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TOWN OF BOOTHBAY, MAINE
FINANCIAL REPORT

JUNE 30, 2014

BTR

Communication • Trust • Commitment

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INDEPENDENT AUDITOR'S REPORT

Board of Selectmen
Town of Boothbay
Boothbay, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Boothbay, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Boothbay, Maine, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 32-34 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 Boothbay, Maine's, basic financial statements. The combining statement of general fund reserves and statement of departmental operations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Berry Talbot Royer

Certified Public Accountants
September 23, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Boothbay's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2014. Please read it in conjunction with the Town's financial statements provided by our independent outside auditors, Berry Talbot Royer, Certified Public Accountants.

This annual report consists of a series of financial statements. The Statement of Net Position (Statement 1) and the Statement of Activities (Statement 2) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start with Statement 3. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE TOWN AS A WHOLE

The Statement of Net Position (Statement 1) and the Statement of Activities (Statement 2)

The Statement of Net Position and the Statement of Activities report information about the Town as a whole. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in it. The Town's net position, the difference between assets and liabilities and deferred inflows, is one way to measure the Town's financial health or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's infrastructure, need to be considered to assess the overall health of the Town.

In these government-wide statements, the Town's activities are reported in one category:

Governmental activities - Most of the Town's basic services are reported here, including fire, general administration, roads, and recreation. Auto excise taxes, franchise fees, fines, state revenue sharing, and state and federal grants finance most of these activities.

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the significant funds, but not on the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Selectmen establishes many other funds to help it control and manage money for particular purposes.

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Governmental Funds - The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

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

Reporting the Town's Fiduciary Responsibilities (Statement 6 and 7)

These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Governmental Activities

This section will show a condensed financial comparison of revenues and expenses and provide explanations for significant differences.

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. Expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this type of format is to highlight the relative financial burden of each of the functions on the Town's taxpayers. It also identifies the amount each function draws from the general revenues or if it is self-financing through fees and grants.

General Government	Charges building permits, shore land permits, grants and clerk fees.
Public Safety	Charges associated with the Fire Department, mooring registrations
Public Works	Local Road Assistance Program

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

Statement of Net Position Information

The tables below provide a summary of the Town of Boothbay's statement of net position as of June 30, 2014 and 2013, and the statement of activities for the year ended June 30, 2014.

Table 1
Statement of Net Position
Fiscal Years ended June 30, 2014 and 2013

	2014 Governmental Activities	2013 Governmental Activities
Current and Other Assets	$ 1,355,850	$ 1,003,872
Capital Assets	4,200,949	4,414,754
Total Assets	5,556,799	5,418,626
Long Term Debt Outstanding	-	10,634
Other Liabilities	121,730	136,957
Total Liabilities	121,730	147,591
Prepaid Property Taxes	21,504	32,224
Total Deferred Inflows	21,504	32,224
Net Position		
Net Investment in Capital Assets	4,190,315	4,393,486
Restricted	319,147	240,331
Unrestricted	904,103	604,994
Total Net Position	$ 5,413,565	$ 5,238,811

Statement of Activities Information

Table 2
Net Cost of Governmental Activities
Fiscal Year ended June 30, 2014

	2014 Expenditures	2014 Revenues	2014 Net (Expense)Revenue
General Government	$ 528,986	$ 82,417	$ (446,569)
Public Safety and Services	537,751	60,876	(476,875)
Public Works	844,270	59,448	(784,822)
Service Accounts & Insurances	173,727	--	(173,727)
Education	5,211,982	--	(5,211,982)
Debt Service	942	--	(942)
Capital Investment	28,012	4,401	(23,611)
Fixed Charges	1,129,163	--	(1,129,163)
Unclassified	464,767	--	(464,767)
For Designated Purposes	19,750	921	(18,829)
Total Governmental Activities	**$ 8,939,350**	**$ 208,063**	**$ (8,731,287)**

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The Net Expense is the financial burden that was placed on the taxpayers by each of these functions. The following table presents a summary of General Fund revenues for the fiscal years ended June 30, 2014 and 2013:

Table 3

Comparative Changes in Net Position
Fiscal Years ended June 30, 2014 and 2013

	2014 Governmental Activities	2013 Governmental Activities
Revenues		
Program Revenues:		
Charges for Services	$ 143,293	$ 228,917
Operating Grants & Contributions	64,770	63,741
General Revenues:		
Property Taxes	8,177,734	7,473,604
Excise Taxes	657,485	617,375
Intergovernmental	117,531	126,709
Investment Earnings	60,250	46,399
Gain/ (Loss) on Disposal of Fixed Assets	(106,959)	25,742
Total Revenues	$ 9,114,104	$ 8,582,487
Expenses		
General Government	$ 528,986	$ 561,757
Public Safety and Services	537,751	515,989
Public Works	844,270	944,704
Service Accounts & Insurances	173,727	133,286
Education	5,211,982	5,069,556
Debt Service	942	5,187
Capital Investment	28,012	45,719
Fixed Charges	1,129,163	1,127,023
Unclassified	464,767	464,525
For Designated Purpose	19,750	9,538
Total Expenses	$ 8,939,350	$ 8,877,284
Increase/ (Decrease) in Net Position	**$ 174,754**	**$ (294,797)**
Beginning Net Position	**5,238,811**	**5,533,608**
Ending Net Position	**$ 5,413,565**	**$ 5,238,811**

