

Audited Financial Statements  
and Other Financial Information

**Town of Berwick, Maine**

June 30, 2019



*Proven Expertise & Integrity*

TOWN OF BERWICK, MAINE

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JUNE 30, 2019

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## INDEPENDENT AUDITORS' REPORT

Board of Selectmen  
Town of Berwick  
Berwick, 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 Berwick, Maine as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Town of Berwick, Maine's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### 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 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.

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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 Berwick, Maine as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 4 through 12 and 68 through 74 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 Berwick, Maine's basic financial statements. The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Departmental Operations - General Fund and combining and individual nonmajor 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. 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 Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2020, on our consideration of the Town of Berwick, 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* in considering the Town of Berwick, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
January 20, 2020

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Berwick, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Town of Berwick, Maine's financial statements.

**Financial Statement Overview**

The Town of Berwick'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, pension and OPEB information 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 regard 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, deferred outflows of resources, liabilities and deferred inflows of resources 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 Berwick 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 safety, public works, recreation and culture, health and welfare, education, outside appropriations and unclassified.
- *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 Berwick include the water 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 Berwick, 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 Berwick can be divided into three categories: governmental funds, fiduciary 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 funds balance sheet and the governmental funds 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's financial statement.

The Town of Berwick presents seven columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, fire department reserve, highway improvement reserve, fire station reserve, Lena Clark trust and cemetery trust. All other funds are shown as nonmajor and are combined in the "Other Governmental 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 Berwick maintains one proprietary fund, the water fund. This fund is 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.

*Fiduciary Funds:* These funds are used to account for resources held for the benefit of parties outside the Town. These funds are not reflected in the government-wide statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

### **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 Changes in Net Position - Fiduciary 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, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pension, a Schedule of Changes in Net OPEB Liability, a Schedule of Changes in Net OPEB Liability and

Related Ratios, a Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds 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 governmental net position increased by \$311,338 from \$11,760,551 to \$12,071,889. The Town's total business-type net position increased by \$59,156 from \$3,583,689 to \$3,642,845.

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 - increased for governmental activities to a balance of \$5,099,124 at the end of this year. Unrestricted net position for business-type activities decreased to a balance of \$236,889.

**Table 1**  
**Town of Berwick, Maine**  
**Net Position**  
**June 30,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Assets</b>				
Current Assets	\$ 12,775,853	\$ 6,550,890	\$ 340,049	\$ 444,642
Noncurrent Assets	8,402,616	8,639,807	3,850,790	3,853,597
Total Assets	<u>21,178,469</u>	<u>15,190,697</u>	<u>4,190,839</u>	<u>4,298,239</u>
<b>Deferred Outflows of Resources</b>				
Deferred Outflows Related to Pensions	430,388	913,859	42,893	74,204
Deferred Outflows Related to OPEB	12,983	14,829	-	-
Total Deferred Outflows of Resources	<u>443,371</u>	<u>928,688</u>	<u>42,893</u>	<u>74,204</u>
<b>Liabilities</b>				
Current Liabilities	837,055	575,327	109,789	165,936
Noncurrent Liabilities	8,422,887	3,124,759	455,372	569,329
Total Liabilities	<u>9,259,942</u>	<u>3,700,086</u>	<u>565,161</u>	<u>735,265</u>
<b>Deferred Inflows of Resources</b>				
Prepaid Taxes	24,439	-	-	-
Deferred Inflows Related to Pensions	258,131	658,748	25,726	53,489
Deferred Inflows Related to OPEB	7,439	-	-	-
Total Deferred Inflows of Resources	<u>290,009</u>	<u>658,748</u>	<u>25,726</u>	<u>53,489</u>
<b>Net Position</b>				
Net Investment in Capital Assets	6,714,076	7,175,413	3,369,931	3,246,185
Restricted	258,689	1,691,905	36,025	24,025
Unrestricted	5,099,124	2,893,233	236,889	313,479
Total Net Position	<u>\$ 12,071,889</u>	<u>\$ 11,760,551</u>	<u>\$ 3,642,845</u>	<u>\$ 3,583,689</u>

### **Revenues and Expenses**

Revenues for the Town's governmental activities increased by 4.70%, while total expenses increased by 4.74%. The biggest increase in revenues was in property taxes. The largest increases in expenses was in unclassified. Revenues for the Town's business-type activities decreased by 0.47% and expenses decreased by 0.71%.

**Table 2**  
**Town of Berwick, Maine**  
**Change in Net Position**  
**For the Years Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>				
<i>Program revenues:</i>				
Charges for services	\$ 381,124	\$ 262,357	\$ 670,426	\$ 673,215
Operating grants and contributions	128,352	327,052	-	-
Capital grants and contributions	-	138,062	-	-
<i>General revenues:</i>				
Property taxes	11,509,966	10,868,416	-	-
Excise taxes	1,667,881	1,604,188	-	-
Grants and contributions not restricted to specific programs	814,025	965,077	-	-
Miscellaneous	533,249	194,032	10,036	10,442
<b>Total revenues</b>	<u>15,034,597</u>	<u>14,359,184</u>	<u>680,462</u>	<u>683,657</u>
<b>Expenses</b>				
General government	1,076,061	1,693,782	-	-
Public safety	2,871,485	2,848,198	-	-
Public works	1,652,273	1,382,764	-	-
Recreation and culture	221,614	267,862	-	-
Health and welfare	38,125	42,053	-	-
Education	7,680,220	7,275,022	-	-
County tax	327,821	359,843	-	-
Outside appropriations	23,200	12,818	-	-
Unclassified	639,689	172,133	596,072	617,336
Capital outlay	167,510	-	-	-
Unallocated depreciation	3,272	11,104	-	-
Interest on long-term debt	30,355	-	16,868	-
<b>Total expenses</b>	<u>14,731,625</u>	<u>14,065,579</u>	<u>612,940</u>	<u>617,336</u>
Transfers	8,366	8,366	(8,366)	(8,366)
<b>Change in net position</b>	311,338	301,971	59,156	57,955
Net position - July 1	<u>11,760,551</u>	<u>11,458,580</u>	<u>3,583,689</u>	<u>3,525,734</u>
<b>Net position - June 30</b>	<u><u>\$ 12,071,889</u></u>	<u><u>\$ 11,760,551</u></u>	<u><u>\$ 3,642,845</u></u>	<u><u>\$ 3,583,689</u></u>

## 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 Berwick, Maine**  
**Fund Balances - Governmental Funds**  
**June 30,**

	<b>2019</b>	<b>2018</b>
Major Funds:		
General Fund:		
Nonspendable	\$ 126,390	\$ 172,724
Committed	238,084	236,555
Assigned	250,000	100,000
Unassigned	3,201,136	2,291,308
Total General Fund	3,815,610	2,800,587
Fire Department Reserve:		
Committed	160,347	262,496
Total Fire Department Reserve	160,347	262,496
Highway Improvement Reserve:		
Committed	71,549	235,787
Total Highway Improvement Reserve	71,549	235,787
Fire Station Reserve:		
Committed	5,819,483	-
Total Fire Station Reserve	5,819,483	-
Lena Clark Trust:		
Nonspendable	474,538	474,538
Restricted	83,798	77,598
Total Lena Clark Trust	558,336	552,136
Cemetery Trust:		
Nonspendable	920,487	920,487
Restricted	11,072	7,593
Total Cemetery Trust	931,559	928,080
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	145,780	193,708
Assigned	326,308	327,444
Unassigned	(2,143)	-
Capital Projects Funds:		
Committed	163,786	151,176
Permanent Funds:		
Restricted	18,039	17,981
Total Nonmajor Funds	\$ 651,770	\$ 690,309

The general fund total fund balance increased by \$1,015,023 from the prior fiscal year primarily due to revenues that exceeded expenditures. The fire department reserve total fund balance decreased by \$102,149 due to capital outlay expenditures and transfers to other funds. The highway improvement reserve total fund balance decreased by \$164,238 primarily due to capital outlay expenditures that exceeded transfers in from other funds. The fire station reserve total fund balance increased by \$5,819,483 primarily due to bond proceeds. The Lena Clark trust total fund balance increased by \$6,200 due to revenues that exceeded expenditures and transfers to other funds. The cemetery trust total fund balance increased by \$3,479 due to revenues that exceeded expenditures. The nonmajor fund total fund balances decreased by \$38,539 mainly due to activity in the nonmajor special revenue funds.

*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 water fund had an increase in net position for the year of \$59,156.

### **Budgetary Highlights**

There were significant differences between the original and final budget for the general fund. These differences were budget adjustments done to include applied receipts as well as the use of restricted fund balance.

The general fund actual revenues exceeded budgeted amounts by \$868,647. This was the result of all revenues being receipted within or in excess of budgeted amounts with the exception of intergovernmental - veterans' reimbursement and intergovernmental - other.

The general fund actual expenditures were under budget by \$484,836. All expenditure categories were within or under budget with the exception of public works.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

As of June 30, 2019, the net book value of capital assets recorded by the Town decreased by \$251,998. This decrease was the result of capital asset additions of \$483,185 less net disposals of \$6,932 and current year depreciation expense of \$728,251.

**Table 4**  
**Town of Berwick, Maine**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	<b>2019</b>	<b>2018</b>
Land and other assets not being depreciated	\$ 1,448,642	\$ 1,705,347
Buildings, building improvements and land improvements	1,190,176	1,263,007
Equipment, machinery and vehicles	3,104,351	3,174,774
Infrastructure	6,474,212	6,326,251
Total	\$ 12,217,381	\$ 12,469,379

**Debt**

At June 30, 2019, the Town had \$7,952,857 in bonds and notes from direct borrowings payable versus \$2,110,281 last year. Refer to Note 5 of Notes to Financial Statements for more detailed information on debt.

