

Audited Financial Statements

Town of Berwick, Maine

June 30, 2015



*Proven Expertise and Integrity*

TOWN OF BERWICK, MAINE

CONTENTS

JUNE 30, 2015

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 19
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT- WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	20
STATEMENT B - STATEMENT OF ACTIVITIES	21
<u>FUND FINANCIAL STATEMENTS</u>	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	22
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	23
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	24
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	25
STATEMENT G – STATEMENT OF NET POSITION – PROPRIETARY FUNDS	26
STATEMENT H - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	27
STATEMENT I - STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	28
STATEMENT J - STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	29
STATEMENT K - STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS	30

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	62
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS - BUDGET AND ACTUAL – GENERAL FUND	63
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	64
SCHEDULE 3 – SCHEDULE OF CONTRIBUTIONS	64

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	65
SCHEDULE A-1 - COMPARATIVE BALANCE SHEET – GENERAL FUND	66
SCHEDULE A-2 – GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL	67 - 70
SCHEDULE B - COMBINING BALANCE SHEET – ALL OTHER GOVERNMENTAL FUNDS	71
SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ALL OTHER GOVERNMENTAL FUNDS	72
SPECIAL REVENUE FUND DESCRIPTION	73
SCHEDULE D - COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS	74
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS	75
CAPITAL PROJECTS FUND DESCRIPTION	76
SCHEDULE F - COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUND	77
SCHEDULE G - COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS	78

PERMANENT FUNDS DESCRIPTION	79
SCHEDULE H - COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS	80
SCHEDULE I - COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR PERMANENT FUNDS	81
GENERAL CAPITAL ASSETS DESCRIPTION	82
SCHEDULE J - SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY	83
SCHEDULE K - SCHEDULE OF CHANGES IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY FUNCTION AND ACTIVITY	84



*Proven Expertise and Integrity*

## 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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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

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

significant accounting estimates made by management, as well as evaluating the overall presentation of financial.

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, 2015, 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 and pension information on pages 4 through 19 and 63 through 64 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 combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

*RHR Smith & Company*

Buxton, Maine  
November 24, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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 that ended on June 30, 2015. We encourage the readers to consider the information presented in conjunction with the Town's financial statements, which follow this section.

### Financial Highlights

- The ending net position of the Town of Berwick's governmental activities is \$10,927,197, an increase of \$645,873 or 6.3% when compared to the beginning net position figure of \$10,281,324.
- The ending net position of the Town of Berwick's business-type activities (Berwick Water Dept.) is \$3,501,277, an increase of \$22,191 or 0.6% when compared to the beginning net position figure of \$3,479,086.
- The ending fund balance for Governmental Funds is \$5,235,222. Although revenues exceeded expenditures by \$236,019, with transfers in of \$379,015 and transfers outs of \$365,672, the net change was an increase of \$249,362.
- The General Fund's ending fund balance is \$2,965,314; an increase of \$535,794 from the prior year's ending fund balance of \$2,429,520. Of the \$2,965,314, \$126,675 is reserved for nonspendable items such as tax acquired property, inventory, and prepaid expenses, and \$681,206 is committed for capital projects, accrued compensated absences and self-funded programs. A detail listing can be found in the notes to basic financial statements, refer to Note 7.
- The Town of Berwick adopted a fund balance policy in April 2014. The Town must maintain an unassigned fund balance in the General Fund of at least 12.5% of the succeeding year's general fund including county tax and education budgeted appropriations. The General Fund's unassigned fund balance as of June 30, 2015 was \$2,157,433 or 16.85% of the total FY16 budgeted appropriations. The Board of Selectmen can use any excess funds to fund the capital needs of the community as deemed appropriate and voted upon at Town Meeting. The Board of Selectmen will generally review and approve the capital projects during the annual budget process and place warrant articles on the Town Meeting Warrant. It is anticipated that the Board of Selectmen will have approximately \$500,000 to allocate to the Capital Projects during the FY17 budget process.

### Overview of the Financial Statements

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, 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 Statements

The Governmental-wide Financial Statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting, which is similar to what private-sector companies' use. These statements provide both short-term as well as long-term information in regards to the Town's financial position. This measurement focus takes into account all of the 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* presents information on *all* of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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* – Most of the Town's basic services are included here, such as general government, public safety, public works, recreation and culture, health and welfare, and education. Property taxes and state and federal grants finance most of these activities.
- *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. The activity for the Town of Berwick includes the water department.

## Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant *funds* – not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

The Town has three kinds of funds -- governmental, proprietary and fiduciary.

- *Governmental funds* – Most of the Town's basic services are included in governmental funds. These fund statements tell how general government services were financed in the current year as well as what remains (fund balance) for future spending. These funds are reported using an accounting method called modified accrual accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

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

The Town of Berwick presents five columns in the governmental funds balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, highway improvement reserve, Lena Clark trust, and Berwick cemetery trust. All other funds are shown as non-major and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopts 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 department. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

- *Fiduciary funds* – These funds are used to account for resources held for the benefit of parties outside the Town of Berwick. These funds are not reflected in the government-wide financial 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.

The Town is the trustee, or fiduciary, for the Clark/Clement Trust Fund that is set up primarily as scholarships. These assets, because of a trust arrangement, can only be used for trust beneficiaries. All of the Town’s fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## Reporting the Town as a Whole

### Net Position

The following is a condensed version of the Statement of Net Position:

	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
Current and other assets	\$ 6,369,238	\$ 6,518,898	\$ 376,566	\$ 318,897
Capital assets, net	6,151,762	5,776,962	4,142,893	4,321,806
Total assets	<u>12,521,000</u>	<u>12,295,860</u>	<u>4,519,459</u>	<u>4,640,703</u>
Total deferred outflows of resources	226,343	139,293	-	-
Current liabilities	487,329	665,437	155,865	151,721
Non-current liabilities	649,738	1,488,392	862,317	1,009,896
Total liabilities	<u>1,137,067</u>	<u>2,153,829</u>	<u>1,018,182</u>	<u>1,161,617</u>
Total deferred inflows of resources	683,079	-	-	-
Net Position:				
Invested in:				
Net investment in capital assets	6,151,762	5,776,962	3,151,155	3,196,216
Restricted	1,357,502	1,383,224	-	-
Unrestricted	3,417,933	3,121,138	350,122	282,870
Total net position	<u>\$ 10,927,197</u>	<u>\$ 10,281,324</u>	<u>\$ 3,501,277</u>	<u>\$ 3,479,086</u>

The decrease of \$149,660 in the current and other assets category for the governmental activities was primarily due to a decrease in investments of approximately \$83,000 and a decrease in taxes receivable and tax liens of approximately \$76,800. The increase of \$59,132 in the current and other asset category for the business-type activities was primarily due to the change in cash and cash equivalents, which was \$80,144. This increase was offset by a decrease in the accounts receivable of \$23,537.

The Capital Asset disclosure in the notes to the financial statements, see Note 5, shows how the change in capital assets, net of \$374,800 for governmental activities resulted. Note 5 also identify the change in capital assets for the business-type activities. The net change was a reduction of \$178,913.

The change in the current liabilities of (\$178,108) for governmental activities was primarily due to the year end accounts payable. In fiscal year 2014 the year end accounts payable included \$305,058 for the reclamation work done on Pine Hill Road. The business-type activities saw a slight increase in the current liabilities of \$5,607. This was due to an increase in the year end accounts payable for the Water Department.

The change in net investment in capital assets is explained in detail further in the Management Discussion & Analysis under the Capital Assets section.

### Changes in Net Position

The following is a condensed version of the Statement of Activities. **Note:** Unable to provide a comparison between the 2015 and 2014 Governmental Activities due to the implementation of GASB Statement No. 68. Only the beginning net position figure has been restated.