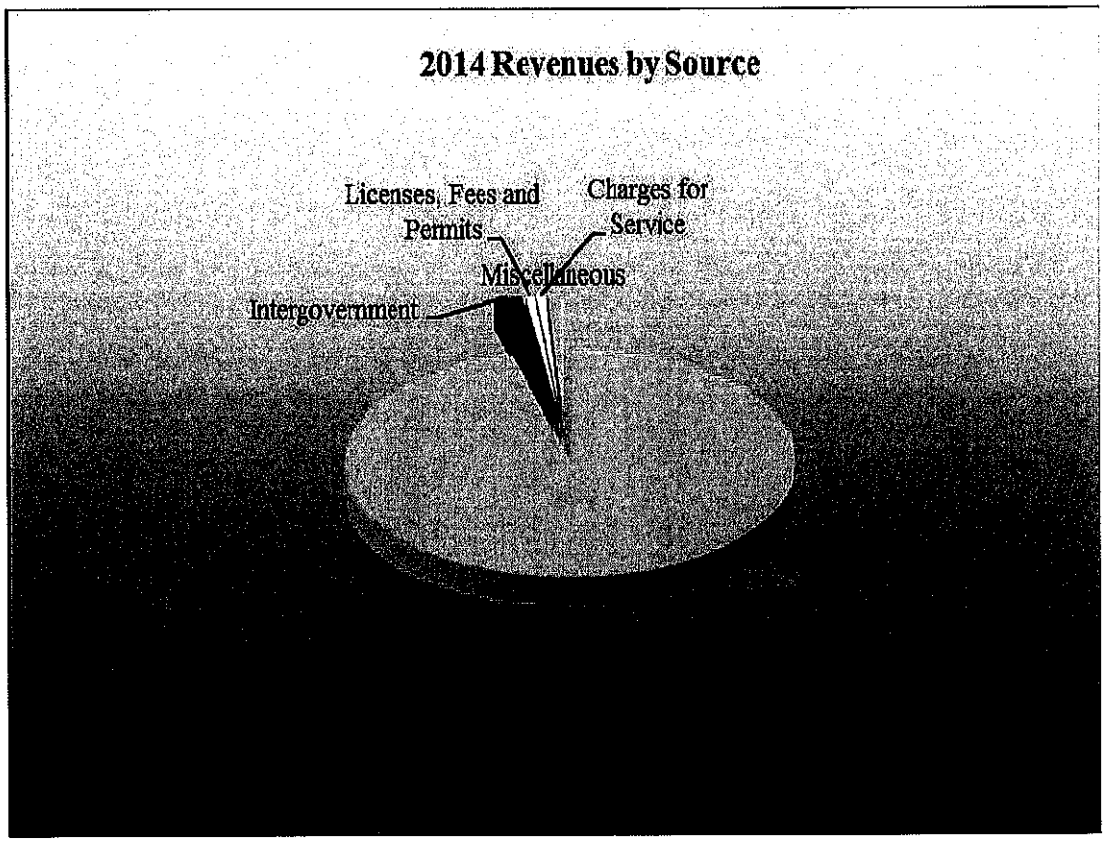

Chart A – 2014 Revenues by Source

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2014 and 2013.

Expenditures:	FYE 2014	FYE 2013	Net Change (Decrease)
General Government	$ 483,922	$ 514,218	$ (30,296)
Public Safety and Services	512,276	432,050	80,226
Public Works	761,254	994,472	(233,218)
Service Accounts & Insurances	169,994	133,286	36,708
Education	5,211,982	5,069,556	142,426
Debt Service	11,576	15,821	(4,245)
Fixed Charges	1,129,163	1,127,023	2,140
Capital Investment	68,689	54,988	13,701
Unclassified	464,767	464,525	242
Total Expenditures:	$ 8,813,623	$ 8,805,939	$ 7,684

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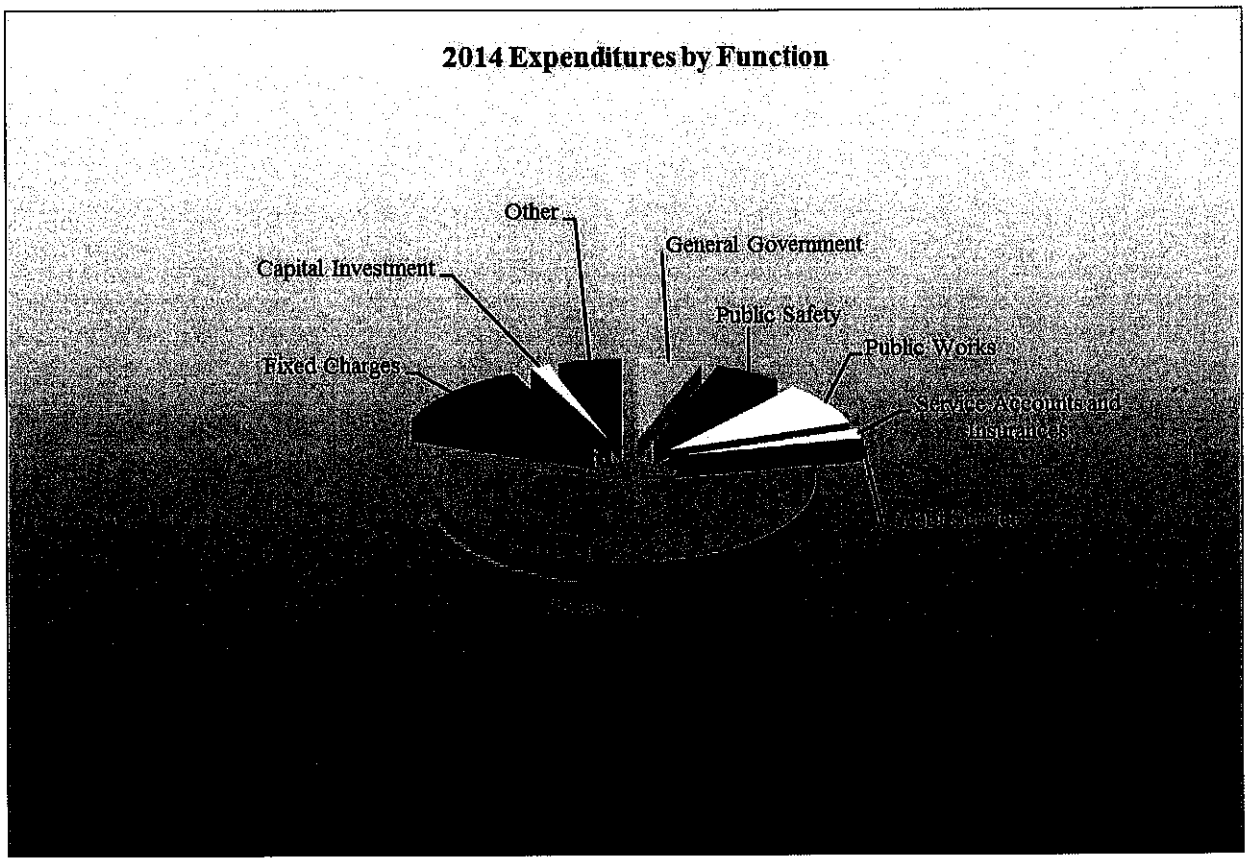

Chart B – 2014 Expenditures by Function

Our current General Fund Balance is $1,064,701. This amount is comprised of non-spendable, restricted, and unassigned (undesignated) funds.