**Currently Known Facts, Decisions, or Conditions**

**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 three 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, 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 Manager or Finance Director at 11 Sullivan Street, Berwick, Maine 03901.

TOWN OF BERWICK, MAINE  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 9,963,885	\$ 353,274	\$ 10,317,159
Investments	1,465,145	-	1,465,145
Accounts receivable (net of allowance for uncollectibles):			
Taxes	717,179	-	717,179
Liens	164,587	-	164,587
Other	104,858	181,231	286,089
Due from other governments	4,110	-	4,110
Tax acquired property	3,429	-	3,429
Prepaid items	40,139	-	40,139
Inventory	82,822	35,243	118,065
Internal balances	229,699	(229,699)	-
Total current assets	<u>12,775,853</u>	<u>340,049</u>	<u>13,115,902</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	1,350,996	97,646	1,448,642
Depreciable assets, net of accumulated depreciation	7,051,620	3,717,119	10,768,739
Restricted cash	-	36,025	36,025
Total noncurrent assets	<u>8,402,616</u>	<u>3,850,790</u>	<u>12,253,406</u>
<b>TOTAL ASSETS</b>	<u>21,178,469</u>	<u>4,190,839</u>	<u>25,369,308</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	430,388	42,893	473,281
Deferred outflows related to OPEB	12,983	-	12,983
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>443,371</u>	<u>42,893</u>	<u>486,264</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 21,621,840</u>	<u>\$ 4,233,732</u>	<u>\$ 25,855,572</u>

## TOWN OF BERWICK, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 173,944	\$ 3,983	\$ 177,927
Accrued expenses	76,744	-	76,744
Accrued interest	-	4,086	4,086
Planning and escrow accounts	115,946	-	115,946
Current portion of long-term obligations	470,421	101,720	572,141
Total current liabilities	<u>837,055</u>	<u>109,789</u>	<u>946,844</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bond payable	6,760,000	344,701	7,104,701
Notes from direct borrowings payable	321,170	-	321,170
Net pension liability	1,020,204	101,676	1,121,880
Net OPEB liability	74,630	-	74,630
Accrued compensated absences	246,883	8,995	255,878
Total noncurrent liabilities	<u>8,422,887</u>	<u>455,372</u>	<u>8,878,259</u>
<b>TOTAL LIABILITIES</b>	<u>9,259,942</u>	<u>565,161</u>	<u>9,825,103</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	24,439	-	24,439
Deferred inflows related to pensions	258,131	25,726	283,857
Deferred inflows related to OPEB	7,439	-	7,439
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>290,009</u>	<u>25,726</u>	<u>315,735</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,714,076	3,369,931	10,084,007
Restricted	258,689	36,025	294,714
Unrestricted	5,099,124	236,889	5,336,013
<b>TOTAL NET POSITION</b>	<u>12,071,889</u>	<u>3,642,845</u>	<u>15,714,734</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 21,621,840</u>	<u>\$ 4,233,732</u>	<u>\$ 25,855,572</u>

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

## STATEMENT B

TOWN OF BERWICK, MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,076,061	\$ 79,375	\$ -	\$ -	\$ (996,686)	\$ -	\$ (996,686)
Public safety	2,871,485	49,004	81,657	-	(2,740,824)	-	(2,740,824)
Public works	1,652,273	1,373	-	-	(1,650,900)	-	(1,650,900)
Recreation and culture	221,614	197,943	-	-	(23,671)	-	(23,671)
Health and welfare	38,125	53,429	-	-	15,304	-	15,304
Education	7,680,220	-	-	-	(7,680,220)	-	(7,680,220)
County tax	327,821	-	-	-	(327,821)	-	(327,821)
Outside appropriations	23,200	-	-	-	(23,200)	-	(23,200)
Unclassified	639,689	-	46,695	-	(592,994)	-	(592,994)
Interest on long-term debt	30,355	-	-	-	(30,355)	-	(30,355)
Capital outlay	167,510	-	-	-	(167,510)	-	(167,510)
Unallocated depreciation (Note 4)*	3,272	-	-	-	(3,272)	-	(3,272)
Total governmental activities	<u>14,731,625</u>	<u>381,124</u>	<u>128,352</u>	<u>-</u>	<u>(14,222,149)</u>	<u>-</u>	<u>(14,222,149)</u>
Business-type activities:							
Water	612,940	670,426	-	-	-	57,486	57,486
Total business-type activities	<u>612,940</u>	<u>670,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,486</u>	<u>57,486</u>
Total government	<u>\$ 15,344,565</u>	<u>\$ 1,051,550</u>	<u>\$ 128,352</u>	<u>\$ -</u>	<u>(14,222,149)</u>	<u>57,486</u>	<u>(14,164,663)</u>

\* This amount excludes depreciation that is included in the direct expenses of various programs.

## STATEMENT B (CONTINUED)

## TOWN OF BERWICK, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	<u>(14,222,149)</u>	<u>57,486</u>	<u>(14,164,663)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	11,509,966	-	11,509,966
Excise taxes	1,667,881	-	1,667,881
Grants and contributions not restricted to specific programs	814,025	-	814,025
Miscellaneous	<u>533,249</u>	<u>10,036</u>	<u>543,285</u>
Total general revenues	<u>14,525,121</u>	<u>10,036</u>	<u>14,535,157</u>
Transfers	<u>8,366</u>	<u>(8,366)</u>	<u>-</u>
Change in net position	311,338	59,156	370,494
NET POSITION - JULY 1	<u>11,760,551</u>	<u>3,583,689</u>	<u>15,344,240</u>
NET POSITION - JUNE 30	<u>\$ 12,071,889</u>	<u>\$ 3,642,845</u>	<u>\$ 15,714,734</u>

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

## TOWN OF BERWICK, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund	Fire Department Reserve	Highway Improvement Reserve	Fire Station Reserve	Lena Clark Trust	Cemetery Trust	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 8,442,092	\$ -	\$ -	\$ -	\$ 574,175	\$ 929,579	\$ 18,039	\$ 9,963,885
Investments	1,465,145	-	-	-	-	-	-	1,465,145
Accounts receivable (net of allowance for uncollectibles):								
Taxes	717,179	-	-	-	-	-	-	717,179
Liens	164,587	-	-	-	-	-	-	164,587
Other	104,858	-	-	-	-	-	-	104,858
Due from other governments	1,312	-	-	-	-	-	2,798	4,110
Tax acquired property	3,429	-	-	-	-	-	-	3,429
Prepaid items	40,139	-	-	-	-	-	-	40,139
Inventory	82,822	-	-	-	-	-	-	82,822
Due from other funds	247,681	160,347	71,549	5,819,483	-	1,980	633,076	6,934,116
<b>TOTAL ASSETS</b>	<b>\$ 11,269,244</b>	<b>\$ 160,347</b>	<b>\$ 71,549</b>	<b>\$ 5,819,483</b>	<b>\$ 574,175</b>	<b>\$ 931,559</b>	<b>\$ 653,913</b>	<b>\$ 19,480,270</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 173,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173,944
Accrued expenses	76,744	-	-	-	-	-	-	76,744
Planning and escrow accounts	115,946	-	-	-	-	-	-	115,946
Due to other funds	6,686,435	-	-	-	15,839	-	2,143	6,704,417
<b>TOTAL LIABILITIES</b>	<b>7,053,069</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,839</b>	<b>-</b>	<b>2,143</b>	<b>7,071,051</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Prepaid taxes	24,439	-	-	-	-	-	-	24,439
Deferred tax revenue	376,126	-	-	-	-	-	-	376,126
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>400,565</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400,565</b>
<b>FUND BALANCES</b>								
Nonspendable	126,390	-	-	-	474,538	920,487	-	1,521,415
Restricted	-	-	-	-	83,798	11,072	163,819	258,689
Committed	238,084	160,347	71,549	5,819,483	-	-	163,786	6,453,249
Assigned	250,000	-	-	-	-	-	326,308	576,308
Unassigned	3,201,136	-	-	-	-	-	(2,143)	3,198,993
<b>TOTAL FUND BALANCES</b>	<b>3,815,610</b>	<b>160,347</b>	<b>71,549</b>	<b>5,819,483</b>	<b>558,336</b>	<b>931,559</b>	<b>651,770</b>	<b>12,008,654</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 11,269,244</b>	<b>\$ 160,347</b>	<b>\$ 71,549</b>	<b>\$ 5,819,483</b>	<b>\$ 574,175</b>	<b>\$ 931,559</b>	<b>\$ 653,913</b>	<b>\$ 19,480,270</b>

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

## TOWN OF BERWICK, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019

	Total Governmental Funds
Total Fund Balances	\$ 12,008,654
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	8,402,616
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	376,126
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	430,388
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	12,983
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(7,062,500)
Notes from direct borrowings payable	(445,523)
Accrued compensated absences	(290,451)
Net pension liability	(1,020,204)
Net OPEB liability	(74,630)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(258,131)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(7,439)
Net position of governmental activities	\$ 12,071,889

