Public safety	4,347,009	448,281	-	-	(3,898,728)	-	(3,898,728)
Recreation, culture and agencies	911,184	725,365	-	-	(185,819)	-	(185,819)
Health and welfare	69,483	-	-	-	(69,483)	-	(69,483)
Education	9,470,881	-	-	-	(9,470,881)	-	(9,470,881)
County tax	884,185	-	-	-	(884,185)	-	(884,185)
Tax abatements/ overlay	29,142	-	-	-	(29,142)	-	(29,142)
Capital outlay	240,413	-	-	-	(240,413)	-	(240,413)
Interest on long-term debt	432,149	-	80,180	-	(351,969)	-	(351,969)
Total governmental activities	<u>23,962,124</u>	<u>1,722,936</u>	<u>95,482</u>	<u>77,903</u>	<u>(22,065,803)</u>	<u>-</u>	<u>(22,065,803)</u>
Business-type activities:							
Water department	17,039	-	-	-	-	(17,039)	(17,039)
Total business-type activities	<u>17,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,039)</u>	<u>(17,039)</u>
Total government	<u>\$ 23,979,163</u>	<u>\$ 1,722,936</u>	<u>\$ 95,482</u>	<u>\$ 77,903</u>	<u>(22,065,803)</u>	<u>(17,039)</u>	<u>(22,082,842)</u>

STATEMENT B (CONTINUED)
TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities	Business- type Activities	Totals
Changes in net position:			
Net (expense) revenue	(22,065,803)	(17,039)	(22,082,842)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	20,988,215	-	20,988,215
Excise taxes	1,397,705	-	1,397,705
Grants and contributions not restricted to specific programs	582,415	-	582,415
Investment income	18,634	-	18,634
Miscellaneous	48,589	-	48,589
Total general revenues	<u>23,035,558</u>	<u>-</u>	<u>23,035,558</u>
Change in net position	969,755	(17,039)	952,716
NET POSITION - JULY 1, AS RESTATED	<u>16,737,339</u>	<u>268,434</u>	<u>17,005,773</u>
NET POSITION - JUNE 30	<u>\$ 17,707,094</u>	<u>\$ 251,395</u>	<u>\$ 17,958,489</u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT C

TOWN OF OLD ORCHARD BEACH, MAINE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 9,348,033	\$ -	\$ 9,348,033
Investments	3,321,750	-	3,321,750
Accounts receivable (net of allowance for uncollectibles):			
Taxes	960,462	-	960,462
Tax liens	628,164	-	628,164
Other	9,778	64,482	74,260
Due from other governments	17,811	-	17,811
Inventory	25,866	-	25,866
Prepaid expenditures	76,358	-	76,358
Due from other funds	21,237	5,739,396	5,760,633
TOTAL ASSETS	\$ 14,409,459	\$ 5,803,878	\$ 20,213,337
LIABILITIES			
Accounts payable	\$ 180,485	\$ 363,367	\$ 543,852
Accrued payroll and related liabilities	169,300	-	169,300
Due to other governments	63,543	-	63,543
Amounts held in escrow	1,740,000	-	1,740,000
Other liabilities	270,405	-	270,405
Due to other funds	5,739,396	-	5,739,396
TOTAL LIABILITIES	8,163,129	363,367	8,526,496
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenues	1,362,679	-	1,362,679
TOTAL DEFERRED INFLOWS OF RESOURCES	1,362,679	-	1,362,679
FUND BALANCES			
Nonspendable	25,866	-	25,866
Restricted	-	3,233,626	3,233,626
Committed	-	2,204,359	2,204,359
Assigned	-	2,526	2,526
Unassigned	4,857,785	-	4,857,785
TOTAL FUND BALANCES	4,883,651	5,440,511	10,324,162
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,409,459	\$ 5,803,878	\$ 20,213,337

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

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

	Total Governmental Funds
Total Fund Balances	\$ 10,324,162
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	17,744,298
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	1,362,679
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(10,060,160)
Capital leases	(226,337)
Accrued interest	(48,584)
Accrued landfill expenses	(90,000)
Accrued compensated absences	(1,071,737)
Other post employment benefits	(227,227)
	\$ 17,707,094
Net position of governmental activities	

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

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

	General Fund	Nonmajor Funds	Totals Governmental Funds
REVENUES			
Taxes	\$ 22,406,821	\$ -	\$ 22,406,821
Licenses and permits	871,142	-	871,142
Intergovernmental	668,856	6,764	675,620
Other charges for services	-	851,794	851,794
Investment income	18,634	-	18,634
Unclassified	26,128	22,461	48,589
TOTAL REVENUES	<u>23,991,581</u>	<u>881,019</u>	<u>24,872,600</u>
EXPENDITURES			
Current:			
General government	3,702,730	3,100	3,705,830
Public works	1,423,516	-	1,423,516
Sanitation	1,526,315	-	1,526,315
Public safety	4,045,878	37,599	4,083,477
Recreation, culture and agencies	681,016	230,168	911,184
Health and welfare	69,483	-	69,483
Education	9,470,881	-	9,470,881
County tax	884,185	-	884,185
Tax abatements/ overlay	29,142	-	29,142
Debt service:			
Principle	2,486,240	-	2,486,240
Interest	373,448	-	373,448
Capital outlay	-	1,369,158	1,369,158
TOTAL EXPENDITURES	<u>24,692,834</u>	<u>1,640,025</u>	<u>26,332,859</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(701,253)</u>	<u>(759,006)</u>	<u>(1,460,259)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long term debt	1,769,331	2,040,849	3,810,180
Transfers in	463,000	1,206,431	1,669,431
Transfers (out)	(1,206,431)	(463,000)	(1,669,431)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,025,900</u>	<u>2,784,280</u>	<u>3,810,180</u>
NET CHANGE IN FUND BALANCES	324,647	2,025,274	2,349,921
FUND BALANCES - JULY 1, RESTATED	<u>4,559,004</u>	<u>3,415,237</u>	<u>7,974,241</u>
FUND BALANCES - JUNE 30	<u>\$ 4,883,651</u>	<u>\$ 5,440,511</u>	<u>\$ 10,324,162</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 2,349,921</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset purchases	1,261,822
Capital asset disposals (net)	(133,077)
Depreciation expense	<u>(1,216,507)</u>
	<u>(87,762)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(20,901)</u>
Debt proceeds provide current financial resources to governmental funds, but long-term liabilities in the Statement of Net Position.	
	<u>(3,730,000)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
	<u>2,476,123</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued interest	(48,584)
Accrued landfill costs	6,000
Accrued compensated absences	<u>24,958</u>
Change in net position of governmental activities (Statement B)	<u>\$ 969,755</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

BALANCE SHEET – PROPRIETARY FUNDS

JUNE 30, 2014

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable (net of allowance for uncollectibles)	-
Total current assets	<u>-</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciated assets	-
Land improvements	992,050
Machinery and equipment	1,200
Less: accumulated depreciation	<u>(720,618)</u>
Net capital assets	<u>272,632</u>
Total noncurrent assets	<u>272,632</u>
TOTAL ASSETS	<u><u>\$ 272,632</u></u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	\$ -
Due to other funds	<u>21,237</u>
Total current liabilities	<u>21,237</u>
TOTAL LIABILITIES	<u>21,237</u>
NET POSITION	
Invested in capital assets, net of related debt	272,632
Unrestricted (deficit)	<u>(21,237)</u>
TOTAL NET POSITION	<u>251,395</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 272,632</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