The Town's General Fund is improving quickly after many years of decline. There were a number of reasons attributed to the decline and most of those have been corrected in the last three years. In previous years, expenditures have been made that were spent out of the Undesignated Fund and not replenished. This practice has been completely eliminated and reversed. Expenditures in excess of appropriations were recognized at Town Meeting and surplus was added to the General Fund. The concerted effort in the next few years to replenish the General Fund must continue for a few more years. The Selectmen have established a policy to maintain 18.75% of appropriation or a three year plan to replenish the funds. The positive year, this year, will bring us within 50% of that goal. Budgeting expenditures and revenues has also been closely scrutinized for better accuracy. This effort will continue and even be refined. Conservative estimates will create surpluses and funds will lapse back to the general fund.

The unassigned (undesignated) portion of the fund balance is the most crucial for the Selectmen to monitor. The unassigned balance for 2014 was $768,185. Compared to 2013, when the unassigned balance was $437,780. Therefore the town improved the unassigned fund balance by 75% in one year. If the town continues this trend the fund balance will be fully restored in a few years. The benefits are already being enjoyed by the town. A Tax Anticipation Note was not required this year and cash flow is fully capable of fulfilling expenditures timely. The town will continue to implement the three year UDF replacement plan.

Tax Increment Financing (TIF)

With the creation of TIF #3, all three TIF funds are being accounted for separately. We identify the three different TIF agreements, with Hodgdon Marine LLC, Washburn Doughty, and Boothbay Commercial District as separate and independent TIF programs. The TIF funds will be clearly differentiated from the rest of the General Fund. No projects are projected for funding this year. A concerted effort to rebuild the TIF fund balance will continue in the next few years.

GENERAL FUND BUDGETARY HIGHLIGHTS

The adoption of the Internal Control and Procedures Policy in 2013 led to very stable and predictable activity in the General Fund. Segregation of duties has established procedures which creates checks and balances. These checks and balances provide stability to revenue and expenditure recording and predictability to projections. Monthly reconciliation is also much more predictable and thorough.

CAPITAL ASSETS

At the end of June 30, 2014, the Town had $4,200,949 net investment in capital assets.

For the years ended June 30, 2014 and 2013 capital asset comparisons are as follows:

	2014 Governmental	2013 Governmental
Beginning capital assets	$ 4,414,754	$ 4,467,445
Net decrease in assets	(213,805)	(52,691)
Ending capital assets	$ 4,200,949	$ 4,414,754

The Town's capital assets showed a decline in value for the year ending June 30, 2014. Although we added some minor capital pieces they did not equal the depreciation of key municipal assets.

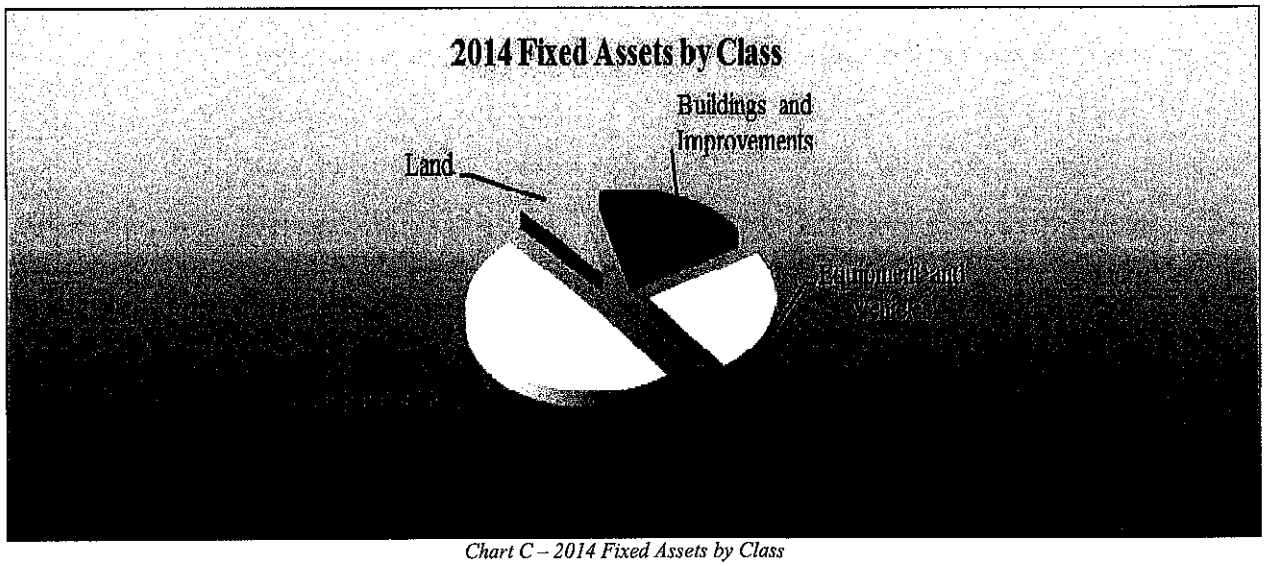

Chart C – 2014 Fixed Assets by Class

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DEBT ADMINISTRATION

At year-end the Town had a total of $10,634 of general obligation bonds to finance the rebuilding of the Back River project from 1999. This debt is at the very last stages of payment and will be paid in full by FYE 2015.

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2014.

Fiscal year Ended June 30, 2014
General Long Term Debt
Back River Project

Debt Payable at June 30, 2013	$ 21,268
Less: Debt Retired	(10,634)
Debt Payable at June 30, 2014	$ 10,634

More detailed information about the Town's long-term liabilities is included in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Property values are still a very important topic in the Selectmen's Office. Property values are a key component in determining the tax rate. The next largest component is spending. And the final piece of the formula is revenues. To the extent possible, the Selectmen have been able to control spending for Town services. However, the cost of Education and the County Tax continue to rise at an alarming rate. The economic downturn has severely reduced Federal and State spending. The term **Reduced Spending** translates to reduced revenues to the Town of Boothbay. The reduced revenues to the Town of Boothbay means an increased burden on the property tax to support local government, local roads, education, and the Town's share of County government. Your Selectmen have worked diligently to review and modify all areas of spending, purchasing and revenues to wring out what ever savings we can for you, the taxpayer.