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

## TOWN OF BERWICK, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Fire Department Reserve	Highway Improvement Reserve	Fire Station Reserve	Lena Clark Trust	Cemetery Trust	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Taxes:								
Property taxes	\$ 11,890,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,890,181
Excise taxes	1,667,881	-	-	-	-	-	-	1,667,881
Intergovernmental revenues	895,682	-	-	-	-	-	46,695	942,377
Charges for services	151,289	-	-	-	-	-	229,835	381,124
Miscellaneous revenues	138,264	-	58,452	-	122,131	171,244	43,158	533,249
<b>TOTAL REVENUES</b>	<b>14,743,297</b>	<b>-</b>	<b>58,452</b>	<b>-</b>	<b>122,131</b>	<b>171,244</b>	<b>319,688</b>	<b>15,414,812</b>
<b>EXPENDITURES</b>								
Current:								
General government	1,158,134	-	-	-	-	-	-	1,158,134
Public safety	2,654,040	-	-	-	-	-	-	2,654,040
Public works	1,323,345	-	-	-	-	-	-	1,323,345
Recreation and culture	207,660	-	-	-	-	-	-	207,660
Health and welfare	38,125	-	-	-	-	-	-	38,125
Education	7,680,220	-	-	-	-	-	-	7,680,220
County tax	327,821	-	-	-	-	-	-	327,821
Outside appropriations	23,200	-	-	-	-	-	-	23,200
Unclassified	69,095	-	-	-	100,092	167,765	302,737	639,689
Debt service:								
Principal	62,500	-	-	-	-	-	-	62,500
Interest	30,355	-	-	-	-	-	-	30,355
Capital outlay	-	50,133	372,690	180,517	-	-	172,127	775,467
<b>TOTAL EXPENDITURES</b>	<b>13,574,495</b>	<b>50,133</b>	<b>372,690</b>	<b>180,517</b>	<b>100,092</b>	<b>167,765</b>	<b>474,864</b>	<b>14,920,556</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,168,802</b>	<b>(50,133)</b>	<b>(314,238)</b>	<b>(180,517)</b>	<b>22,039</b>	<b>3,479</b>	<b>(155,176)</b>	<b>494,256</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Debt proceeds	-	-	-	6,000,000	-	-	36,637	6,036,637
Transfers in	147,855	25,000	150,000	-	-	-	105,000	427,855
Transfers (out)	(301,634)	(77,016)	-	-	(15,839)	-	(25,000)	(419,489)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(153,779)</b>	<b>(52,016)</b>	<b>150,000</b>	<b>6,000,000</b>	<b>(15,839)</b>	<b>-</b>	<b>116,637</b>	<b>6,045,003</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,015,023</b>	<b>(102,149)</b>	<b>(164,238)</b>	<b>5,819,483</b>	<b>6,200</b>	<b>3,479</b>	<b>(38,539)</b>	<b>6,539,259</b>
<b>FUND BALANCES - JULY 1</b>	<b>2,800,587</b>	<b>262,496</b>	<b>235,787</b>	<b>-</b>	<b>552,136</b>	<b>928,080</b>	<b>690,309</b>	<b>5,469,395</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 3,815,610</b>	<b>\$ 160,347</b>	<b>\$ 71,549</b>	<b>\$ 5,819,483</b>	<b>\$ 558,336</b>	<b>\$ 931,559</b>	<b>\$ 651,770</b>	<b>\$ 12,008,654</b>

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

## TOWN OF BERWICK, 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, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 6,539,259</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 acquisitions	607,957
Capital assets disposed	(263,637)
Depreciation expense	<u>(581,511)</u>
	<u>(237,191)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	(483,471)
OPEB	(1,846)
	<u>(485,317)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>(380,215)</u>
Debt proceeds provide current financial resources to governmental funds, but long-term obligations in the Statement of Net Position	
	<u>(6,171,027)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.	
	<u>\$ 189,898</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	400,617
OPEB	(7,439)
	<u>393,178</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(48,980)
Net pension liability	513,037
Net OPEB liability	(1,304)
	<u>462,753</u>
Change in net position of governmental activities (Statement B)	<u>\$ 311,338</u>

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

## TOWN OF BERWICK, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2019

	<u>Enterprise Fund</u>
	<u>Water</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 353,274
Accounts receivable (net of allowance for uncollectibles)	181,231
Inventory	35,243
Total current assets	<u>569,748</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	97,646
Buildings and improvements	1,435,014
Vehicles and equipment	1,052,204
Infrastructure	4,149,286
Total capital assets	6,734,150
Less: accumulated depreciation	(2,919,385)
Restricted cash - water tower	36,025
Total noncurrent assets	<u>3,850,790</u>
<b>TOTAL ASSETS</b>	<u>4,420,538</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	42,893
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>42,893</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 4,463,431</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 3,983
Accrued interest	4,086
Due to other funds	229,699
Current portion of long-term obligations	101,720
Total current liabilities	<u>339,488</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	344,701
Accrued compensated absences	8,995
Net pension liability	101,676
Total noncurrent liabilities	<u>455,372</u>
<b>TOTAL LIABILITIES</b>	<u>794,860</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	25,726
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>25,726</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,369,931
Restricted for water tower	36,025
Unrestricted	236,889
<b>TOTAL NET POSITION</b>	<u>3,642,845</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 4,463,431</u>

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

## TOWN OF BERWICK, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Enterprise Fund</u> <u>Water</u>
OPERATING REVENUES	
Charges for services	\$ 670,426
Other	6,894
TOTAL OPERATING REVENUES	<u>677,320</u>
OPERATING EXPENSES	
Payroll, taxes and benefits	250,177
Supplies	58,340
Utilities	54,061
Contracted services	52,530
Equipment	14,532
Property services	10,749
Insurance	4,972
Other	3,971
Depreciation	146,740
TOTAL OPERATING EXPENSES	<u>596,072</u>
OPERATING INCOME (LOSS)	<u>81,248</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	3,142
Interest expense	(16,868)
Transfers in	21,634
Transfers (out)	(30,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(22,092)</u>
CHANGE IN NET POSITION	59,156
NET POSITION - JULY 1	<u>3,583,689</u>
NET POSITION - JUNE 30	<u>\$ 3,642,845</u>

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

## TOWN OF BERWICK, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Enterprise Fund</u> <u>Water</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 630,866
Internal activity - receipts (payments) from/to other funds	228,941
Payments to employees	(271,348)
Payments to suppliers	(199,671)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>388,788</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	<u>(30,000)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(30,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	<u>3,142</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>3,142</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of capital assets	(131,933)
Principal paid on capital debt	(138,553)
Interest paid on capital debt	(16,868)
Transfers - debt service	<u>21,634</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(265,720)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	96,210
CASH AND CASH EQUIVALENTS - JULY 1	<u>293,089</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 389,299</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	\$ 81,248
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	146,740
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(46,454)
(Increase) decrease in inventory	6,316
(Increase) decrease in deferred outflows of resources	31,311
Increase (decrease) in accounts payable	(6,341)
Increase (decrease) in payroll and related liabilities	(3,038)
Increase (decrease) in accrued interest	(491)
Increase (decrease) in due to other funds	228,941
Increase (decrease) in deferred inflows of resources	(27,763)
Increase (decrease) in net pension liability	(22,820)
Increase (decrease) in accrued compensated absences	1,139
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 388,788</u>

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

## TOWN OF BERWICK, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2019

	Private Purpose Trust Clark Clement Scholarship
ASSETS	
Cash and cash equivalents	\$ 34,095
TOTAL ASSETS	<u>\$ 34,095</u>
LIABILITIES	
Due to other governments	\$ 1,000
TOTAL LIABILITIES	<u>1,000</u>
NET POSITION	
Nonspendable	\$ 30,000
Restricted	3,095
TOTAL NET POSITION	<u>\$ 33,095</u>

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

## TOWN OF BERWICK, MAINE

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Private Purpose Trust Clark Clement Scholarship
ADDITIONS	
Investment earnings:	
Interest	\$ 107
Total additions	<u>107</u>
DEDUCTIONS	
Scholarship awards	<u>1,000</u>
Total deductions	<u>1,000</u>
CHANGE IN NET POSITION	(893)
NET POSITION - JULY 1	<u>33,988</u>
NET POSITION - JUNE 30	<u><u>\$ 33,095</u></u>

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

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Berwick was incorporated under the laws of the State of Maine. The Town operates under the selectmen-manager form of government and provides the following services: general government, public safety, public works, health and welfare, recreation and culture, education, outside appropriations and unclassified.

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).

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 Statements No. 39 and No. 61.

**Implementation of New Accounting Standards**

During the year ended June 30, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations". This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. Management has determined the impact of this Statement is not material to the financial statements.

**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 water fund is categorized as business-type activities. 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 - net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.) excluding fiduciary activities. 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

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 position resulting from the current year's activities.

**Measurement Focus - Basic Financial Statements and 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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:

**Major Funds:**

- 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.
- b. The Fire Department Reserve is a capital projects fund used to account for the purchase and equipping of two fire engines.
- c. The Highway Improvement Fund is a capital projects fund used to account for the construction and repair of roads, bridges and sidewalks.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- d. The Fire Station Reserve Fund is a capital projects fund used to account for the construction of the fire station.
- e. The Lena Clark Trust Fund is a permanent fund was established in 1928 to construct a Town Hall and provide ongoing capital maintenance for the Town Hall. Only the interest may be used for major building repairs.
- f. The Cemetery Trust Fund was established for the care and upkeep of the Evergreen Cemetery. Only the interest may be used for the maintenance and upkeep of the cemetery and is remitted annually to the Berwick Cemetery Association.

Nonmajor Funds:

- g. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- h. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- i. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating 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:

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the Town's programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (private-purpose). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

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

**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.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 inhabitants of the Town 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 inhabitants of the Town.