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

	Enterprise Fund
OPERATING REVENUES	
Charges for services	\$ -
Other	-
TOTAL OPERATING REVENUES	<u>-</u>
OPERATING EXPENSES	
Depreciation	17,039
Other	-
TOTAL OPERATING EXPENSES	<u>17,039</u>
OPERATING INCOME (LOSS)	<u>(17,039)</u>
NON-OPERATING INCOME (EXPENSE)	
Investment income	-
Interest expense	-
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>-</u>
CHANGE IN NET POSITION	(17,039)
NET POSITION - JULY 1	<u>268,434</u>
NET POSITION - JUNE 30	<u><u>\$ 251,395</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ -
Other receipts	-
Payments to employees	-
Payments to suppliers	-
Net cash provided (used) by operating activities	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest payments on bond payable	-
Payments for purchases of capital assets	-
Principal payments on bond payable	-
Proceeds from new bond	-
Net cash provided (used) by financing activities	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>-</u>
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss) and other financing	\$ (17,039)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	17,039
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	-
(Increase) in amortization	-
(Decrease) increase in deferred revenue	-
(Decrease) increase in accounts payable	-
(Decrease) increase in accrued interest	-
(Decrease) increase in other liabilities	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ -</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Old Orchard Beach was incorporated under the laws of the State of Maine. The Town operates under the council-manager form of government and provides the following services: general government services, town services and public safety, public works, health and welfare, community services, planning and development, insurance and employee benefits, waste management, education, and other.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statement No. 39.

Government-Wide and Fund Financial Statements

The Town's basic 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. The Town's Ballpark fund is categorized as a business-type activity. All other activities of the Town are categorized as governmental.

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

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, 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 (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, 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:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of 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:

- a. The 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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. 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 net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenses of either the 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.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town'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. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Town Council was 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 Town Council.
4. The Town does not adopt budgets for Special Revenue Funds.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Money market mutual funds

The Town of Old Orchard Beach adopted a formal investment policy on June 17, 2014.

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost. Under the consumption method, the costs of inventory items are recognized as expenditures when used. In the general fund, inventory consists of vehicle fuel and trash bags.

Interfund Receivables and Payables

Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances". Interfund balances and transactions have been eliminated in the government-wide financial statements.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$ 0 in the Ballpark Fund as of June 30, 2014. The General fund accounts receivable have been deferred and hence do not have an allowance account.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs 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 estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of notes or bonds payable, landfill closure costs, compensated absences and other post-employment benefits costs.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation time. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2014, the Town's liability for compensated absences is \$1,071,737.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings and/or the Town Council are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Town Council and/or management.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town is in the process of adopting a set of financial policies to guide the financial operation of the Town. Included in the policies will be guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 13, 2013 on the assessed value listed as of April 1, 2013, for all real and personal property located in the Town. Taxes were due in two installments on September 18, 2013 and March 12, 2014. Interest on unpaid taxes commenced on September 19, 2013 and March 13, 2014, at 7% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

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 \$83,630 for the year ended June 30, 2014.

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.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (grant income/expenses).

Operating/Non-operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town utilizes encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - CASH AND INVESTMENTS

Deposits:

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2014, the Town's cash balance of \$9,348,033 was comprised of deposits amounting to \$9,160,192. Of this amount, none was exposed to custodial credit risk and was either insured by federal depository insurance or collateralized with securities held by the pledging financial institutions in the Town's name.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking account	\$ 113,115
Sweep account	9,047,077
	<u>\$ 9,160,192</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

At June 30, 2014, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>	<u>Over 5 Years</u>
Certificates of deposit	\$ 3,321,750	\$ 3,321,750	\$ -	\$ -
	<u>\$ 3,321,750</u>	<u>\$ 3,321,750</u>	<u>\$ -</u>	<u>\$ -</u>

The Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. As such, the Town's investments of \$3,321,750 were not exposed to custodial credit risk and were fully insured by federal depository insurance.

Credit risk – Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a policy related to interest rate risk.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2014 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General fund	\$ 21,237	\$ 5,739,396
Special revenue fund	1,145,459	-
Capital project fund	4,593,937	-
Ballpark fund	-	21,237
	<u>\$ 5,760,633</u>	<u>\$ 5,760,633</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2014:

	Balance 7/1/2013	Additions	Disposals	Balance 6/30/2014
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 635,404	\$ -	\$ -	\$ 635,404
Construction in progress	731,814	-	-	731,814
	<u>1,367,218</u>	<u>-</u>	<u>-</u>	<u>1,367,218</u>
Depreciated assets:				
Buildings	8,190,159	342,440	-	8,532,599
Machinery & equipment	3,953,780	238,451	(307,109)	3,885,122
Vehicles	4,682,571	277,402	(145,875)	4,814,098
Infrastructure	22,575,061	403,529	-	22,978,590
	<u>39,401,571</u>	<u>1,261,822</u>	<u>(452,984)</u>	<u>40,210,409</u>
Less: accumulated depreciation	<u>(22,936,729)</u>	<u>(1,178,624)</u>	<u>282,024</u>	<u>(23,833,329)</u>
	<u>16,464,842</u>	<u>83,198</u>	<u>(170,960)</u>	<u>16,377,080</u>
Net capital assets	<u>\$ 17,832,060</u>	<u>\$ 83,198</u>	<u>\$ (170,960)</u>	<u>\$ 17,744,298</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance 7/1/2013	Additions	Disposals	Balance 6/30/2014
<u>Business-type activities:</u>				
Non-depreciated assets:				
Land	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
Depreciated assets:				
Land improvements	992,050	-	-	992,050
Machinery & equipment	1,200	-	-	1,200
	993,250	-	-	993,250
Less: accumulated depreciation	(703,579)	(17,039)	-	(720,618)
	289,671	(17,039)	-	272,632
Net capital assets	<u>\$ 289,671</u>	<u>\$ (17,039)</u>	<u>\$ -</u>	<u>\$ 272,632</u>

Current year depreciation:

Town hall	\$ 36,858
Public safety	237,121
Public works	478,784
Transfer station	3,807
Comfort station	3,514
Treatment plant	418,540
	<u>1,178,624</u>
Ballpark	17,039
	<u>17,039</u>
Total depreciation expense	<u>\$ 1,195,663</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2014:

	Balance, 7/1/13	Additions	Deletions	Balance, 6/30/14	Due Within One Year
<u>Governmental activities:</u>					
Bonds payable	\$ 8,688,200	\$ 3,730,000	\$ (2,358,040)	\$ 10,060,160	\$ 757,280
Capital leases	344,420	-	(118,083)	226,337	87,203
Accrued landfill closure	96,000	-	(6,000)	90,000	6,000
Accrued compensated absences	1,096,695	-	(24,958)	1,071,737	-
Other post-employment benefits	227,227	-	-	227,227	-
Total governmental activities	<u>\$ 10,452,542</u>	<u>\$ 3,730,000</u>	<u>\$ (2,507,081)</u>	<u>\$ 11,675,461</u>	<u>\$ 850,483</u>

Payments under landfill closure costs have been made by the general fund. Accrued compensated absences typically have been liquidated in the general and other governmental funds.