During this economic downturn we have had to tighten the Municipal Budget. Like the Federal Government, the State and the towns around us, we have had to measure services wisely. The Selectmen have worked diligently in producing better services without asking for more budgetary permissions. Repair of the undesignated fund, capital budgeting, and conservative estimates in budgeting are key factors in buffering the uncertainties that effect the tax rate.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Manager's Office at 1011 Wiscasset Road, Boothbay, Maine, or by phone at (207) 633-2051.

TOWN OF BOOTHBAY, MAINE
JUNE 30, 2014

BASIC FINANCIAL INFORMATION

TOWN OF BOOTHBAY, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
ASSETS:	
Cash/Investments	$ 1,038,504
Receivables:	
Taxes	1,377
Liens	258,314
Accounts	37,241
Prepaid Expenses	339
Inventory	20,075
Capital Assets:	
Land	783,905
Other Capital Assets, Net of Depreciation	3,417,044
Total Capital Assets	4,200,949
TOTAL ASSETS	5,556,799
LIABILITIES:	
Accounts Payable	5,392
Accrued Liabilities	1,964
Accrued Compensated Absences	30,619
Due to Fiduciary Funds	73,121
Long-term Liabilities:	
Due within One Year	10,634
Due in More Than One Year	-
TOTAL LIABILITIES	121,730
DEFERRED INFLOWS:	
Prepaid Property Taxes	21,504
TOTAL DEFERRED INFLOWS:	21,504
NET POSITION:	
Net Investment in Capital Assets	4,190,315
Restricted for:	
Special Revenues	43,045
Capital Expenditures	276,102
Unrestricted	904,103
TOTAL NET POSITION	$ 5,413,565

The Accompanying Notes are an Integral Part of these Financial Statements.

TOWN OF BOOTHBAY, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes In Net Position: Governmental Activities
FUNCTIONS/PROGRAMS				
Primary Government				
Governmental Activities				
General Government	$ 528,986	$ 82,417	$ -	$ (446,569)
Public Safety and Services	537,751	60,876	-	(476,875)
Public Works	844,270	-	59,448	(784,822)
Service Accounts & Insurances	173,727	-	-	(173,727)
Education	5,211,982	-	-	(5,211,982)
Debt Service	942	-	-	(942)
Capital Investment	28,012	-	4,401	(23,611)
Fixed Charges	1,129,163	-	-	(1,129,163)
Unclassified	464,767	-	-	(464,767)
For Designated Purpose	19,750	-	921	(18,829)
Total Governmental Activities	8,939,350	143,293	64,770	(8,731,287)
TOTAL PRIMARY GOVERNMENT	$ 8,939,350	$ 143,293	$ 64,770	(8,731,287)

General Revenues:	
Property Taxes	8,177,734
Excise Taxes	657,485
Intergovernmental	117,531
Investment Earnings	60,250
Loss on Disposal of Fixed Assets	(106,959)
Total General Revenues	8,906,041
Change in Net Position	174,754
Net Position - July 1, 2013	5,238,811
Net Position - June 30, 2014	$ 5,413,565

The Accompanying Notes are an Integral Part of these Financial Statements.

TOWN OF BOOTHBAY, MAINE
BALANCE SHEET -
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash and Investments	$ 1,008,342	$ 30,162	$ 1,038,504
Receivables:			
Taxes	1,377	-	1,377
Liens	258,314	-	258,314
Accounts	37,241	-	37,241
Prepaid Expenses	339	-	339
Inventory	20,075	-	20,075
Due from Other Funds	-	12,883	12,883
TOTAL ASSETS	$ 1,325,688	$ 43,045	$ 1,368,733
LIABILITIES:			
Accounts Payable	$ 5,392	$ -	$ 5,392
Accrued Liabilities	1,964	-	1,964
Due to Other Funds	86,004	-	86,004
TOTAL LIABILITIES	93,360	-	93,360
DEFERRED INFLOWS:			
Unavailable Revenues - Property Taxes	146,123	-	146,123
Prepaid Property Taxes	21,504	-	21,504
TOTAL DEFERRED INFLOWS	167,627	-	167,627
FUND BALANCES:			
Nonspendable:	20,414	-	20,414
Restricted for:			
Special Revenues	-	43,045	43,045
Reserves	276,102	-	276,102
Unassigned	768,185	-	768,185
TOTAL FUND BALANCES	1,064,701	43,045	1,107,746
TOTAL LIABILITIES AND FUND BALANCES	$ 1,325,688	$ 43,045	

Amounts reported for governmental activities in the Statement of Net Position (Statement 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,200,949
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds Payable	(10,634)
Compensated Absences Payable	(30,619)
Funds are not available to pay for current period expenditures and therefore are deferred in the funds.	146,123
Net Position of Governmental Activities	$ 5,413,565

The Accompanying Notes are an Integral Part of these Financial Statements.

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

	General	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Taxes	$ 8,859,854	$ -	$ 8,859,854
Intergovernmental	176,979	-	176,979
Licenses and Permits	57,646	-	57,646
Charges for Services	52,813	-	52,813
Miscellaneous	93,084	921	94,005
	9,240,376	921	9,241,297
EXPENDITURES:			
General Government	483,922	-	483,922
Public Safety and Services	512,276	-	512,276
Public Works	761,254	-	761,254
Service Accounts & Insurances	169,994	-	169,994
Education	5,211,982	-	5,211,982
Debt Service	11,576	-	11,576
Fixed Charges	1,129,163	-	1,129,163
Capital Investment	68,689	-	68,689
Unclassified	464,767	-	464,767
For Designated Purpose	-	19,750	19,750
	8,813,623	19,750	8,833,373
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	426,753	(18,829)	407,924
OTHER FINANCING SOURCES (USES):			
Operating Transfers	(26,334)	26,334	-
	(26,334)	26,334	-
NET CHANGE IN FUND BALANCE	400,419	7,505	407,924
FUND BALANCE - JULY 1, 2013	664,282	35,540	699,822
FUND BALANCE - JUNE 30, 2014	$ 1,064,701	$ 43,045	$ 1,107,746

The Accompanying Notes are an Integral Part of these Financial Statements.

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

Net change in fund balances - total governmental funds (from Statement 4)		$ 407,924
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount of depreciation and capital outlay is as follows:		
Capital Outlay	327,018	
Depreciation	(433,864)	
		(106,846)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The amount of bond repayments in the current period is as follows:		
Bond Repayments		10,634
Certain revenues reported in the fund statements were reported as revenues in the statement of activities in the prior years		(24,635)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.		
Change in Accrued Compensated Absences		(5,364)
Loss on Fixed Asset Disposal		(106,959)
Change in net position of governmental activities (see Statement 2)		$ 174,754

The Accompanying Notes are an Integral Part of these Financial Statements.