**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. The Town's investment policy requires collateralization of accounts and deposits exceeding an amount equal to 25% of capital, surplus and undivided profits as defined by the laws of the State of Maine.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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

**Receivables**

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$290,199 for the year ended June 30, 2019. The allowance for uncollectible accounts is estimated to be \$59,306 as of June 30, 2019.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Inventories**

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). The proprietary fund inventory consists of water fund supplies at the end of the year.

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**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 BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 and improvements	10 - 70 years
Infrastructure	20 - 50 years
Machinery and equipment	5 - 30 years
Vehicles	5 - 30 years

**Long-term Obligations**

The accounting treatment of long-term obligations 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 obligations to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, accrued compensated absences, net pension liability and net OPEB liability.

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

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

proprietary funds is the same in the fund statements as it is in the government-wide statements.

**Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Plan and additions to/deductions from the PLD Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**OPEB**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets 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 its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Fund Balances**

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 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 Board of Selectmen.

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 BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two types of this item, deferred outflows related to pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions and deferred outflows related to OPEB qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied August 21, 2018 on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Taxes were due in two installments on October 15, 2018 and April 16, 2019. Interest on unpaid taxes commenced on October 16, 2018 and April 17, 2019 at 8.0% 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 \$105,644 for the year ended June 30, 2019.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (charges to customers or applicants for goods, services, or privileges provided; operating or capital grants and contributions, including special assessments).

**Operating/Nonoperating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**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 does not utilize 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 - DEPOSITS AND INVESTMENTS

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.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

**Deposits:**

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, 2019, the Town's cash balances amounting to \$10,387,279 were comprised of deposits of \$11,140,394. Of these bank deposits, \$500,000 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. \$6,273,000 was collateralized with securities held by the institution in the Town's name and consequently was not exposed to custodial credit risk. Cash equivalents of \$38,609 were collateralized by Securities Investor Protection Corporation (SIPC). The remaining deposits of \$4,328,785 were uninsured and uncollateralized.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 603,324
Money market accounts	4,487,230
Savings accounts	6,011,231
Cash equivalents	38,609
	<u>\$ 11,140,394</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, 2019, the Town's investments of \$11,430 in government agency bonds and \$1,453,715 in mutual funds and exchange traded funds, \$461,391 was collateralized by the Securities Investor Protection Corporation (SIPC). The remaining balance of \$1,003,754 was uninsured and uncollateralized.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2019, the Town had the following investments and maturities:

Investment Type	Fair Value	Maturity		
		<1 Year	1 - 5 Years	N/A
Government agency bonds	\$ 11,430	\$ -	\$ -	\$ 11,430
Mutual funds and exchange-traded funds	1,453,715	-	-	1,453,715
	<u>\$ 1,465,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,465,145</u>

**Fair Value Hierarchy**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of June 30, 2019:

	Total June 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
Government agency bonds	\$ 11,430	\$ -	\$ 11,430	\$ -
Equity securities:				
Mutual funds and exchange-traded funds	<u>1,453,715</u>	<u>1,453,715</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>1,465,145</u>	<u>\$ 1,453,715</u>	<u>\$ 11,430</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market funds	<u>38,609</u>			
Total cash equivalents measured at the NAV	<u>38,609</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 1,503,754</u>			

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Equity securities including mutual and exchange-traded funds are classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2019 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

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. Generally, the Town invests excess funds in various savings accounts and certificates of deposit.

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 formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2019 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 247,681	\$ 6,686,435
Fire department reserve	160,347	-
Highway improvement reserve	71,549	-
Fire station reserve	5,819,483	-
Lena Clark trust	-	15,839
Cemetery trust	1,980	-
Enterprise fund	-	229,699
Nonmajor special revenue funds	469,290	2,143
Nonmajor capital projects funds	163,786	-
Totals	<u>\$ 6,934,116</u>	<u>\$ 6,934,116</u>

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2019 is as follows:

	Balance 7/1/18	Additions	Disposals	Balance 6/30/19
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 939,000	\$ -	\$ -	\$ 939,000
Works of art	11,000	-	-	11,000
Construction in progress	657,701	-	(256,705)	400,996
	<u>1,607,701</u>	<u>-</u>	<u>(256,705)</u>	<u>1,350,996</u>
Depreciated assets:				
Land, buildings and improvements	1,514,935	4,548	-	1,519,483
Machinery and equipment	1,392,613	256,793	(178,523)	1,470,883
Vehicles	3,139,075	74,649	(45,463)	3,168,261
Infrastructure	4,569,021	271,967	-	4,840,988
	<u>10,615,644</u>	<u>607,957</u>	<u>(223,986)</u>	<u>10,999,615</u>
Less: accumulated depreciation	<u>(3,583,538)</u>	<u>(581,511)</u>	<u>217,054</u>	<u>(3,947,995)</u>
	<u>7,032,106</u>	<u>26,446</u>	<u>(6,932)</u>	<u>7,051,620</u>
Net capital assets	<u>8,639,807</u>	<u>26,446</u>	<u>(263,637)</u>	<u>8,402,616</u>
<u>Business-type activities:</u>				
Non-depreciated assets:				
Land	97,646	-	-	97,646
	<u>97,646</u>	<u>-</u>	<u>-</u>	<u>97,646</u>
Depreciated assets:				
Land, buildings and improvements	1,435,014	-	-	1,435,014
Machinery and equipment	1,008,743	3,227	-	1,011,970
Vehicles	40,234	-	-	40,234
Infrastructure	4,020,580	128,706	-	4,149,286
	<u>6,504,571</u>	<u>131,933</u>	<u>-</u>	<u>6,636,504</u>
Less: accumulated depreciation	<u>(2,772,645)</u>	<u>(146,740)</u>	<u>-</u>	<u>(2,919,385)</u>
	<u>3,731,926</u>	<u>(14,807)</u>	<u>-</u>	<u>3,717,119</u>
Net capital assets	<u>3,829,572</u>	<u>(14,807)</u>	<u>-</u>	<u>3,814,765</u>
Total government	<u>\$ 12,469,379</u>	<u>\$ 11,639</u>	<u>\$ (263,637)</u>	<u>\$ 12,217,381</u>
<u>Current year depreciation:</u>				
General government				\$ 24,844
Public safety				210,513
Public works				328,928
Recreation				13,954
Town-wide				3,272
Subtotal governmental				<u>581,511</u>
Water				146,740
Subtotal business-type				<u>146,740</u>
Total depreciation expense				<u>\$ 728,251</u>

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19	Current Portion
<i>Governmental Activities:</i>					
Bonds payable	\$ 1,125,000	\$ 6,000,000	\$ (62,500)	\$ 7,062,500	\$ 302,500
Notes from direct borrowings payable	401,894	171,027	(127,398)	445,523	124,353
	<u>\$ 1,526,894</u>	<u>\$ 6,171,027</u>	<u>\$ (189,898)</u>	<u>\$ 7,508,023</u>	<u>\$ 426,853</u>
<i>Business-type Activities:</i>					
Bonds payable	<u>\$ 583,387</u>	<u>\$ -</u>	<u>\$ (138,553)</u>	<u>\$ 444,834</u>	<u>\$ 100,133</u>

The following is a summary of the outstanding bonds and notes from direct borrowings payable:

Governmental activities:

Bonds payable:

2017 - \$1,125,000 General Obligation Bond for two fire engines, windows for the Town Hall Auditorium and replacement of the clock workings in the Clock Tower at the Town Hall. Annual principal payments in the amount of \$62,500 with a fixed interest rate ranging from 1.26% to 3.91%. The bond matures in November of 2037.	\$ 1,062,500
2019 - \$6,000,000 General Obligation Bond for fire station construction. Annual principal installments in the amount of \$240,000 and a fixed interest rate ranging from 1.820% to 3.831%. The bond matures in November of 2044.	<u>6,000,000</u>
Total bonds payable:	<u>7,062,500</u>

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Notes from direct borrowings payable:

2014 - Capital lease for a loader/backhoe. Annual principal and interest payments of \$16,527. Interest is charged at a fixed interest rate of 2.0% per annum. The capital lease matures in October of 2020.	31,817
2017 - Capital lease for a police cruiser. Annual principal and interest payments of \$11,252. Interest is charged a fixed rate of 2.78% per annum. The capital lease matures in January of 2021.	21,600
2017 - Capital lease for a dodge charger. Annual principal and interest payments of \$4,807. Interest is charged at a fixed rate of 3.03% per annum. The capital lease matures in July of 2021.	13,589
2017 - Capital lease for a Ford Explorer. Annual principal and interest payments of \$5,673. Interest is charged a fixed rate of 3.03% per annum. The capital lease matures in September of 2021.	16,039
2017 - Capital lease for a sidewalk plow. Annual principal and interest payments of \$62,176. Interest is charged a fixed rate of 3.14% per annum. The capital lease matures in November of 2022.	230,343
2018 - Capital lease for a Cheverolet Tahoe. Annual principal and interest payments of \$9,721. Interest is charged a fixed rate of 4.12% per annum. The capital lease matures in September of 2021.	26,916
2019 - Capital lease for a Caterpillar Front-end Loader. Annual principal and interest payments of \$29,171. Interest is charged a fixed rate of 4.27% per annum. The capital lease matures in October of 2022.	<u>105,219</u>
Total notes from direct borrowings payable	<u>445,523</u>
Total governmental activities bonds and notes from direct borrowings payable	<u><u>\$ 7,508,023</u></u>

Business-type Activities:

1999 - \$681,050 General Obligation Bond due in annual principal and interest installments of \$43,268. Interest is charged at a fixed rate of 4.5% per annum and maturing in February 2027.	\$ 285,150
2009 - \$434,627 General Obligation Bond due in semi-annual principal and administrative fee installments of \$28,457 and \$500, respectively. There is no interest charged. Maturing in October 2019.	28,457
2009 - \$434,627 General Obligation Bond due in semi-annual principal and administrative fee installments of \$11,226 and \$500, respectively. There is no interest charged. Maturing in October 2019.	11,227
2012 - \$434,627 General Obligation Bond due in annual principal installments of \$30,000. Interest is charged semi-annually at a fixed rate ranging from 1.48% to 2.585% per annum. Maturing in November of 2022.	<u>120,000</u>
Total bonds payable - business-type activities	<u><u>\$ 444,834</u></u>

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds and notes from direct borrowings payable principal and interest requirements for the following fiscal years ending June 30:

	Governmental Activities				Business-type Activities	
	Bonds Payable		Notes from Direct Borrowings Payable		Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 302,500	\$ 194,019	\$ 124,353	\$ 9,373	\$ 100,133	\$ 15,092
2021	302,500	201,602	128,122	7,013	61,789	13,163
2022	302,500	196,145	104,788	4,036	63,220	11,294
2023	302,500	190,491	88,260	1,893	64,715	9,538
2024	302,500	159,526	-	-	36,277	6,984
2025-2029	1,450,000	834,175	-	-	118,700	12,275
2030-2034	1,450,000	646,962	-	-	-	-
2035-2039	1,450,000	404,377	-	-	-	-
2040-2044	1,200,000	165,302	-	-	-	-
	<u>\$ 7,062,500</u>	<u>\$ 2,992,599</u>	<u>\$ 445,523</u>	<u>\$ 22,315</u>	<u>\$ 444,834</u>	<u>\$ 68,346</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to business-type activities expense for the year ended June 30, 2019 was \$16,868.

All bonds 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 or water user fees levied on all taxable property within the Town.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2019 is as follows:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19	Current Portion
<i>Governmental Activities:</i>					
Accrued compensated absences	\$ 241,471	\$ 48,980	\$ -	\$ 290,451	\$ 43,568
Net pension liability	1,533,241	400,617	(913,654)	1,020,204	-
Net OPEB liability	73,326	11,135	(9,831)	74,630	-
	<u>\$ 1,848,038</u>	<u>\$ 460,732</u>	<u>\$ (923,485)</u>	<u>\$ 1,385,285</u>	<u>\$ 43,568</u>
<i>Business-type Activities:</i>					
Accrued compensated absences	\$ 9,443	\$ 1,139	\$ -	\$ 10,582	\$ 1,587
Net pension liability	124,496	-	(22,820)	101,676	-
	<u>\$ 133,939</u>	<u>\$ 1,139</u>	<u>\$ (22,820)</u>	<u>\$ 112,258</u>	<u>\$ 1,587</u>

Please see Notes 7, 14 and 16 for detailed information on each of the other long-term obligations.

NOTE 7 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation leave. Generally, the liability for these compensated absences is recorded as long-term obligations 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, 2019, the Town's liability for compensated absences is \$301,033.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 8 - NONSPENDABLE FUND BALANCES

At June 30, 2019, the Town had the following nonspendable fund balances:

General fund:	
Tax acquired property	\$ 3,429
Prepaid items	40,139
Inventory	82,822
Lena Clark trust	474,538
Cemetery trust	920,487
	<u>\$ 1,521,415</u>

NOTE 9 - RESTRICTED FUND BALANCES

At June 30, 2019, the Town had the following restricted fund balances:

Lena Clark trust	\$ 83,798
Cemetery trust	11,072
Nonmajor special revenue funds (Schedule D)	145,780
Nonmajor permanent funds (Schedule H)	18,039
	<u>\$ 258,689</u>

NOTE 10 - COMMITTED FUND BALANCES

At June 30, 2019, the Town had the following committed fund balances:

General fund:	
Contingency	\$ 39,391
FF/EMT vacancy contingency	30,000
Stormwater eng	3,817
ADA repairs/modifications	11,005
Economic development	40,371
Emergency management	2,269
Triumph restoration	4,138
Recreation donation	858
Unfunded liabilities	106,235
Fire department reserve	160,347
Highway improvement reserve	71,549
Fire station reserve	5,819,483
Nonmajor capital projects funds (Schedule F)	163,786
	<u>\$ 6,453,249</u>

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 11 - ASSIGNED FUND BALANCES

At June 30, 2019, the Town had the following assigned fund balances:

General fund:	
FY20 budget	\$ 250,000
Nonmajor special revenue funds (Schedule D)	<u>326,308</u>
	<u>\$ 576,308</u>

NOTE 12 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of the County of York and MSAD No. 60's debt. As of June 30, 2019, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of York	\$ 2,900,000	1.94%	\$ 56,260
MSAD No. 60	1,683,908	39.39%	<u>663,291</u>
			<u>\$ 719,551</u>

NOTE 13 - 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 participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2019.

The Town is a member of the Maine Municipal Association - Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a "claims made" form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 13 - RISK MANAGEMENT (CONTINUED)

or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

The Town is also a member of the Maine Municipal Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

The Town is also a member of the Maine Municipal Association - Unemployment Compensation Group Fund ("MMA UC Fund"). The MMA UC Fund was created to assist in meeting members' obligations under the Employment Security Act in an efficient and cost-effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As such, the Town makes quarterly payments into their account, based on rates developed by MMA's consulting actuary. Claims, if any, are paid out of the Town's own account. The Maine Department of Labor classifies MMA's UC Fund members as Direct Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town's behalf only when the Town has unemployment claims from present or former employees.

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town's account, the UC Fund continues to pay the Town's claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2019. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Plan Description**

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2018, there were 304 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.40%.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's employees are members of the PLD's plans "AC" and "1C" and are required to contribute 8.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 10.0% for the AC plan and 16.3% for the 1C plan of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2019 was \$252,736.

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

At June 30, 2019, the Town reported a liability of \$1,121,880 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2018 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2018, the Town's proportion was 0.409928%, which was an increase of 0.0099% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized total pension revenue of \$430,183. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,513	\$ 12,322
Changes of assumptions	179,059	-
Net difference between projected and actual earnings on pension plan investments	-	270,890
Changes in proportion and differences between contributions and proportionate share of contributions	37,973	645
Contributions subsequent to the measurement date	252,736	-
Total	<u>\$ 473,281</u>	<u>\$ 283,857</u>

\$252,736 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2019	\$ 177,706
2020	13,281
2021	(184,285)
2022	(70,013)
2023	-
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2018, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

*Asset Valuation Method*

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

*Amortization*

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 are as follows:

*Investment Rate of Return* - 6.75% per annum for the year ended June 30, 2018; the rate was 6.875% in 2017, compounded annually.

*Salary Increases, Merit and Inflation* - 2.75% to 9.00% per year

*Mortality Rates* - For active members and non-disabled retirees of the PLD Consolidated and State Employee and Teacher Plans, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

*Cost of Living Benefit Increases* - 1.91%; in 2017 the rate was 2.20%

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2018 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.75% for 2018 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

The following table shows how the collective net pension liability as of June 30, 2018 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 2,644,123	\$ 1,121,880	\$ (300,999)

**Changes in Net Pension Liability**

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2018 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2018 with the following exceptions.

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2018, this was three years; prior to 2018, this was four years for the PLD Consolidated Plan.

*Differences between Expected and Actual Investment Earnings*

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2018 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions*

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2018 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

NOTE 15 - DEFERRED COMPENSATION PLAN

International City Management Association Retirement Corporation

A. Plan Description

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by International City Management Association Retirement Corporation (ICMA-RC). The plan permits

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - DEFERRED COMPENSATION PLAN (CONTINUED)

employees to defer a portion of their salary, in addition to Town contributions, until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the Town and from any use by the Town other than paying benefits to employees and their beneficiaries in accordance with the plan.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

**B. Funding Policy**

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectmen. The Town will contribute 4% of annual salary for full-time employees that participate in the Town's 457 deferred compensation plan alone. For the Town's employees that participate in the Town's Regular AC defined benefit plan with MainePERS, the Town will match an amount up to 2% of their annual salary. For both employee groups, there are no minimum deferral requirements to receive the Town's contributions. The employee's and the Town's matching contributions vest 100% with the employee when contributed.

The Town's contributions to the plan including employee contributions for 2019, 2018, and 2017 were \$20,772, \$21,933, and \$17,929, respectively.

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

**Plan Description**

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

**Benefits Provided**

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

**Employees Covered by Benefit Terms**

At January 1, 2019, the following employees were covered by the benefit terms:

Active members	13
Retirees and spouses	-
Total	<u>13</u>

**Contributions**

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**Retiree Premium Amounts:**

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

	<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
PPO 500		\$925.31	\$2,075.59
	<u>Medicare</u>		
Medicare-eligible Retirees		\$527.65	\$1,055.29

**Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2019, the Town reported a liability of \$74,630 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2019 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2019, the Town recognized OPEB expense of \$10,589. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,619	\$ -
Changes of assumptions	7,091	7,439
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	273	-
Total	<u>\$ 12,983</u>	<u>\$ 7,439</u>

\$273 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MMEHT</u>	
Plan year ended December 31:		
2020	\$	1,056
2021		1,056
2022		1,056
2023		1,056
2024		1,056
Thereafter		(9)

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2018. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 4.10% per annum for June 30, 2019 was based upon a measurement date of December 27, 2018. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	3.10%	4.10%	5.10%
Total OPEB liability	\$ 88,024	\$ 74,630	\$ 63,862
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 88,024</u>	<u>\$ 74,630</u>	<u>\$ 63,862</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Healthcare Trend**

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 62,568	\$ 74,630	\$ 90,149
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 62,568</u>	<u>\$ 74,630</u>	<u>\$ 90,149</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Actuarial Methods and Assumptions**

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2018, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2017. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

*Amortization*

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

*Assumptions*

The actuarial assumptions used in the January 1, 2018 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

Discount Rate - 4.10% per annum.