The following is a summary of outstanding governmental funds bonds payable:

Bonds Payable:	<u>Governmental Activities</u>
\$4,100,000, 2009 General Obligation Bond financed with Maine Municipal Bond Bank, due in varying annual principal installments. Interest varies from 2.165% to 5.575%. Maturity in November, 2028.	3,000,000
\$1,200,000, 2009 Sewer Revolving Loan Fund financed with Maine Municipal Bond Bank, due in annual principal installments of \$60,000. Interest is stated at 1.320% per annum. Maturity in November, 2028.	900,000
\$1,625,000, 2010 General Obligation Bond financed with Maine Municipal Bond Bank, due in annual principal installments of \$125,000. Interest varies from 4.470% to 5.750%. Maturity in November, 2030.	1,625,000

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 - LONG TERM DEBT (CONTINUED)

\$875,000, 2010 General Obligation Bond Fund financed with Maine Municipal Bond Bank, due in annual principal installments of \$125,000. Interest is stated at 2.060% to 5.560%. Maturity in November, 2017.	500,000
\$955,000, 2011 General Obligation Bond Fund financed with Maine Municipal Bond Bank, due in varying annual principal installments. Interest is stated at 0.501% to 3.400%. Maturity in November, 2018.	305,160
\$2,000,000, 2014 General Obligation Bond Fund financed with U.S. Bank, due in varying annual principal installments. Interest is stated at 2.000% to 3.500%. Maturity in September, 2027.	2,000,000
\$1,730,000, 2014, General Obligation Bond Fund financed with U.S. Bank, due in varying annual principal installments. Interest is stated at 2.000% to 3.000%. Maturity in September, 2023.	1,730,000
Total Bonds Payable	<u>\$ 10,060,160</u>

The following is a summary of outstanding bond principal and interest requirements for the following fiscal years ending June 30:

	Governmental Activities		
	Principal	Interest	Total Debt Service
2015	\$ 757,280	\$ 311,511	\$ 1,068,791
2016	786,330	315,731	1,102,061
2017	788,590	292,611	1,081,201
2018	790,580	269,504	1,060,084
2019	797,380	248,990	1,046,370
2020-2024	3,555,000	903,814	4,458,814
2025-2029	2,335,000	326,603	2,661,603
2030-2031	250,000	14,364	264,364
	<u>\$ 10,060,160</u>	<u>\$ 2,683,128</u>	<u>\$ 12,743,288</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding governmental capital leases payable:

Capital Leases Payable:

The Town leases a public works truck under a non-cancelable lease agreement. The term of the lease is for a five year period expiring in January of 2017. Annual payments are \$29,460.	\$ 83,459
The Town leases public works equipment under a non-cancelable lease agreement. The term of the lease is for a five year period expiring in February of 2016. Annual payments are \$28,674.	54,866
The Town leases a John Deere excavator under a non-cancelable lease agreement. The term of the lease is for a five year period expiring in September of 2015. Annual payments are \$24,872.	47,591
The Town leases copiers under a non-cancelable lease agreement. The term of the lease is for a five year period expiring in August of 2017. Annual payments are \$10,791.	40,421
Total Capital Lease Payable	<u><u>\$ 226,337</u></u>

The following is a summary of outstanding capital lease requirements for the following fiscal years ending June 30:

2015	\$ 93,797
2016	93,797
2017	40,251
2018	10,791
2019	-
Total minimum lease payments	<u>238,636</u>
Less: Amount representing interest	<u>(12,299)</u>
Present value of future minimum lease payments	<u><u>\$ 226,337</u></u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – LONG TERM DEBT (CONTINUED)

All bonds payable and capital leases payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 6 – OVERLAPPING DEBT

The Town is responsible for its proportionate share of debt for the Regional School Unit, County and Transit Committee it belongs to. As of June 30, 2014, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of York	8,739,196	4.35%	380,155
Transit Committee	343,184	33.33%	114,395
			<u>\$ 494,550</u>

The amount of school unit debt is unknown for the year ended June 30, 2014. The Town's proportionate share of the County and School Unit debt is paid through annual assessments.

NOTE 7 – NONSPENDABLE FUND BALANCES

The Town has the following nonspendable fund balances at June 30, 2014:

Inventory	<u>\$ 25,866</u>
	<u>\$ 25,866</u>

NOTE 8 – RESTRICTED FUND BALANCES

The Town has the following restricted fund balances at June 30, 2014:

Nonmajor special revenue funds	\$ 16,461
Nonmajor capital projects funds	<u>3,217,165</u>
	<u>\$ 3,233,626</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 – COMMITTED FUND BALANCES

The Town has the following committed fund balances at June 30, 2014:

Nonmajor special revenue funds	\$ 1,184,994
Nonmajor capital projects funds	<u>1,019,365</u>
	<u>\$ 2,204,359</u>

NOTE 10 – ASSIGNED FUND BALANCES

The Town has the following assigned fund balances at June 30, 2014:

Nonmajor capital projects funds	<u>\$ 2,526</u>
---------------------------------	-----------------

NOTE 11 – JOINT VENTURES

The Town is a member of the Biddeford - Old Orchard Beach – Saco Transit Committee. This was established in March of 1978. The purpose of the committee is to provide assistance to public mass transportation. The committee is authorized to enter into contracts and receive grants. The member towns pay an equal proportionate share of any needed funds in each budget year, after being approved by the majority of each Town Council. The Committee’s fiscal year is January 1 through December 31. All property acquired and any related obligations will be allocated equally for each member Town.

NOTE 12 – RISK MANAGEMENT

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

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2014.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 13 – DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

A. Plan Description

Town employees contribute to the Participating Local Districts (PLDs) Consolidated Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Maine Public Employees Retirement System. The PLDs Consolidated Plan provides retirement and disability benefits and death benefits to plan members and beneficiaries. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the PLD's Consolidated Plan Board of Trustees. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PLDs Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333 or by calling (800) 451-9800.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the PLD's Consolidated Board of Trustees. The Town's police department employees hired before October 12, 1992 are part of the PLD's special plan "1C" and are required to contribute 6.5% of their annual salary, police department employees hired on or after October 12, 1992 are part of the PLD's special plan "3C" and are required to contribute 8.0% of their annual salary, fire department employees are part of the PLD's special plan "2C" and are required to contribute 6.5% of their annual salary, while all other employees are part of the PLD's plan "AC" and are required to contribute 6.5% of their annual salary. The Town is required to contribute 12.8% of special plan "1C" members' covered payroll, 10.5% of special plan "3C" members' covered payroll, 7.9% of special plan "2C" members' covered payroll and 6.5% of the plan "AC" members' covered payroll annually to the system along with a predetermined initial unpooled unfunded actuarial liability (IUUAL) rate set by the system. The IUUAL can either be a monthly payment or credit, which is added to or subtracted from the employer's percentage of employees' covered payroll to determine the employers actual cost. The Town's contributions for all plans for the years ended June 30, 2014, 2013, 2012 and 2011 were: \$308,665, \$279,982, \$137,271 and \$165,041, respectively.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 – DEFERRED COMPENSATION PLAN

The Town offers all its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets are not included in the Town's financial statements.

NOTE 15 - EXPENDITURES OVER APPROPRIATIONS

No warrant article lines were exceeded by actual expenditures for the year ended June 30, 2014.