TOWN OF BOOTHBAY, MAINE
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
JUNE 30, 2014

	Private Purpose Trust Fund	Agency
	Ulmer Scholarship	
ASSETS:		
Due from General Fund	$ 70,791	$ 2,330
	70,791	2,330
LIABILITIES:		
Due to Other Groups	-	2,330
	-	$ 2,330
NET POSITION:		
Held in Trust for Other Purposes	$ 70,791	

The Accompanying Notes are an Integral Part of these Financial Statements.

TOWN OF BOOTHBAY, MAINE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Private Purpose Trust Fund
	Ulmer Scholarship
ADDITIONS:	
Interest	$ 2,516
DEDUCTIONS:	
Program Expenditures	9,000
CHANGE IN NET POSITION	(6,484)
NET POSITION - JULY 1	77,275
NET POSITION - JUNE 30	$ 70,791

The Accompanying Notes are an Integral Part of these Financial Statements.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The Reporting Entity

The Town of Boothbay, Maine, incorporated in 1764, currently operates under a Board of Selectmen form of Government with a Town Manager as the Chief Administrator of the Town. The Board consists of five members elected by the registered voters for three year staggered terms. The financial statements of the Town conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (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) (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Town are discussed below.

Principles Determining Scope of Reporting Entity

In evaluating the Town as a reporting entity, management has addressed all potential component units for which the Town may or may not be financially accountable and, as such, be includable within the Town's basic financial statements. In accordance with GASB, the Town (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Town. The Town also is financially accountable for organizations that are fiscally dependent on it and if there is a financial benefit or burden relationship. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. Based on the application of these criteria, there are no other entities within the Town that should be included as part of these financial statements.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements, comprising the statement of net position and the statement of activities, report information on all of the non-fiduciary activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities points out the extent to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function, service, program, or department. The Town has elected not to allocate indirect costs among the programs or functions. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the Town.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements

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

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

Governmental Activities

Governmental funds are identified as either general or special revenue based upon the following guidelines.

The *General Fund* is the operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

Fiduciary Funds

Private-Purpose Trust and Agency Funds - Trust funds are used to account for assets received by the Town and held in the capacity of trustee, custodian or agent. Non-expendable trust funds are those whose principal must be preserved intact. Expendable are those whose principal and income may be expended in the course of their designated operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements or results of operations. These funds, along with any component units that are fiduciary in nature, are not incorporated into the government-wide statements.

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.

Accrual

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

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Modified Accrual

Governmental funds 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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or 60 days 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. However, debt service expenditures, as well as certain compensated absences, claims and judgments, are recorded only when the payment is due.

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

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Cash and Investments

The Town's cash is 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. Town policy is that deposits can only be made in financial institutions insured by the FDIC. The Town invests in repurchase agreements and certificates of deposit. The Town invests its funds in an effort to ensure preservation of capital, remain sufficiently liquid and attain a reasonable market rate of return.

Investments are reported at fair market value.

Interfund Transactions

During the course of normal operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due to/due from other funds" on the balance sheet of the governmental funds and fiduciary funds. As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements.

Operating transfers occur when the Town transfers budgeted resources between funds.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Inventory

Fuel inventory is valued at cost and consists of gas and diesel purchased for internal use and resale.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements.

Capital assets are defined by the Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Buildings and Building Improvements - 10 to 40 years
Vehicles and Equipment - 5 to 40 years
Infrastructure - 10 to 40 years

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's life are not capitalized.

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures upon acquisition. Fixed assets are not capitalized and related depreciation is not expensed in the fund financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements, the Town's deferred inflows of resources consist of prepaid property taxes. In the fund financial statements, due to differences in the modified accrual basis of accounting, deferred inflows also include deferred (unavailable) property taxes.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Compensated Absences

Under the terms of personnel policies, vacation and sick leave are granted in varying amounts according to length of service. The Town accrues accumulated sick leave and vacation time. At June 30, 2014, the accrual for compensated absences was determined to be $30,619 which has been included in the government-wide financial statements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. In the Statement of Activities, bond premiums and discounts, if material to the basic financial statements, are amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt and the premiums received are reported as other financing resources. Discounts on debt issuances are reported as other financing uses.

Net Position and Fund Equity Classifications

Net position is required to be classified into the following three components:

Net investment in capital assets - This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Capital Assets	$ 10,527,150
Accumulated Depreciation	(6,326,201)
Bonds and Notes Payable	(10,634)
Net Investment in Capital Assets	$ 4,190,315

Restricted - This component consists of constraints placed on the use of net position which are either externally imposed by debt covenants, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Fund Balance

In the fund financial statements, governmental fund balance is presented in five possible categories:

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

Restricted - represents those portions of fund equity that have externally enforceable legal restrictions.

Committed - describes the portion of the fund balance that represents resources whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making and that remain binding unless removed in the same manner.

Assigned - reflects the amounts constrained by the town's "intent" to be used for specific purposes, but are neither restricted nor committed. The town board of selectmen and town manager has the authority to assign amounts to be used for specific purposes.

Unassigned - represents amounts that are available for any purpose.

Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the Town's intent to use committed or assigned resources first, and then unassigned resources as they are needed.

It is the policy of the Town to maintain unassigned fund balance in the General fund at 18.75%, or two and one quarter twelfths, of the approved appropriation for the municipal budget, the Town's portion of Boothbay, Boothbay Harbor Community School District local assessment, county tax and overlay. Should the unassigned fund balance fall below the minimum amount, the Town would adopt a three-year plan to achieve the target level.

Estimates

Management uses estimates and assumptions in preparing these basic financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities, and the reported revenue and expenses.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the bank's failure, the Town will not be able to recover the value of its deposits that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2014, the Town had a bank balance of $994,522, of which $535,000 was insured by the FDIC and $459,522 was exposed to custodial credit risk. The balance exposed to custodial credit risk, was collateralized with securities held by the pledging bank's trust department, not in the Town's name.