Trend Assumptions:

Pre-Medicare Medical - Initial trend of 8.20% applied in 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug - Initial trend of 9.60% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Medical - Initial trend of 4.93% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Drug - Initial trend of 9.60% applied in 2017 grading over 14 years to 4.00% per annum.

Administrative and claims expense - 3% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

**Changes in Net OPEB Liability**

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2019 was \$5,619.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for 2018. For the fiscal year ended June 30, 2018, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

*Differences between Projected and Actual Earnings on OPEB Plan Investments*

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to this Plan can be found at the Town office at P.O. Box 197, 366 Main Street, Berwick, Maine 04746.

NOTE 17 - TAX INCREMENT FINANCING DISTRICT

**Tax Increment Financing District**

The Town has established a tax increment financing district in accordance with Maine statutes to finance economic development programs located in the Town of Berwick, Maine. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the district's so called "captured assessed value". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness, to fund the expenditures of the development program, and to finance future expansion.

Downtown Municipal TIF District

On July 17, 2017, the Town received approval from the Maine Department of Economic and Community Development, approved a Tax Increment Financing District to expand and diversify the Town's tax base and improve its economy. The area of the District is approximately 33.32 acres and is known as the Village Overlay District. The original assessed value of the property is \$13,203,300. The Development Program provides for 100% of the increase in assessed value of the District to be captured and designated as captured assessed value for 20 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5801.

The TIF District will remain in place for a period of 30 years from adoption. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, will commence by agreement between the Town and the owner/developer and will continue for a period not to exceed 30 years or the remainder of the term of the District designation, whichever is less. The remaining amount will be retained by the Town and used to fund the development plan

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - TAX INCREMENT FINANCING DISTRICT

of the District. The Selectmen shall determine, in its discretion, whether it is necessary or appropriate to enter any Credit Enhancement Agreement to grant these abatements. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the commitment it makes in return for the tax abatement. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program. Any projects financed through municipal bonded indebtedness must be completed by June 30, 2037.

**Abatements**

The Town has not made any commitments as part of the Credit Enhancement Agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities. The Town currently only has one tax abatement agreement, the Downtown Municipal TIF District.

For the fiscal year ended June 30, 2019, the Town abated property taxes for the following program:

<u>Tax Abatement Program</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Downtown Municipal TIF District	0%	\$ -

NOTE 18 - CONTINGENCIES

The Town participates in numerous State and Federal grant programs, which 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 and the collectability of any related receivable at June 30, 2019 may be impaired. In the opinion of the Town, there are no significant contingent liabilities relating to compliance with the rules and regulations; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

TOWN OF BERWICK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 19 - RELATED PARTIES

The wife of the Chairman of the Board is the BCTV Coordinator. The amount paid to the BCTV Coordinator in fiscal year 2019 was \$39,830.

The wife of a selectperson works in customer service. The amount paid to the customer service employee for the fiscal year 2019 was \$22,092.

The nephew of the Public Works Foreman works as a seasonal mower. The amount paid to the seasonal mower for the 2019 season was \$17,709.

## 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
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

## TOWN OF BERWICK, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,800,587	\$ 2,800,587	\$ 2,800,587	\$ -
Resources (Inflows):				
Taxes:				
Property Taxes	11,418,595	11,418,595	11,890,181	471,586
Excise Taxes	1,400,000	1,400,000	1,667,881	267,881
Intergovernmental Revenues:				
State Revenue Sharing	400,000	400,000	451,643	51,643
Homestead Reimbursement	306,121	306,121	306,341	220
BETE Reimbursement	27,094	27,094	27,146	52
Tree Growth	17,000	17,000	18,215	1,215
Veterans' Reimbursement	8,500	8,500	7,480	(1,020)
Cops in School	78,590	78,590	81,657	3,067
Other	8,200	8,200	3,200	(5,000)
Interest Income	7,500	7,500	32,645	25,145
Interest on Taxes/Lien Costs	48,500	48,500	85,393	36,893
Charges for Services	142,050	142,050	151,289	9,239
Miscellaneous Revenues	12,500	12,500	20,226	7,726
Transfers from Other Funds	147,855	147,855	147,855	-
Amounts Available for Appropriation	<u>16,823,092</u>	<u>16,823,092</u>	<u>17,691,739</u>	<u>868,647</u>
Charges to Appropriations (Outflows):				
General Government	1,250,141	1,250,141	1,158,134	92,007
Public Safety	2,698,714	2,698,714	2,654,040	44,674
Public Works	1,320,794	1,320,794	1,323,345	(2,551)
Recreation and Culture	218,851	218,851	207,660	11,191
Health and Welfare	46,386	46,386	38,125	8,261
Education	7,680,220	7,680,220	7,680,220	-
County Tax	327,821	327,821	327,821	-
Outside Appropriations	24,450	24,450	23,200	1,250
Unclassified	162,544	399,099	69,095	330,004
Transfers to Other Funds	301,634	301,634	301,634	-
Total Charges to Appropriations	<u>14,124,410</u>	<u>14,360,965</u>	<u>13,876,129</u>	<u>484,836</u>
Budgetary Fund Balance, June 30	<u>\$ 2,698,682</u>	<u>\$ 2,462,127</u>	<u>\$ 3,815,610</u>	<u>\$ 1,353,483</u>
Utilization of Restricted Fund Balance	\$ -	\$ 236,555	\$ -	\$ (236,555)
Utilization of Unassigned Fund Balance	100,000	100,000	-	(100,000)
	<u>\$ 100,000</u>	<u>\$ 336,555</u>	<u>\$ -</u>	<u>\$ (336,555)</u>

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

TOWN OF BERWICK, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST 10 FISCAL YEARS\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>						
Proportion of the net pension liability (asset)	0.41%	0.40%	0.39%	0.38%	0.40%	0.41%
Proportionate share of the net pension liability (asset)	\$ 1,121,880	\$ 1,657,737	\$ 2,088,826	\$ 1,220,216	\$ 618,310	\$ 1,273,810
Covered payroll	\$ 1,735,966	\$ 1,709,570	\$ 1,575,504	\$ 1,431,047	\$ 1,387,898	\$ 1,312,202
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	64.63%	96.97%	132.58%	85.27%	44.55%	97.07%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	86.43%	86.40%	81.61%	88.30%	87.50%

\* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

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

TOWN OF BERWICK, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION  
LAST 10 FISCAL YEARS\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>						
Contractually required contribution	\$ 252,736	\$ 227,033	\$ 207,520	\$ 184,475	\$ 156,335	\$ 139,293
Contributions in relation to the contractually required contribution	<u>(252,736)</u>	<u>(227,033)</u>	<u>(207,520)</u>	<u>(184,475)</u>	<u>(156,335)</u>	<u>(139,293)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 1,882,888	\$ 1,735,966	\$ 1,709,570	\$ 1,575,504	\$ 1,431,047	\$ 1,387,898
Contributions as a percentage of covered payroll	13.42%	13.08%	12.14%	11.71%	10.92%	10.04%

\* The amounts presented for each fiscal year are for those years for which information is available.

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

## TOWN OF BERWICK, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
FOR YEAR ENDED JUNE 30, 2019

	Increase (Decrease)		
	Net OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 1/1/18 (Reporting December 31, 2018)	\$ 73,326	\$ -	\$ 73,326
Changes for the year:			
Service cost	7,310	-	7,310
Interest	2,769	-	2,769
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(8,502)	-	(8,502)
Contributions - employer	-	273	(273)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(273)	(273)	-
Administrative expense	-	-	-
Net changes	<u>1,304</u>	<u>-</u>	<u>1,304</u>
Balances at 1/1/19 (Reporting December 31, 2019)	<u>\$ 74,630</u>	<u>\$ -</u>	<u>\$ 74,630</u>

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

## TOWN OF BERWICK, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS\*

	<u>2019</u>	<u>2018</u>
<u>Total OPEB liability</u>		
Service cost (BOY)	7,310	6,197
Interest (includes interest on service cost)	2,769	2,055
Changes of benefit terms	-	-
Differences between expected and actual experience	-	7,493
Changes of assumptions	(8,502)	9,455
Benefit payments, including refunds of member contributions	<u>(273)</u>	<u>(91)</u>
Net change in total OPEB liability	\$ 1,304	\$ 25,109
Total OPEB liability - beginning	\$ 73,326	\$ 48,217
Total OPEB liability - ending	\$ 74,630	\$ 73,326
<u>Plan fiduciary net position</u>		
Contributions - employer	273	91
Contributions - member	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	(273)	(91)
Administrative expense	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 74,630</u>	<u>\$ 73,326</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-
Covered payroll	\$ 831,195	\$ 831,195
Net OPEB liability as a percentage of covered payroll	9.0%	8.8%

\* The amounts presented for each fiscal year are for those years for which information is available.