NOTE 16 – LANDFILL CLOSURE AND POSTCARE COSTS

Under existing state law, Maine communities are required to close existing landfills under a state approved plan and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town presently has two landfills that have been closed under an approved plan and one additional landfill whose closure was completed during fiscal year 1998. The only additional costs that remain are post-closure care costs on all three landfills. The estimated remaining post-closure care costs at June 30, 2014 are \$90,000, which would include two mowings of each site during the year and well monitoring. The amount has been accrued in the entity-wide financial statements and is being amortized over 30 years at \$6,000 per year, as it is not expected that any of these costs will be funded with current financial resources. The actual cost of post-closure care may be higher due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

NOTE 17 – CONTINGENCIES AND COMMITMENTS

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 17 – CONTINGENCIES AND COMMITMENTS (CONTINUED)

On March 5, 2014, the Town contracted for the construction of an expansion to Libby Memorial Library. The contract amount including approved changes is \$1,598,567. As of June 30, 2014 \$315,676 had been spent excluding retainage and the remaining balance of the contract was \$1,281,891.

NOTE 18 – RESTATEMENT OF FUND BALANCE/NET POSITION

Fund balance for the General Fund and Net Position for the Governmental Activities has been restated for adjustments to certain payroll liabilities and for a prior year approved transfer to the Wastewater Capital Projects Fund. Accordingly, General Fund fund balance and Net Position for the Governmental Activities has been restated as follows:

	General Fund	CIP Wastewater	Governmental Activities
	<u> </u>	<u> </u>	<u> </u>
Fund balance/Net position as previously reported	\$ 4,590,864	\$ 106,379	\$ 16,697,772
2013 transfer	(71,427)	\$ 71,427	-
Correct 2013 General Fund liability accounts	39,567	-	39,567
As restated July 1, 2013	<u>\$ 4,559,004</u>	<u>\$ 177,806</u>	<u>\$ 16,737,339</u>

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual - General Fund

TOWN OF OLD ORCHARD BEACH, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 4,559,004	\$ 4,559,004	\$ 4,559,004	\$ -
Resources (Inflows):				
Taxes	22,262,523	22,262,523	22,406,821	144,298
Licenses and permits	745,200	745,200	871,142	125,942
Intergovernmental	623,352	623,352	668,856	45,504
Unclassified	5,000	5,214	26,128	20,914
Interest earned	8,000	8,000	18,634	10,634
Transfers in	463,000	463,000	463,000	-
Amounts Available for Appropriation	28,666,079	28,666,293	29,013,585	347,292
Charges to Appropriations (Outflows):				
General government	4,069,388	3,973,212	3,702,730	270,482
Public works	1,412,624	1,474,154	1,423,516	50,638
Sanitation	1,619,266	1,621,366	1,526,315	95,051
Public safety	4,059,776	4,109,283	4,045,878	63,405
Recreation, culture and agencies	691,788	708,068	681,016	27,052
Health and welfare	72,460	72,460	69,483	2,977
Education	9,470,881	9,470,881	9,470,881	-
County tax	884,185	884,185	884,185	-
Tax abatements/overlay	108,630	108,630	29,142	79,488
Debt service:				
Principal	746,240	746,240	746,240	-
Interest	377,061	377,061	373,448	3,613
Transfers out	1,206,431	1,206,431	1,206,431	-
Total Charges to Appropriations	24,718,730	24,751,971	24,159,265	592,706
Budgetary Fund Balance, June 30	\$ 3,947,349	\$ 3,914,322	\$ 4,854,320	\$ 939,998
Utilization of assigned fund balance	\$ -	\$ -	\$ -	-
Utilization of unassigned fund balance	611,655	611,655	-	(611,655)
	\$ 611,655	\$ 611,655	\$ -	\$ (611,655)

See accompanying independent auditor's report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Revenues - Budget and Actual – General Fund
- Schedule of Departmental Operations – General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet – Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
REVENUES					
General tax revenues:					
Property taxes	\$ 20,624,523	\$ -	\$ 20,624,523	\$ 20,646,069	\$ 21,546
Excise taxes	1,303,000	-	1,303,000	1,397,705	94,705
Franchise taxes	205,000	-	205,000	203,521	(1,479)
Interest and penalties	105,000	-	105,000	130,347	25,347
Payments in lieu of taxes	25,000	-	25,000	29,179	4,179
Other	-	-	-	-	-
Intergovernmental revenues:					
Municipal revenue sharing	380,039	-	380,039	386,683	6,644
Homestead exemption	128,640	-	128,640	124,700	(3,940)
DOT block grant	74,000	-	74,000	77,903	3,903
BETE reimbursement	4,323	-	4,323	4,337	14
Health / welfare intergovernmental	26,350	-	26,350	25,899	(451)
Grant income	-	-	-	15,302	15,302
Other intergovernmental	10,000	-	10,000	34,032	24,032
Licenses, permits and fees:					
Parking meters and fines	290,000	-	290,000	339,552	49,552
Parking fees	110,000	-	110,000	130,985	20,985
Business licenses	135,000	-	135,000	159,165	24,165
Building, plumbing, electrical permits	122,000	-	122,000	127,544	5,544
Town agent fees	25,000	-	25,000	26,881	1,881
Tipping fee	-	-	-	-	-
Trash bag sales	30,000	-	30,000	30,898	898
Planner fees	9,000	-	9,000	7,542	(1,458)
Other licenses, permits and fees	24,200	-	24,200	48,575	24,375
Investment income:					
Investment income	8,000	-	8,000	18,634	10,634
Unclassified:					
Refunds / reimbursements	-	-	-	534	534
Other revenue	5,000	214	5,214	25,594	20,380
Transfers from other funds					
Special revenue funds	463,000	-	463,000	463,000	-
Total revenues	\$ 24,107,075	\$ 214	\$ 24,107,289	\$ 24,454,581	\$ 347,292

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Town council	\$ 45,460	\$ 6,196	\$ 51,656	\$ 44,039	\$ 7,617
Administration	650,947	30,119	681,066	586,501	94,565
Tax collector	93,640	2,071	95,711	95,221	490
Finance director/treasurer	234,428	(21,546)	212,882	196,225	16,657
Assessor	113,398	-	113,398	104,972	8,426
Town clerk	129,982	-	129,982	119,378	10,604
Elections	20,200	-	20,200	16,094	4,106
Planning	84,933	-	84,933	82,840	2,093
Code enforcement	180,430	4,500	184,930	174,356	10,574
Building maintenance	69,045	7,000	76,045	70,773	5,272
Planning, zoning, registration boards	4,800	-	4,800	921	3,879
Contingency	275,000	(141,966)	133,034	60,560	72,474
Insurance	2,167,125	17,450	2,184,575	2,150,850	33,725
	<u>4,069,388</u>	<u>(96,176)</u>	<u>3,973,212</u>	<u>3,702,730</u>	<u>270,482</u>
Public works					
General	<u>1,412,624</u>	<u>61,530</u>	<u>1,474,154</u>	<u>1,423,516</u>	<u>50,638</u>
	<u>1,412,624</u>	<u>61,530</u>	<u>1,474,154</u>	<u>1,423,516</u>	<u>50,638</u>
Sanitation					
Treatment plant	978,266	2,100	980,366	915,041	65,325
Solid waste	641,000	-	641,000	611,274	29,726
	<u>1,619,266</u>	<u>2,100</u>	<u>1,621,366</u>	<u>1,526,315</u>	<u>95,051</u>