Investments

Custodial Credit Risk

For investments, custodial credit risk is the risk that, in 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 the outside party. The Town's investment policy does not specifically address custodial credit risk. As of June 30, 2014, the Town's investment balance of $128,574 was collateralized with securities held by the pledging bank's trust department, not in the Town's name.

At June 30, 2014, the Town's governmental funds had the following investments and maturities:

	Carrying Value	Fair Value
Repurchase Agreements	$128,574	$128,574

NOTE 3 - PROPERTY TAX

The Town's property taxes for the current year were committed July 10, 2013 on the assessed value listed as of April 1, 2013 for all real estate and taxable personal property located in the Town. Taxes were due semi-annually on August 14, 2013 and February 5, 2014; interest was charged at 7.0% on all unpaid taxes from August 15, 2013 and February 6, 2014. Assessed values are periodically established by the assessors at the assumed market value.

The following summarizes the levy:

Valuation and Assessment		
Real Property		$ 969,227,170
Personal Property		3,983,357
Total Valuation		973,210,527
Tax Rate per Thousand		8.40
Tax Commitment		$ 8,174,969
Collection of 2013 Taxes		
Original Commitment		$ 8,174,969
Supplemental Taxes		2,765
		8,177,734
Less: Collection in Current Period	$ 7,958,735	
Abatements and Discounts	33,106	
Taxes to Liens	184,516	8,176,357
Taxes Receivable – current year		$ 1,377

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 $243,907 for the year ended June 30, 2014.

Property taxes levied are recorded as receivables at the time the levy is made. The receivables collected during the year and in the first sixty (60) days subsequent to the fiscal year are recognized as revenues. The remaining receivables estimated to be collectible subsequent to the sixty (60) day period are recorded as deferred inflows.

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. Property acquired by foreclosure for non-payment of taxes is recorded at the amount of expired tax liens. Liens and any current taxes on the same period are not included as part of the tax acquired property account until expiration of statutory time limits.

NOTE 4 - FIXED ASSETS

Capital asset activity for the governmental funds during 2014 was as follows:

	Balance June 30, 2013	Additions	Disposals	Balance June 30, 2014
Cost of Assets:				
Land and Land Improvements	$ 793,564	$ -	$ (9,658)	$ 783,906
Buildings and Building Improvements	2,251,229	-	(162,100)	2,089,129
Equipment and Vehicles	2,458,288	77,495	(23,084)	2,512,699
Infrastructure	4,891,895	249,523	-	5,141,418
Total	10,394,976	327,018	(194,842)	10,527,152
Accumulated Depreciation:				
Land and Land Improvements	66,028	4,886	-	70,914
Buildings and Building Improvements	1,032,183	67,104	(64,840)	1,034,447
Equipment and Vehicles	1,289,227	138,414	(23,043)	1,404,598
Infrastructure	3,592,784	223,460	-	3,816,244
Total	5,980,222	433,864	(87,883)	6,326,203
Governmental Activities Capital Assets, Net	$ 4,414,754	$ (106,846)	$ (106,959)	$ 4,200,949

Depreciation was charged to functions as follows:

Admin	$ 41,226
Public Safety	75,475
Public Works	313,430
Public Health	3,733
	$ 433,864

NOTE 5 - INTERFUND RECEIVABLES/ PAYABLES AND TRANSFERS

Interfund Receivables/Payables

Individual interfund receivables and payables at June 30, 2014, were as follows:

Fund	Interfund Receivables	Interfund Payables
General	$ -	$ 86,004
Nonmajor-Other Governmental Funds	12,883	-
Fiduciary Funds	73,121	-
	$ 86,004	$ 86,004

The purpose of interfund loans is to charge revenues and expenditures to the appropriate fund when that activity is accounted for through the centralized checking. The balances represent each fund's portion of the centralized account.

Transfers

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

Fund	Transfers In	Transfers Out
General	$ -	$ 26,334
Other Non-Major Governmental Funds	26,334	-
	$ 26,334	$ 26,334

Transfers are used to report the tax assessed on the captured value of the Tax Increment Financing Districts.

NOTE 6 - LONG-TERM DEBT AND ACCRUED COMPENSATED ABSENCES

Long-Term Debt

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

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Bonds Payable:					
General Obligation Bonds	$ 21,268	$ -	$ 10,634	$ 10,634	$ 10,634

NOTE 6 - LONG-TERM DEBT AND ACCRUED COMPENSATED ABSENCES (Continued)

Long-Term Debt (Continued)

Long-term debt outstanding at year-end is as follows:

Maine Municipal Bond Bank 1999 General Obligation Bond dated October 28, 1999, variable interest rate of 4.283-5.908%. Authorized and issued $159,500. Annual principal payments of $10,634 each plus semi-annual interest payments to November 1, 2014.	$ 10,634

The annual requirements to amortize debt outstanding as of June 30, 2014 are as follows:

Year	Principal	Interest	Total Debt Service
2015	$ 10,634	$ 314	$ 10,948

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. Additionally, no municipality shall incur debt in the aggregate in excess of 15% of its stated assessed valuation. The Town's outstanding debt at June 30, 2014, of $10,634, was approximately $141,619,366 below the Town's statutory debt limit.

A summary of the Town's legal debt margin is as follows:

	Outstanding Bonds & Notes	State Assessed Value of $944,200,000	Debt Limit	Margin
Municipal Purposes	$ 10,634	15%	$ 141,630,000	$ 141,619,366

Total interest expended on long-term debt was $942 for the fiscal year.

Compensated Absences

According to the Town's personnel policy, upon termination, employees can receive their vacation time and 25% of their accrued sick time. As of June 30, 2014, the balance of accrued vacation time was $18,473 and 25% of accrued sick time was $12,146.

NOTE 7 - OVERLAPPING DEBT

The Town is liable for its proportional share of any defaulted debt issued by Lincoln County and Boothbay, Boothbay Harbor Community School District. Debt service is included in the annual County and School assessments to the Town. The overlapping debt applicable to the Town at June 30, 2014, is: 13% ($1,011,400) of Lincoln County's outstanding debt of $7,780,000 and 56% ($588,410) of Boothbay, Boothbay Harbor Community School District's outstanding debt of $1,050,733.

NOTE 8 - CONTINGENT LIABILITY

Litigation

The Town is subject to certain legal proceedings and claims that arise in the ordinary course of conducting its activities. In the opinion of management, the Town has defensible positions and any ultimate liabilities are covered by insurance or will not materially affect the financial position of the Town.

State and Federal Grants

The Town participates in state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money received may be required.