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

TOWN OF BERWICK, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST 10 FISCAL YEARS\*

	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>		
Employer contributions	\$ 273	\$ 91
Benefit payments	<u>(273)</u>	<u>(91)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 831,195	\$ 831,195
Contributions as a percentage of covered payroll	0.00%	0.00%

\* The amounts presented for each fiscal year are for those years for which information is available.

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

TOWN OF BERWICK, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019

**Changes of Assumptions**

MEPERS Pension Plan:

For the PLD Consolidated Plan, the discount rate was reduced from 6.875% to 6.75%. In addition, the cost of living benefit increases for the PLD Plan decreased from 2.20% to 1.91%.

MMEHT OPEB Plan:

There was a change in the discount rate from 3.44% to 4.10% per GASB 75 discount rate selection.

See accompanying independent auditors' 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 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 Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds

TOWN OF BERWICK, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General Government -					
General government	\$ 314,805	\$ (26,517)	\$ 288,288	\$ 220,627	\$ 67,661
Town administration	351,806	26,517	378,323	373,835	4,488
Town clerk	262,017	-	262,017	248,852	13,165
Planning	116,823	(5,690)	111,133	91,226	19,907
Assessing	86,550	5,690	92,240	92,240	-
Town hall	118,140	-	118,140	131,354	(13,214)
	<u>1,250,141</u>	<u>-</u>	<u>1,250,141</u>	<u>1,158,134</u>	<u>92,007</u>
Public Safety -					
Police department	1,679,556	5,944	1,685,500	1,671,309	14,191
Fire department	822,770	(5,944)	816,826	786,343	30,483
Hydrants	196,388	-	196,388	196,388	-
	<u>2,698,714</u>	<u>-</u>	<u>2,698,714</u>	<u>2,654,040</u>	<u>44,674</u>
Public Works -					
Public works	880,635	-	880,635	865,486	15,149
Transfer station	440,159	-	440,159	457,859	(17,700)
	<u>1,320,794</u>	<u>-</u>	<u>1,320,794</u>	<u>1,323,345</u>	<u>(2,551)</u>

TOWN OF BERWICK, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Recreation and Culture -					
Recreation	114,851	-	114,851	103,660	11,191
Berwick Library Association	104,000	-	104,000	104,000	-
	<u>218,851</u>	<u>-</u>	<u>218,851</u>	<u>207,660</u>	<u>11,191</u>
Health and Welfare -					
General assistance	10,000	-	10,000	1,739	8,261
Sewer	36,386	-	36,386	36,386	-
	<u>46,386</u>	<u>-</u>	<u>46,386</u>	<u>38,125</u>	<u>8,261</u>
Education	<u>7,680,220</u>	<u>-</u>	<u>7,680,220</u>	<u>7,680,220</u>	<u>-</u>
County Tax	<u>327,821</u>	<u>-</u>	<u>327,821</u>	<u>327,821</u>	<u>-</u>
Outside Appropriations -					
Christmas decorations	1,000	-	1,000	-	1,000
Memorial day	1,200	-	1,200	1,200	-
Seacoast Shipyard Association	500	-	500	500	-
Coast Bus Service	20,000	-	20,000	20,000	-
Amercian Legion	1,500	-	1,500	1,500	-
Miscellaneous	250	-	250	-	250
	<u>24,450</u>	<u>-</u>	<u>24,450</u>	<u>23,200</u>	<u>1,250</u>

TOWN OF BERWICK, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt Service -					
Principal	62,500	-	62,500	62,500	-
Interest	30,355	-	30,355	30,355	-
	<u>92,855</u>	<u>-</u>	<u>92,855</u>	<u>92,855</u>	<u>-</u>
Unclassified -					
Contingency	10,000	33,391	43,391	4,000	39,391
FF/EMT vacancy contingency	-	30,000	30,000	-	30,000
Stormwater eng	18,400	3,802	22,202	18,385	3,817
Update properties	-	5,000	5,000	5,000	-
ADA repairs/modifications	-	11,005	11,005	-	11,005
Economic development	15,000	41,538	56,538	16,167	40,371
Emergency management	500	1,823	2,323	54	2,269
Triumph restoration		4,138	4,138	-	4,138
Recreation donation		858	858	-	858
Unfunded liabilities	13,000	105,000	118,000	11,765	106,235
Overlay	105,644	-	105,644	13,724	91,920
	<u>162,544</u>	<u>236,555</u>	<u>399,099</u>	<u>69,095</u>	<u>330,004</u>
Transfers to Other Funds -					
Capital projects funds	280,000	-	280,000	280,000	-
Enterprise fund	21,634	-	21,634	21,634	-
	<u>301,634</u>	<u>-</u>	<u>301,634</u>	<u>301,634</u>	<u>-</u>
Total Departmental Operations	<u>\$ 14,124,410</u>	<u>\$ 236,555</u>	<u>\$ 14,360,965</u>	<u>\$ 13,876,129</u>	<u>\$ 484,836</u>

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

## TOWN OF BERWICK, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 18,039	\$ 18,039
Due from other governments	2,798	-	-	2,798
Due from other funds	469,290	163,786	-	633,076
<b>TOTAL ASSETS</b>	<b>\$ 472,088</b>	<b>\$ 163,786</b>	<b>\$ 18,039</b>	<b>\$ 653,913</b>
<b>LIABILITIES</b>				
Due to other funds	\$ 2,143	\$ -	\$ -	\$ 2,143
<b>TOTAL LIABILITIES</b>	<b>2,143</b>	<b>-</b>	<b>-</b>	<b>2,143</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	145,780	-	18,039	163,819
Committed	-	163,786	-	163,786
Assigned	326,308	-	-	326,308
Unassigned	(2,143)	-	-	(2,143)
<b>TOTAL FUND BALANCES</b>	<b>469,945</b>	<b>163,786</b>	<b>18,039</b>	<b>651,770</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 472,088</b>	<b>\$ 163,786</b>	<b>\$ 18,039</b>	<b>\$ 653,913</b>

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

## TOWN OF BERWICK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Intergovernmental	\$ 46,695	\$ -	\$ -	\$ 46,695
Charges for services	229,835	-	-	229,835
Interest income	-	-	58	58
Other	-	43,100	-	43,100
<b>TOTAL REVENUES</b>	<u>276,530</u>	<u>43,100</u>	<u>58</u>	<u>319,688</u>
<b>EXPENDITURES</b>				
Capital outlay	-	172,127	-	172,127
Other	302,737	-	-	302,737
<b>TOTAL EXPENDITURES</b>	<u>302,737</u>	<u>172,127</u>	<u>-</u>	<u>474,864</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(26,207)</u>	<u>(129,027)</u>	<u>58</u>	<u>(155,176)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	-	36,637	-	36,637
Transfers in	-	105,000	-	105,000
Transfers (out)	(25,000)	-	-	(25,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(25,000)</u>	<u>141,637</u>	<u>-</u>	<u>116,637</u>
<b>NET CHANGE IN FUND BALANCES</b>	(51,207)	12,610	58	(38,539)
<b>FUND BALANCES - JULY 1</b>	<u>521,152</u>	<u>151,176</u>	<u>17,981</u>	<u>690,309</u>
<b>FUND BALANCES - JUNE 30</b>	<u>\$ 469,945</u>	<u>\$ 163,786</u>	<u>\$ 18,039</u>	<u>\$ 651,770</u>

See accompanying independent auditors' 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 fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

SCHEDULE D

TOWN OF BERWICK, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019

	Town Hall Water Damage	Brownfield Cleanup Grants	Fire Memorial	Town Hall Auditorium	Village Overlay TIF	Police Grants	Recreation Trips	Recreation Fees	Riverfront
<b>ASSETS</b>									
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,798	\$ -	\$ -	\$ -
Due from other funds	1,030	41,767	-	3,131	6,162	27,787	57,102	94,715	6,984
<b>TOTAL ASSETS</b>	<b>\$ 1,030</b>	<b>\$ 41,767</b>	<b>\$ -</b>	<b>\$ 3,131</b>	<b>\$ 6,162</b>	<b>\$ 30,585</b>	<b>\$ 57,102</b>	<b>\$ 94,715</b>	<b>\$ 6,984</b>
<b>LIABILITIES</b>									
Due to other funds	\$ -	\$ -	\$ 2,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>2,143</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	6,162	98	-	-	6,984
Committed	-	-	-	-	-	-	-	-	-
Assigned	1,030	41,767	-	3,131	-	30,487	57,102	94,715	-
Unassigned	-	-	(2,143)	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>1,030</b>	<b>41,767</b>	<b>(2,143)</b>	<b>3,131</b>	<b>6,162</b>	<b>30,585</b>	<b>57,102</b>	<b>94,715</b>	<b>6,984</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 1,030</b>	<b>\$ 41,767</b>	<b>\$ -</b>	<b>\$ 3,131</b>	<b>\$ 6,162</b>	<b>\$ 30,585</b>	<b>\$ 57,102</b>	<b>\$ 94,715</b>	<b>\$ 6,984</b>

SCHEDULE D (CONTINUED)