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public safety					
Police department	2,241,244	7,800	2,249,044	2,202,826	46,218
Parking Enforcement	58,528	-	58,528	57,471	1,057
Fire / rescue department	1,376,004	29,332	1,405,336	1,402,067	3,269
Street lights and traffic light expense	196,000	-	196,000	197,928	(1,928)
Lifeguards	135,800	-	135,800	127,712	8,088
Public safety complex	51,200	12,375	63,575	56,919	6,656
Emergency management	1,000	-	1,000	955	45
	<u>4,059,776</u>	<u>49,507</u>	<u>4,109,283</u>	<u>4,045,878</u>	<u>63,405</u>
Recreation, culture and agencies					
Recreation	206,582	4,694	211,276	202,253	9,023
Libby Memorial Library	273,776	-	273,776	273,776	-
Transit District subsidy	115,000	-	115,000	115,000	-
Service agencies	22,500	-	22,500	22,500	-
Historical society	20,490	4,000	24,490	22,769	1,721
Parks maintenance expense	44,300	5,000	49,300	35,918	13,382
Conservation commission	9,140	2,586	11,726	8,800	2,926
	<u>691,788</u>	<u>16,280</u>	<u>708,068</u>	<u>681,016</u>	<u>27,052</u>
Health and welfare					
General assistance	72,460	-	72,460	69,483	2,977
	<u>72,460</u>	<u>-</u>	<u>72,460</u>	<u>69,483</u>	<u>2,977</u>

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education	9,470,881	-	9,470,881	9,470,881	-
County tax	884,185	-	884,185	884,185	-
Tax abatements / overlay	108,630	-	108,630	29,142	79,488
Debt service					
Principal	746,240	-	746,240	746,240	-
Interest	377,061	-	377,061	373,448	3,613
	1,123,301	-	1,123,301	1,119,688	3,613
Capital outlay					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
	-	-	-	-	-
Transfers out:					
Special revenue	5,000	-	5,000	5,000	-
Capital projects	1,201,431	-	1,201,431	1,201,431	-
	1,206,431	-	1,206,431	1,206,431	-
Total	\$ 24,718,730	\$ 33,241	\$ 24,751,971	\$ 24,159,265	\$ 592,706

See accompanying independent auditor’s report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	64,482	-	64,482
Due from other funds	1,145,459	4,593,937	5,739,396
TOTAL ASSETS	<u>\$ 1,209,941</u>	<u>\$ 4,593,937</u>	<u>\$ 5,803,878</u>
LIABILITIES			
Accounts payable	\$ 8,486	\$ 354,881	\$ 363,367
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>8,486</u>	<u>354,881</u>	<u>363,367</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	16,461	3,217,165	3,233,626
Committed	1,184,994	1,019,365	2,204,359
Assigned	-	2,526	2,526
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>1,201,455</u>	<u>4,239,056</u>	<u>5,440,511</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,209,941</u>	<u>\$ 4,593,937</u>	<u>\$ 5,803,878</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenue	\$ 6,764	\$ -	\$ 6,764
Charges for services	851,794	-	851,794
Other income	22,461	-	22,461
TOTAL REVENUES	881,019	-	881,019
EXPENDITURES			
Administration	3,100	-	3,100
Public safety	37,599	-	37,599
Recreation, culture and agencies	230,168	-	230,168
Capital outlay	-	1,369,158	1,369,158
TOTAL EXPENDITURES	270,867	1,369,158	1,640,025
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	610,152	(1,369,158)	(759,006)
OTHER FINANCING SOURCES (USES)			
Proceeds from long term debt	-	2,040,849	2,040,849
Transfers in	5,000	1,201,431	1,206,431
Transfers (out)	(463,000)	-	(463,000)
TOTAL OTHER FINANCING SOURCES (USES)	(458,000)	3,242,280	2,784,280
NET CHANGE IN FUND BALANCES	152,152	1,873,122	2,025,274
FUND BALANCES, JULY 1	1,049,303	2,365,934	3,415,237
FUND BALANCES, JUNE 30	\$ 1,201,455	\$ 4,239,056	\$ 5,440,511

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Rescue Fees	Recreation Programs	Special Dog	Police Grants	Sewer Special Revenue	Smithwheel Impact Fees
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	64,482	-	-	-	-	-
Due from other funds	421,315	106,545	7,225	6,318	534,243	527
TOTAL ASSETS	\$ 485,797	\$ 106,545	\$ 7,225	\$ 6,318	\$ 534,243	\$ 527
LIABILITIES						
Accounts payable	\$ 169	\$ 4,070	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	169	4,070	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	6,318	-	527
Committed	485,628	102,475	7,225	-	534,243	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	485,628	102,475	7,225	6,318	534,243	527
TOTAL LIABILITIES AND FUND BALANCES	\$ 485,797	\$ 106,545	\$ 7,225	\$ 6,318	\$ 534,243	\$ 527

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2014

	Conservation Tree Grant	Memorial Park Improvements	CDBG Business Facade Grant	Ballpark Restoration	Memorial Day Parade	Community Garden	Totals
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	64,482
Due from other funds	9,155	13,289	545	39,634	4,966	1,697	1,145,459
TOTAL ASSETS	<u>\$ 9,155</u>	<u>\$ 13,289</u>	<u>\$ 545</u>	<u>\$ 39,634</u>	<u>\$ 4,966</u>	<u>\$ 1,697</u>	<u>\$ 1,209,941</u>
LIABILITIES							
Accounts payable	\$ 84	\$ 845	\$ -	\$ 2,778	\$ 500	\$ 40	\$ 8,486
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>84</u>	<u>845</u>	<u>-</u>	<u>2,778</u>	<u>500</u>	<u>40</u>	<u>8,486</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	9,071	-	545	-	-	-	16,461
Committed	-	12,444	-	36,856	4,466	1,657	1,184,994
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>9,071</u>	<u>12,444</u>	<u>545</u>	<u>36,856</u>	<u>4,466</u>	<u>1,657</u>	<u>1,201,455</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,155</u>	<u>\$ 13,289</u>	<u>\$ 545</u>	<u>\$ 39,634</u>	<u>\$ 4,966</u>	<u>\$ 1,697</u>	<u>\$ 1,209,941</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Rescue Fees	Recreation Programs	Special Dog	Police Grants	Sewer Special Revenue	Smithwheel Impact Fees
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 3,764	\$ -	\$ -
Charges for services	448,281	190,064	20,847	-	148,685	-
Other income	912	-	-	1,600	-	-
TOTAL REVENUES	449,193	190,064	20,847	5,364	148,685	-
EXPENDITURES						
Administration	-	-	-	-	-	-
Public safety	21,354	-	-	16,245	-	-
Recreation, culture and agencies	-	161,363	19,678	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	21,354	161,363	19,678	16,245	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	427,839	28,701	1,169	(10,881)	148,685	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	(460,000)	-	(3,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(460,000)	-	(3,000)	-	-	-
NET CHANGE IN FUND BALANCES	(32,161)	28,701	(1,831)	(10,881)	148,685	-
FUND BALANCES, JULY 1	517,789	73,774	9,056	17,199	385,558	527
FUND BALANCES, JUNE 30	\$ 485,628	\$ 102,475	\$ 7,225	\$ 6,318	\$ 534,243	\$ 527