In the opinion of the Town, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined basic financial statements for such contingencies.

NOTE 9 - 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, or participates in a public entity risk pool. Currently, the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. Based on the coverage provided by the pool, 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.

NOTE 10 - SELECTED COMPONENTS OF FUND BALANCE

At June 30, 2014, fund balance components consisted of the following:

	Nonspendable	Restricted
General Fund Reserve for:		
Public Works Department Equipment	$ -	$ 118,631
Fire Department Equipment	-	5,315
Capital Reserve	-	152,156
Prepaid Expenses	339	-
Inventory	20,075	-
Other Governmental Funds		
TIF Funds	-	43,045
	$ 20,414	$ 319,147

NOTE 11 - RETIREMENT PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401(a) money purchase plan through the International City Management Association Retirement Corporation.

The deferred compensation plan is available to all employees of the Town. Under the plan, employees may elect to defer a portion of their salary and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The Town's computed contribution to this plan for the year ended June 30, 2014 was approximately $47,893. 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.

The Town has no liability for losses under the plan; however, as part of its fiduciary role, the Town has an obligation of due care in selecting the third party administrator.

Additionally, the Town participates in the Social Security Retirement Program. The Town's contribution to social security was approximately $49,202, for the year ended June 30, 2014.

NOTE 12 - TAX INCREMENT FINANCING DISTRICT

Hodgdon Marine LLC Municipal Development and Tax Increment Financing District

The Town was authorized by the Maine Department of Economic and Community Development to establish a Tax Increment Financing District (TIF) in order to capture improvements made within the District and permit Tax Increment financing for the Hodgdon Marine LLC (the Company).

TIF revenues allocated to the Company are used to offset the costs of financing, building construction, site improvements and the purchase and installation of equipment within the District. The Development Program provides for a portion of the new tax revenues generated by the increase in assessed value of the District to be captured and designated as TIF revenues. The Town and the Company will use their TIF revenues to cover development costs and related Town expenditures. Under the Tax Increment Financing District Credit Enhancement Agreement, a percentage of the captured TIF revenues (75% for fiscal year ended June 30, 2014) has been paid to the Company to offset costs of building construction, site improvements, and purchase and installation of equipment. The balance of the captured TIF revenues (25% for fiscal year ended June 30, 2014) has been accumulated by the Town in a separate fund to pay for future improvements and the repayment to the general fund for improvements done in prior years. Future funds will be deposited into the Development Program Fund for Town improvements made outside the District. The remaining portion of the incremental tax revenues generated by the increase in assessed value will be deposited into the Town's general fund.

NOTE 12 - TAX INCREMENT FINANCING DISTRICT (Continued)

Washburn and Doughty Municipal Development and Tax Increment Financing District

The Town was authorized by the Maine Department of Economic and Community Development to establish a Tax Increment Financing District (TIF) in order to capture improvements made within the District and permit Tax Increment financing for Washburn and Doughty (the Company).

TIF revenues allocated to the Company are used to offset the costs of financing, building construction, site improvements and the purchase and installation of equipment within the District. The Development Program provides for a portion of the new tax revenues generated by the increase in assessed value of the District to be captured and designated as TIF revenues. The Town and the Company will use their TIF revenues to cover development costs and related Town expenditures. Under the Tax Increment Financing District Credit Enhancement Agreement, a percentage of the captured TIF revenues (75% for fiscal year ended June 30, 2014) has been paid to the Company to offset costs of building construction, site improvements, and purchase and installation of equipment. The balance of the captured TIF revenues (25% for fiscal year ended June 30, 2014) has been accumulated by the Town in a separate fund to pay for future improvements and the repayment to the general fund for improvements done in prior years. Future funds will be deposited into the Development Program Fund for Town improvements made outside the District. The remaining portion of the incremental tax revenues generated by the increase in assessed value will be deposited into the Town's general fund.

NOTE 13 - RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. The reclassifications had no effect on previously reported results of operations or net position.

NOTE 14 - SUBSEQUENT EVENTS

In preparing these financial statements, the Town's management has evaluated events and transactions for potential recognition or disclosure through September 23, 2014 the date the financial statements were available to be issued.

TOWN OF BOOTHBAY, MAINE
JUNE 30, 2014

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BOOTHBAY, MAINE
BUDGETARY COMPARISON SCHEDULE -
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	Original & Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Taxes:			
Property	$ 8,174,969	$ 8,177,734	$ 2,765
Change in Unavailable Revenue - Property Taxes	-	24,635	24,635
Excise	525,838	657,485	131,647
	8,700,807	8,859,854	159,047
Intergovernmental:			
State Revenue Sharing	55,000	62,960	7,960
State Homestead Reimbursement	32,844	32,844	-
Highway Block Grant	49,300	59,448	10,148
BETE Reimbursement	21,727	21,727	-
	158,871	176,979	18,108
Licenses and Permits:			
Building Permits	25,000	27,613	2,613
Plumbing Permits	7,000	4,373	(2,627)
Mooring Permits	25,000	23,420	(1,580)
Liquor and Other Licenses	1,100	2,240	1,140
	58,100	57,646	(454)
Charges for Services:			
Planning Board	-	3,090	3,090
Appeals Board	-	140	140
TV Franchise Fees	-	28,730	28,730
Agent Fees	10,000	13,571	3,571
Town Clerk Fees	5,000	7,282	2,282
	15,000	52,813	37,813
Miscellaneous:			
Interest	52,000	60,250	8,250
Miscellaneous Revenues	30,000	2,570	(27,430)
Other	9,800	30,264	20,464
	91,800	93,084	1,284
TOTAL REVENUES	9,024,578	9,240,376	215,798
EXPENDITURES:			
General Government	510,290	483,922	26,368
Public Safety and Services	562,371	512,276	50,095
Public Works	701,005	761,254	(60,249)
Service Accounts & Insurances	155,950	169,994	(14,044)
Education	5,211,982	5,211,982	-
Debt Service	11,577	11,576	1
Fixed Charges	1,339,964	1,129,163	210,801
Capital Investment	140,000	140,000	-
Unclassified	467,439	464,767	2,672
TOTAL EXPENDITURES	9,100,578	8,884,934	215,644

See Notes to Required Supplementary Information

TOWN OF BOOTHBAY, MAINE
BUDGETARY COMPARISON SCHEDULE -
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	Original & Final Budget	Actual	Variance Positive (Negative)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (76,000)	$ 355,442	$ 431,442
OTHER FINANCING SOURCES (USES):			
Budgeted Use of Surplus	102,000	-	(102,000)
Operating Transfers to Special Revenues	(26,000)	(26,334)	(334)
	76,000	(26,334)	(102,334)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	$ -	329,108	$ 329,108
RECONCILIATION TO GAAP BASIS:			
Budgeted Transfers and Interest Income to Reserves		144,401	
Expenses from Reserves		(73,090)	
		71,311	
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		$ 400,419	

See Notes to Required Supplementary Information

TOWN OF BOOTHBAY, MAINE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2014

NOTE 1 – BUDGETARY ACCOUNTING

Budgets are adopted for the general fund only on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary integration is employed as a management control device during the year for the general fund. The budget is presented on the modified accrual basis of accounting, which is consistent with U.S. generally accepted accounting principles.