TOWN OF BERWICK, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019

	Farmers' Market	Community Center	Ice Rink	Rec Impact Fees	BEBA	MMEHT Wellness Initiative	York Hospital	Berwick Community Television	Open Space Impact Fees	Total
<b>ASSETS</b>										
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,798
Due from other funds	1,722	1,749	350	48,184	4,130	201	250	98,076	75,950	469,290
<b>TOTAL ASSETS</b>	<b>\$ 1,722</b>	<b>\$ 1,749</b>	<b>\$ 350</b>	<b>\$ 48,184</b>	<b>\$ 4,130</b>	<b>\$ 201</b>	<b>\$ 250</b>	<b>\$ 98,076</b>	<b>\$ 75,950</b>	<b>\$ 472,088</b>
<b>LIABILITIES</b>										
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,143
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,143</b>
<b>FUND BALANCES (DEFICITS)</b>										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	1,722	1,749	350	48,184	4,130	201	250	-	75,950	145,780
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	98,076	-	326,308
Unassigned	-	-	-	-	-	-	-	-	-	(2,143)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>1,722</b>	<b>1,749</b>	<b>350</b>	<b>48,184</b>	<b>4,130</b>	<b>201</b>	<b>250</b>	<b>98,076</b>	<b>75,950</b>	<b>469,945</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 1,722</b>	<b>\$ 1,749</b>	<b>\$ 350</b>	<b>\$ 48,184</b>	<b>\$ 4,130</b>	<b>\$ 201</b>	<b>\$ 250</b>	<b>\$ 98,076</b>	<b>\$ 75,950</b>	<b>\$ 472,088</b>

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

SCHEDULE E

TOWN OF BERWICK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Town Hall Water Damage	Brownfield Cleanup Grants	Fire Memorial	Town Hall Auditorium	Village Overlay TIF	Police Grants	Recreation Trips	Recreation Fees	Riverfront
REVENUES									
Intergovernmental	\$ -	\$ 35,438	\$ -	\$ -	\$ 1,684	\$ 9,573	\$ -	\$ -	\$ -
Charges for services	800	-	-	-	-	31,092	47,486	48,653	520
TOTAL REVENUES	<u>800</u>	<u>35,438</u>	<u>-</u>	<u>-</u>	<u>1,684</u>	<u>40,665</u>	<u>47,486</u>	<u>48,653</u>	<u>520</u>
EXPENDITURES									
Other	-	74,272	2,143	-	-	24,985	40,591	25,798	500
TOTAL EXPENDITURES	<u>-</u>	<u>74,272</u>	<u>2,143</u>	<u>-</u>	<u>-</u>	<u>24,985</u>	<u>40,591</u>	<u>25,798</u>	<u>500</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>800</u>	<u>(38,834)</u>	<u>(2,143)</u>	<u>-</u>	<u>1,684</u>	<u>15,680</u>	<u>6,895</u>	<u>22,855</u>	<u>20</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	(25,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	800	(38,834)	(2,143)	-	1,684	15,680	6,895	(2,145)	20
FUND BALANCES (DEFICITS) - JULY 1	<u>230</u>	<u>80,601</u>	<u>-</u>	<u>3,131</u>	<u>4,478</u>	<u>14,905</u>	<u>50,207</u>	<u>96,860</u>	<u>6,964</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,030</u>	<u>\$ 41,767</u>	<u>\$ (2,143)</u>	<u>\$ 3,131</u>	<u>\$ 6,162</u>	<u>\$ 30,585</u>	<u>\$ 57,102</u>	<u>\$ 94,715</u>	<u>\$ 6,984</u>

SCHEDULE E (CONTINUED)

TOWN OF BERWICK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Farmers' Market	Community Center	Ice Rink	Rec Impact Fees	BEBA	MMEHT Wellness Initiative	York Hospital	Berwick Community Television	Open Space Impact Fees	Total
REVENUES										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,695
Charges for services	4,469	-	-	28,250	550	-	-	39,765	28,250	229,835
TOTAL REVENUES	4,469	-	-	28,250	550	-	-	39,765	28,250	276,530
EXPENDITURES										
Other	4,708	-	-	25,277	565	-	-	103,898	-	302,737
TOTAL EXPENDITURES	4,708	-	-	25,277	565	-	-	103,898	-	302,737
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(239)	-	-	2,973	(15)	-	-	(64,133)	28,250	(26,207)
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-	(25,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-	(25,000)
NET CHANGE IN FUND BALANCES (DEFICITS)	(239)	-	-	2,973	(15)	-	-	(64,133)	28,250	(51,207)
FUND BALANCES (DEFICITS) - JULY 1	1,961	1,749	350	45,211	4,145	201	250	162,209	47,700	521,152
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,722	\$ 1,749	\$ 350	\$ 48,184	\$ 4,130	\$ 201	\$ 250	\$ 98,076	\$ 75,950	\$ 469,945

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

## Capital Projects Funds

Capital projects 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 funds.

TOWN OF BERWICK, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2019

	Town Hall Reserve	Planning Reserve	Police Department Reserve	Civil Defense	Highway Equipment Reserve	Transfer Station Reserve	Recreation Improvement Reserve	Total
<b>ASSETS</b>								
Due from other funds	\$ 34,054	\$ 26,995	\$ 17,522	\$ 3,156	\$ 49,076	\$ 153	\$ 32,830	\$ 163,786
<b>TOTAL ASSETS</b>	<u>\$ 34,054</u>	<u>\$ 26,995</u>	<u>\$ 17,522</u>	<u>\$ 3,156</u>	<u>\$ 49,076</u>	<u>\$ 153</u>	<u>\$ 32,830</u>	<u>\$ 163,786</u>
<b>LIABILITIES</b>								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	34,054	26,995	17,522	3,156	49,076	153	32,830	163,786
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>34,054</u>	<u>26,995</u>	<u>17,522</u>	<u>3,156</u>	<u>49,076</u>	<u>153</u>	<u>32,830</u>	<u>163,786</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 34,054</u>	<u>\$ 26,995</u>	<u>\$ 17,522</u>	<u>\$ 3,156</u>	<u>\$ 49,076</u>	<u>\$ 153</u>	<u>\$ 32,830</u>	<u>\$ 163,786</u>

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

TOWN OF BERWICK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Town Hall Reserve	Planning Reserve	Police Department Reserve	Civil Defense	Highway Equipment Reserve	Transfer Station Reserve	Recreation Improvement Reserve	Total
REVENUES								
Other	\$ -	\$ -	\$ -	\$ -	\$ 43,100	\$ -	\$ -	\$ 43,100
TOTAL REVENUES	-	-	-	-	43,100	-	-	43,100
EXPENDITURES								
Capital outlay	-	13,175	53,681	-	105,271	-	-	172,127
TOTAL EXPENDITURES	-	13,175	53,681	-	105,271	-	-	172,127
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(13,175)	(53,681)	-	(62,171)	-	-	(129,027)
OTHER FINANCING SOURCES (USES)								
Debt proceeds	-	-	36,637	-	-	-	-	36,637
Transfers in	-	30,000	10,000	-	65,000	-	-	105,000
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	30,000	46,637	-	65,000	-	-	141,637
NET CHANGE IN FUND BALANCES	-	16,825	(7,044)	-	2,829	-	-	12,610
FUND BALANCES - JULY 1	34,054	10,170	24,566	3,156	46,247	153	32,830	151,176
FUND BALANCES - JUNE 30	\$ 34,054	\$ 26,995	\$ 17,522	\$ 3,156	\$ 49,076	\$ 153	\$ 32,830	\$ 163,786

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

## Permanent Funds

Permanent funds are used to account for assets held by the Town of Berwick, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

TOWN OF BERWICK, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2019

	McCue Lord Trust	Lord's Cemetery Maintenance	Webster Cemetery	Lena Clark Cemetery Road	Monument Fund	300th Anniversary	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,195	\$ 1,195	\$ 4,220	\$ 7,577	\$ 840	\$ 3,012	\$ 18,039
<b>TOTAL ASSETS</b>	<u>\$ 1,195</u>	<u>\$ 1,195</u>	<u>\$ 4,220</u>	<u>\$ 7,577</u>	<u>\$ 840</u>	<u>\$ 3,012</u>	<u>\$ 18,039</u>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	1,195	1,195	4,220	7,577	840	3,012	18,039
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>1,195</u>	<u>1,195</u>	<u>4,220</u>	<u>7,577</u>	<u>840</u>	<u>3,012</u>	<u>18,039</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,195</u>	<u>\$ 1,195</u>	<u>\$ 4,220</u>	<u>\$ 7,577</u>	<u>\$ 840</u>	<u>\$ 3,012</u>	<u>\$ 18,039</u>

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

TOWN OF BERWICK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	McCue Lord Trust	Lord's Cemetery Maintenance	Webster Cemetery	Lena Clark Cemetery Road	Monument Fund	300th Anniversary	Total
REVENUES							
Interest income	\$ 4	\$ 4	\$ 13	\$ 24	\$ 3	\$ 10	\$ 58
TOTAL REVENUES	<u>4</u>	<u>4</u>	<u>13</u>	<u>24</u>	<u>3</u>	<u>10</u>	<u>58</u>
EXPENDITURES							
Other	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	4	4	13	24	3	10	58
FUND BALANCES - JULY 1	<u>1,191</u>	<u>1,191</u>	<u>4,207</u>	<u>7,553</u>	<u>837</u>	<u>3,002</u>	<u>17,981</u>
FUND BALANCES - JUNE 30	<u>\$ 1,195</u>	<u>\$ 1,195</u>	<u>\$ 4,220</u>	<u>\$ 7,577</u>	<u>\$ 840</u>	<u>\$ 3,012</u>	<u>\$ 18,039</u>

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



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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

Board of Selectmen  
Town of Berwick  
Berwick, 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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Berwick, Maine as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Town of Berwick, Maine's basic financial statements and have issued our report thereon dated January 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Berwick, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Berwick, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Berwick, Maine's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Berwick, Maine's financial statements are free from 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*.

#### Purpose of this Report

The 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*

Buxton, Maine  
January 20, 2020