SCHEDULE F (CONTINUED)

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Conservation Tree Grant	Memorial Park Improvements	CDBG Business Facade Grant	Ballpark Restoration	Memorial Day Parade	Community Garden	Totals
REVENUES							
Intergovernmental revenue	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,764
Charges for services	-	-	-	42,563	-	1,354	851,794
Other income	-	11,125	-	6,824	2,000	-	22,461
TOTAL REVENUES	<u>3,000</u>	<u>11,125</u>	<u>-</u>	<u>49,387</u>	<u>2,000</u>	<u>1,354</u>	<u>881,019</u>
EXPENDITURES							
Administration	-	-	-	-	3,100	-	3,100
Public safety	-	-	-	-	-	-	37,599
Recreation, culture and agencies	636	3,733	-	43,833	-	925	230,168
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>636</u>	<u>3,733</u>	<u>-</u>	<u>43,833</u>	<u>3,100</u>	<u>925</u>	<u>270,867</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,364</u>	<u>7,392</u>	<u>-</u>	<u>5,554</u>	<u>(1,100)</u>	<u>429</u>	<u>610,152</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	5,000	-	-	5,000
Transfers (out)	-	-	-	-	-	-	(463,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>(458,000)</u>
NET CHANGE IN FUND BALANCES	2,364	7,392	-	10,554	(1,100)	429	152,152
FUND BALANCES, JULY 1	<u>6,707</u>	<u>5,052</u>	<u>545</u>	<u>26,302</u>	<u>5,566</u>	<u>1,228</u>	<u>1,049,303</u>
FUND BALANCES, JUNE 30	<u>\$ 9,071</u>	<u>\$ 12,444</u>	<u>\$ 545</u>	<u>\$ 36,856</u>	<u>\$ 4,466</u>	<u>\$ 1,657</u>	<u>\$ 1,201,455</u>

See accompanying independent auditors' report and notes to financial statements.

Capital Project Funds

Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust fund.

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2014

	Landfill Closure	New Police Station	West Grand Stormwater	Summit Street Sewer	Ross Road Culvert	Library Expansion
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	2,526	196,171	637,792	564,190	81,526	1,792,181
TOTAL ASSETS	\$ 2,526	\$ 196,171	\$ 637,792	\$ 564,190	\$ 81,526	\$ 1,792,181
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148,042
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	148,042
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	196,171	637,792	564,190	81,526	1,644,139
Committed	-	-	-	-	-	-
Assigned	2,526	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	2,526	196,171	637,792	564,190	81,526	1,644,139
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,526	\$ 196,171	\$ 637,792	\$ 564,190	\$ 81,526	\$ 1,792,181

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2014

	Halfway Roundabout	CIP Public Works	CIP Administration	CIP Public Safety	CIP Wastewater	Totals
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	93,347	725,099	165,615	20,859	314,631	4,593,937
TOTAL ASSETS	<u>\$ 93,347</u>	<u>\$ 725,099</u>	<u>\$ 165,615</u>	<u>\$ 20,859</u>	<u>\$ 314,631</u>	<u>\$ 4,593,937</u>
LIABILITIES						
Accounts payable	\$ -	\$ 204,358	\$ -	\$ -	\$ 2,481	\$ 354,881
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>204,358</u>	<u>-</u>	<u>-</u>	<u>2,481</u>	<u>354,881</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	93,347	-	-	-	-	3,217,165
Committed	-	520,741	165,615	20,859	312,150	1,019,365
Assigned	-	-	-	-	-	2,526
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>93,347</u>	<u>520,741</u>	<u>165,615</u>	<u>20,859</u>	<u>312,150</u>	<u>4,239,056</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 93,347</u>	<u>\$ 725,099</u>	<u>\$ 165,615</u>	<u>\$ 20,859</u>	<u>\$ 314,631</u>	<u>\$ 4,593,937</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Landfill Closure	New Police Station	West Grand Stormwater	Summit Street Sewer	Ross Road Culvert	Library Expansion
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
Capital outlay	-	30,929	-	-	-	396,710
Program expenses	-	-	-	-	-	-
TOTAL EXPENDITURES	-	30,929	-	-	-	396,710
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(30,929)	-	-	-	(396,710)
OTHER FINANCING SOURCES (USES)						
Proceeds from long term debt	-	-	-	-	-	2,040,849
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	2,040,849
NET CHANGE IN FUND BALANCES	-	(30,929)	-	-	-	1,644,139
FUND BALANCES, JULY 1	2,526	227,100	637,792	564,190	81,526	-
FUND BALANCES, JUNE 30	\$ 2,526	\$ 196,171	\$ 637,792	\$ 564,190	\$ 81,526	\$ 1,644,139

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Halfway Roundabout	CIP Public Works	CIP Administration	CIP Public Safety	CIP Wastewater	Totals
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
Capital outlay	-	517,262	22,418	286,183	115,656	1,369,158
Program expenses	-	-	-	-	-	-
TOTAL EXPENDITURES	-	517,262	22,418	286,183	115,656	1,369,158
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(517,262)	(22,418)	(286,183)	(115,656)	(1,369,158)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	-	2,040,849
Transfers in	-	643,000	10,000	298,431	250,000	1,201,431
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	643,000	10,000	298,431	250,000	3,242,280
NET CHANGE IN FUND BALANCES	-	125,738	(12,418)	12,248	134,344	1,873,122
FUND BALANCES, JULY 1, RESTATED	93,347	395,003	178,033	8,611	177,806	2,365,934
FUND BALANCES, JUNE 30	\$ 93,347	\$ 520,741	\$ 165,615	\$ 20,859	\$ 312,150	\$ 4,239,056

See accompanying independent auditor's report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets.

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2014

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
Town hall	\$ 183,611	\$ 828,312	\$ 403,208	\$ -	\$ 1,415,131
Public safety	65,869	2,691,280	3,142,635	-	5,899,784
Public works	62,217	1,313,734	2,713,030	11,047,746	15,136,727
Transfer station	152,275	152,274	-	-	304,549
Comfort station	26,708	140,569	-	-	167,277
Animal control	-	826	-	-	826
Train platform	-	306,853	-	-	306,853
Tidal gates	-	54,394	-	-	54,394
Ballpark	-	992,050	1,200	-	993,250
Library	-	255,890	-	-	255,890
Historical society	-	10,000	-	-	10,000
Treatment plant	876,538	2,778,467	2,440,347	11,930,844	18,026,196
Total General Capital Assets	1,367,218	9,524,649	8,700,420	22,978,590	42,570,877
Less: Accumulated Depreciation	-	(4,274,778)	(6,069,097)	(14,210,072)	(24,553,947)
Net General Capital Assets	\$ 1,367,218	\$ 5,249,871	\$ 2,631,323	\$ 8,768,518	\$ 18,016,930

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2014

	General Capital Assets 7/1/13	Additions	Deletions	General Capital Assets 6/30/14
Town hall	\$ 1,404,454	\$ 59,249	\$ (48,572)	\$ 1,415,131
Public safety	5,930,632	313,088	(343,936)	5,899,784
Public works	14,628,791	507,936	-	15,136,727
Transfer station	304,549	-	-	304,549
Comfort station	167,277	-	-	167,277
Animal control	826	-	-	826
Train platform	306,853	-	-	306,853
Tidal gates	54,394	-	-	54,394
Ballpark	993,250	-	-	993,250
Library	-	255,890	-	255,890
Historical society	-	10,000	-	10,000
Treatment plant	17,971,013	115,659	(60,476)	18,026,196
Total General Capital Assets	41,762,039	1,261,822	(452,984)	42,570,877
Less: Accumulated Depreciation	<u>(23,640,308)</u>	<u>(1,195,663)</u>	<u>282,024</u>	<u>(24,553,947)</u>
Net General Capital Assets	<u>\$ 18,121,731</u>	<u>\$ 66,159</u>	<u>\$ (170,960)</u>	<u>\$ 18,016,930</u>

See accompanying independent auditor's report and notes to financial statements.