NOTE 2 - BUDGET VS GAAP BASIS OF ACCOUNTING

The following is an explanation of the various differences and their effect on current year revenues and expenditures on a GAAP basis as presented in Statement 4:

Excess of Revenues and Other Sources Over Expenditures and Other Uses (Exhibit 1)	$ 329,108
Interest and Other Receipts to Reserves (Schedule 1)	144,401
Expenses from Reserves (Schedule 1)	(73,090)
Excess of Revenues Over (Under) Expenditures (Statement 4)	$ (400,419)

NOTE 3 - BUDGETED USE OF SURPLUS

During the year ended June 30, 2014, the Town budgeted to utilize prior year unassigned fund balance as a budgeted use of surplus in the amount of $102,000.

NOTE 4 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

During the year, expenditures exceeded appropriations in the following budget lines:

	Amount Overexpended
Fire Department	$ 3,201
Street Lights	817
Road Improvements	41,805
Snow Removal	33,368
Fuel (Town Usage)	893
Service Account	19,070
Buildings and Grounds	317
Legal	881
Insurance	796
Treasurer	4,482
Shipbuilders Park	692
Total	$ 106,322

The Town will vote to cover the amounts overexpended out of the fund balance.

The following schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town of Boothbay, Maine. Information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Schedule 2

TOWN OF BOOTHBAY, MAINE
STATEMENT OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2014

	Appropriation Balances Forward	Appropriations	Transfers and Other Credits	Total Available	Expenditures	Balances: Lapsed Overdrawn	Balances: Lapsed Unexpended	Balances: Carried Forward
GENERAL GOVERNMENT								
Administration	$ -	$ 324,253	$ -	$ 324,253	$ 303,458	$ -	$ 20,795	$ -
Selectmen	-	37,101	-	37,101	36,416	-	685	-
Code Enforcement	-	137,865	-	137,865	135,970	-	1,895	-
Planning Board	-	6,295	-	6,295	4,927	-	1,368	-
Meetings & Elections	-	4,776	-	4,776	3,151	-	1,625	-
	-	510,290	-	510,290	483,922	-	26,368	-
PUBLIC SAFETY AND SERVICES								
Fire Department	-	94,022	50,000	144,022	147,223	3,201	-	-
Waters and Navigation	-	20,900	-	20,900	16,417	-	4,483	-
Animal Control	-	6,341	-	6,341	5,092	-	1,249	-
Emergency Management	-	2,300	-	2,300	1,359	-	941	-
Street Lights	-	25,000	-	25,000	25,817	817	-	-
Fire Protection	-	246,000	-	246,000	243,557	-	2,443	-
Ambulance	-	167,808	-	167,808	122,811	-	44,997	-
	-	562,371	50,000	612,371	562,276	4,018	54,113	-
PUBLIC WORKS								
Highway	-	388,704	-	388,704	379,900	-	8,804	-
Road Improvements	-	211,500	-	211,500	253,305	41,805	-	-
Snow Removal	-	70,801	-	70,801	104,169	33,368	-	-
Fuel (Town Usage)	-	30,000	-	30,000	30,893	893	-	-
Fuel Depot (for Resale)	-	-	229,625	229,625	222,612	-	7,013	-
	-	701,005	229,625	930,630	990,879	76,066	15,817	-
SERVICE ACCOUNTS & INSURANCES								
Service Account	-	27,000	-	27,000	46,070	19,070	-	-
Buildings and Grounds	-	50,950	-	50,950	51,267	317	-	-
Legal	-	30,000	-	30,000	30,881	881	-	-
Employee Benefits	-	23,000	-	23,000	15,980	-	7,020	-
Insurance	-	25,000	-	25,000	25,796	796	-	-
	-	155,950	-	155,950	169,994	21,064	7,020	-

Schedule 2 (Continued)

TOWN OF BOOTHBAY, MAINE
STATEMENT OF DEPARTMENTAL OPERATIONS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

	Appropriation Balances Forward	Appropriations	Transfers and Other Credits	Total Available	Expenditures	Balances: Lapsed Overdrawn	Balances: Lapsed Unexpended	Balances: Carried Forward
EDUCATION								
Boothbay, Boothbay Harbor CSD	$ -	$ 5,211,982	$ -	$ 5,211,982	$ 5,211,982	$ -	$ -	$ -
DEBT SERVICE	-	11,577	-	11,577	11,576	-	1	-
FIXED CHARGES								
County Tax	-	1,096,057	-	1,096,057	1,096,057	-	-	-
Overlay	-	243,907	-	243,907	33,106	-	210,801	-
	-	1,339,964	-	1,339,964	1,129,163	-	210,801	-
CAPITAL INVESTMENT								
Capital Investment	-	140,000	-	140,000	140,000	-	-	-
UNCLASSIFIED								
General Assistance	-	10,000	-	10,000	2,154	-	7,846	-
Treasurer	-	-	-	-	4,482	4,482	-	-
Solid Waste Disposal and Recycling	-	362,196	-	362,196	362,196	-	-	-
Support Organizations	-	36,243	-	36,243	36,243	-	-	-
Library	-	45,000	-	45,000	45,000	-	-	-
Shipbuilders Park	-	-	-	-	692	692	-	-
Cemetery District	-	14,000	-	14,000	14,000	-	-	-
	-	467,439	-	467,439	464,767	5,174	7,846	-
TOTAL	$ -	$ 9,100,578	$ 279,625	$ 9,380,203	$ 9,164,559	$ 106,322	$ 321,966	$ -