TABLE 1

TOWN OF OLD ORCHARD BEACH, MAINE

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GENERAL FUND – GAAP BASIS
LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Property taxes	\$ 15,535,851	\$ 16,265,640	\$ 17,208,689	\$ 17,749,257	\$ 18,682,705	\$ 19,102,512	\$ 19,799,945	\$ 19,855,105	\$ 20,035,807	\$ 20,646,069
Other taxes	1,787,674	1,649,581	1,684,326	1,691,863	1,687,245	1,600,567	1,612,199	1,556,265	1,672,781	1,760,752
Licences and permits	1,120,948	1,164,742	1,132,286	940,062	963,141	1,165,597	920,275	959,908	868,970	871,142
Intergovernmental revenues	2,378,948	2,470,827	2,174,858	2,210,043	1,486,209	843,641	835,118	846,777	818,032	668,856
Investment income	134,125	224,977	343,844	352,740	150,912	104,417	20,662	7,097	11,889	18,634
Other revenues	232,794	92,151	195,742	134,061	354,015	38,687	50,654	471,893	280,210	26,128
Total revenues	<u>21,190,340</u>	<u>21,867,918</u>	<u>22,739,745</u>	<u>23,078,026</u>	<u>23,324,227</u>	<u>22,855,421</u>	<u>23,238,853</u>	<u>23,697,045</u>	<u>23,687,689</u>	<u>23,991,581</u>
Expenditures:										
General government	1,855,934	1,797,347	1,761,598	1,913,524	1,851,871	2,021,057	1,964,273	2,080,171	2,118,590	3,702,730
Public works	1,059,881	1,127,144	1,482,509	1,618,224	1,696,363	1,547,039	1,455,600	1,531,962	1,691,255	1,423,516
Sanitation	1,455,194	1,677,526	1,496,170	1,542,780	1,644,676	1,661,658	1,707,176	1,704,040	1,702,547	1,526,315
Public safety	3,670,572	3,844,767	4,044,087	4,178,862	4,429,964	4,439,462	4,528,474	4,781,266	4,817,067	4,045,878
Recreation, culture and agencies	386,875	443,249	471,937	505,462	686,550	642,190	625,376	750,599	692,975	681,016
Health and welfare	80,503	70,732	76,463	74,298	101,475	107,822	106,693	103,328	64,810	69,483
Education	8,965,400	9,032,509	9,212,617	9,632,841	9,973,975	9,561,944	9,399,388	8,451,151	9,070,942	9,470,881
Debt service (excluding education)	1,238,346	1,616,746	1,543,678	1,521,034	1,726,929	2,127,481	2,154,389	3,212,770	1,532,701	1,119,688
Capital outlay	1,937,383	2,710,375	2,242,068	1,914,839	1,228,471	1,147,808	1,218,334	968,066	6,180	-
Other	527,990	599,307	621,893	646,342	789,444	804,360	803,521	820,827	851,764	913,327
Total expenditures	<u>21,178,078</u>	<u>22,919,702</u>	<u>22,953,020</u>	<u>23,548,206</u>	<u>24,129,718</u>	<u>24,060,821</u>	<u>23,963,224</u>	<u>24,404,180</u>	<u>22,548,831</u>	<u>22,952,834</u>
Other financing sources	309,334	434,334	434,334	459,334	434,334	328,000	522,000	1,203,000	253,000	463,000
Other financing (uses)	<u>(56,180)</u>	<u>(59,680)</u>	<u>(65,680)</u>	<u>(74,180)</u>	<u>(88,620)</u>	-	<u>(25,000)</u>	<u>(34,907)</u>	<u>(1,689,082)</u>	<u>(1,206,431)</u>
Net change in fund balances	265,416	(677,130)	155,379	(85,026)	(459,777)	(877,400)	(227,371)	460,958	(297,224)	295,316
Special item - transfer to RSU #23	-	-	-	-	-	110,720	-	-	-	-
Fund balances - beginning, restated	6,222,319	6,487,735	5,810,605	5,965,984	5,880,958	5,421,181	4,654,501	4,427,130	4,888,088	4,559,004
Fund balances - ending	<u>\$ 6,487,735</u>	<u>\$ 5,810,605</u>	<u>\$ 5,965,984</u>	<u>\$ 5,880,958</u>	<u>\$ 5,421,181</u>	<u>\$ 4,654,501</u>	<u>\$ 4,427,130</u>	<u>\$ 4,888,088</u>	<u>\$ 4,590,864</u>	<u>\$ 4,854,320</u>

TABLE 2

TOWN OF OLD ORCHARD BEACH, MAINE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Years Ended	Current Year's Tax Levy	Current Year's Tax Collections	Prior Year's Collection to June 30	Total Collections	Total Current Year Collections as Percent Of Each Year's Levy	Total Collections as Percent of Each Year's Levy	Total Outstanding	Percent of Delinquent Taxes And Liens to Levy
2005	\$ 15,707,863	\$ 15,320,115	\$ 429,348	\$ 15,749,463	97.53	100.26	\$ 842,318	5.36
2006	16,606,072	16,183,713	455,240	16,638,953	97.46	100.20	905,428	5.45
2007	17,503,035	16,997,147	455,329	17,452,476	97.11	99.71	1,016,033	5.80
2008	18,118,387	17,505,853	391,071	17,896,924	96.62	98.78	1,237,496	6.83
2009	18,959,656	18,453,482	338,884	18,792,366	97.33	99.12	1,188,126	6.27
2010	19,151,900	18,452,763	375,569	18,828,332	96.35	98.31	1,511,694	7.89
2011	19,987,575	19,277,170	593,827	19,870,997	96.45	99.42	1,628,272	8.15
2012	19,855,105	19,138,213	577,625	19,715,838	96.39	99.30	1,767,539	8.90
2013	19,912,599	19,328,189	557,838	19,886,027	97.07	99.87	1,655,020	8.31
2014	20,624,523	20,036,111	664,806	20,700,917	97.15	100.37	1,578,626	7.65

TOWN OF OLD ORCHARD BEACH, MAINE

ASSESSSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Years Ended	Assessed Value - Real Estate	Assessed Value - Personal Property	Total Assessed Value	Estimated Actual Valuation	Ratio	State Equalized Valuation	Ratio
2005	\$ 812,166,500	\$ 20,816,750	\$ 832,983,250	\$ 832,983,250	100.0	\$ 969,950,000	85.88
2006	1,206,181,200	21,605,000	1,227,786,200	1,227,786,200	100.0	1,150,850,000	106.69
2007	1,289,869,400	23,392,100	1,313,261,500	1,313,261,500	100.0	1,368,350,000	95.97
2008	1,418,164,600	23,691,240	1,441,855,840	1,441,855,840	100.0	1,565,250,000	92.12
2009	1,439,858,170	25,294,968	1,465,153,138	1,465,153,138	100.0	1,575,350,000	93.00
2010	1,452,628,540	25,890,720	1,478,519,260	1,478,519,260	104.0	1,533,750,000	96.40
2011	1,465,055,000	26,354,500	1,491,409,500	1,491,409,500	101.9	1,531,150,000	97.40
2012	1,462,394,400	25,894,370	1,488,288,770	1,488,288,770	100.0	1,508,700,000	98.65
2013	1,456,932,300	24,658,400	1,481,590,700	1,481,590,700	100.0	1,457,100,000	101.68
2014	1,469,603,400	24,927,250	1,494,530,650	1,494,530,650	100.0	1,455,600,000	102.67

The Town did a revaluation that became effective in 2006.

TOWN OF OLD ORCHARD BEACH, MAINE

PROPERTY TAX RATED – ALL OVERLAPPING GOVERNMENTS
 (PER \$1,000 OF ASSESSED VALUE)
 LAST TEN FISCAL YEARS

Years Ended	Town	County	School	Water Quality Control	Total
2005	\$ 7.57	\$ 0.59	\$ 9.71	\$ 2.23	\$ 20.10
2006 **	5.10	0.44	6.26	1.70	13.50
2007	5.20	0.44	6.09	1.59	13.32
2008	4.73	0.43	5.94	1.46	12.56
2009	4.85	0.40	6.40	1.29	12.94
2010	4.45	0.51	6.76	1.22	12.94
2011	5.10	0.52	6.24	1.54	13.40
2012	5.70	0.53	5.63	1.54	13.40
2013	5.24	0.54	6.18	1.48	13.44
2014	5.81	0.60	6.34	1.05	13.80

* Beginning in 2002, the rate for Water Quality Control is calculated on all expenses related to Wastewater Treatment, including related debt service.

** The Town did a revaluation that became effective in 2006.

TOWN OF OLD ORCHARD BEACH, MAINE

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND
GENERAL BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Years Ended	Estimated Population	Assessed Value (in thousands)	Gross Bonded Debt *	Ratio of Bonded Debt to Assessed Value	Gross Bonded Debt Per Capita	Estimated Average Population **	Gross Bonded Debt Per Estimated Average Population
2005	8,800	\$ 832,983	\$ 11,740,000	1.41	\$ 1,334	25,467	\$ 461
2006	8,800	1,227,786	10,565,000	0.86	1,201	25,467	415
2007	8,800	1,313,262	9,430,000	0.72	1,072	25,467	370
2008	8,800	1,441,856	8,280,000	0.57	941	25,467	325
2009	8,800	1,465,153	12,290,000	0.84	1,397	25,467	483
2010	8,800	1,478,519	13,200,000	0.89	1,500	25,467	518
2011	8,624	1,491,410	11,605,000	0.78	1,346	25,291	459
2012	8,624	1,488,289	9,840,000	0.66	1,141	25,291	389
2013	8,624	1,481,591	8,688,200	0.59	1,007	25,291	344
2014	8,624	1,494,531	10,060,160	0.67	1,167	25,291	398

* Includes all long term general obligation debt excluding accrued vacation and sick leave. Certain school debt is reimbursed by the State of Maine.

** Includes estimated population for twelve months plus 100,000 seasonal population for two months.

TOWN OF OLD ORCHARD BEACH, MAINE

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED
DEBT TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS

Years Ended	Municipal		Total	Total General Expenditures and Transfers	Ratio
	Principal	Interest			
2005	\$ 680,000	\$ 558,346	\$ 1,238,346	\$ 21,154,646	5.85
2006	1,175,000	441,746	1,616,746	22,807,881	7.09
2007	1,135,000	408,678	1,543,678	22,850,277	6.76
2008	1,150,000	371,034	1,521,034	23,512,985	6.47
2009	1,299,946	426,983	1,726,929	24,106,607	7.16
2010	1,636,683	490,798	2,127,481	24,066,937	8.84
2011	1,653,861	500,529	2,154,390	23,986,218	8.98
2012*	2,759,715	453,055	3,212,770	24,439,087	13.15
2013	1,151,800	380,901	1,532,701	24,237,913	6.32
2014**	2,358,040	373,452	2,731,492	25,899,265	10.55

* Includes early payoff of 1998 bond issuance.

** Includes early payoff of 2003 bond issuance.

TOWN OF OLD ORCHARD BEACH, MAINE

TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2014

Taxpayer	Nature of Business	Taxes	% of Net Tax Levy
Central Maine Power	Utility	\$ 202,166	0.98
Wild Acres LLC	Resort	102,160	0.50
Palace Playland Association	Amusements	98,319	0.48
Lafayette Old Orchard LLC	Resort	93,093	0.45
MHC Pinehurst LLC	Resort	90,488	0.44
Seagate Limited Partnership	Mobil Home Part	84,056	0.41
Powderhorn Family Camping Resort	Resort	83,439	0.40
Alouette Atlantic Resorts LLC	Resort	68,797	0.33
Birch Ridge Limited	Apartments	67,611	0.33
Portland Ave Associates	Hotel	60,128	0.29



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

January 20, 2015

Town Council
Town of Old Orchard Beach
Old Orchard Beach, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Old Orchard Beach, Maine, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Old Orchard Beach, Maine's basic financial statements and have issued our report thereon January 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Old Orchard Beach, Maine's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, and not for the purpose of expressing an opinion on the effectiveness of the Town of Old Orchard Beach, Maine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Old Orchard Beach, Maine's internal control.

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be a material weakness (2014 -1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Old Orchard Beach, Maine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Town of Old Orchard Beach, Maine in a separate letter dated January 20, 2015.

The Town of Old Orchard Beach, Maine's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Town of Old Orchard Beach, Maine's response and, accordingly, we express no opinion on it.

Purpose of this report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Certified Public Accountants

TOWN OF OLD ORCHARD BEACH, MAINE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

The following findings are related to the financial statements of the Town of Old Orchard Beach, Maine in accordance with GAGAS.

FINDINGS - FINANCIAL STATEMENT AUDIT

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2014-1

At the time of audit fieldwork, bank reconciliations for the Town were incomplete and had not been signed, dated or reviewed. In addition, there were cash adjustments that had not been posted. These adjustments were subsequently addressed by audit completion. We consider the reconciliation process and subsequent review to be a material control in preventing errors and reducing risk and crucial to the processing of accurate financial information for the Town. We recommend that the Town's management implement procedures to ensure reconciliations are prepared, dated, reviewed and signed by the preparer as well as the independent reviewer. We also recommend that all bank accounts are reconciled within 21 days of month's end.

Management Response:

Management agrees with the material weakness, and will ensure that all bank reconciliations are completed, reviewed and signed within 21 days of month's end for fiscal year 2015. Management fully anticipated addressing and implementing this process for fiscal year 2014, however there were several factors that contributed to the delay in meeting the recommendations: For fiscal year 2014, the Finance Department was not fully staffed until February 2014, in addition a critical re-organization took place transitioning payroll from HR to Finance which put an emphasis on training. Finance also transitioned the town's banking relationship to a different bank effective April 2014, which caused a delay in performing reconciliations. The Finance Director expects to have the monthly bank reconciliation process fully implemented for fiscal year 2015.