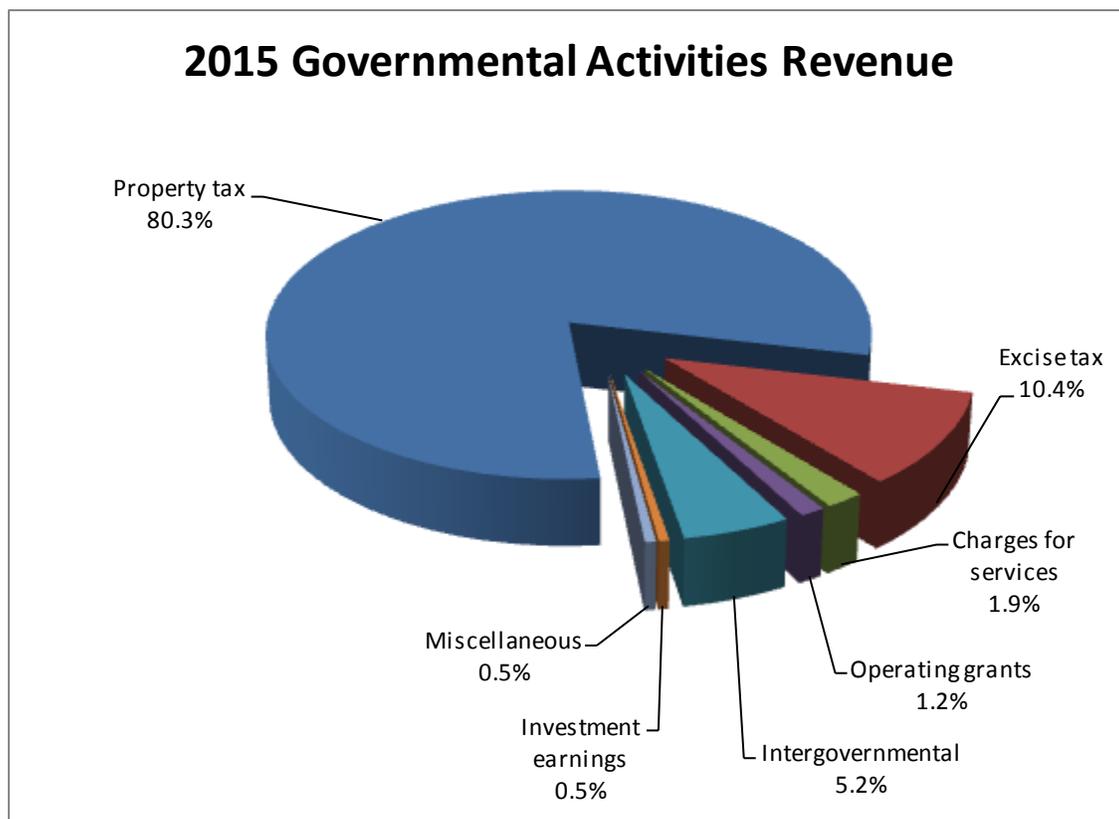
	<u>Governmental</u> <u>Activities</u>	<u>Business-type Activities</u>	
	2015	2015	2014
Revenues			
Taxes:			
Property	\$ 9,922,488	\$ -	\$ -
Excise	1,286,863	-	-
Program revenues			
Charges for services	232,628	619,815	609,840
Operating grants & contributions	150,465	-	-
Capital grants & contributions	-	-	-
Grants and contributions not restricted to specific programs			
Homestead exemption	123,724	-	-
BETE reimbursement	18,942	-	-
Local road assistance	57,268	-	-
Other federal aid	29,687	-	-
Other state aid	31,021	-	-
State revenue sharing	380,705	-	-
Investment earnings	62,726	-	-
Miscellaneous revenues	65,125	6,493	(489)
Total revenues:	12,361,642	626,308	609,351
Expenses			
Current:			
General government	897,519	-	-
Public safety	2,353,754	-	-
Public works	1,238,627	-	-
Health & welfare	45,749	-	-
Recreation & culture	224,447	-	-
Education	6,430,003	-	-
County tax	357,113	-	-
Outside appropriations	12,273	-	-
Unclassified	159,623	590,774	517,953

	<u>Governmental</u> <u>Activities</u>	<u>Business-type Activities</u>	
	2015	2015	2014
Unallocated depreciation	<u>10,004</u>	<u>-</u>	<u>-</u>
Total expenses:	11,729,112	590,774	517,953
Net transfers	<u>13,343</u>	<u>(13,343)</u>	<u>(10,450)</u>
Change in net position	645,873	22,191	80,948
Net position - July 1 as restated	<u>10,281,324</u>	<u>3,479,086</u>	<u>3,398,138</u>
Net position - June 30	<u>\$ 10,927,197</u>	<u>\$ 3,501,277</u>	<u>\$ 3,479,086</u>

Approximately 80.3% of the Town’s revenues come from property taxes, while 10.4% comes from excise taxes and 5.2% from the State of Maine in the form of revenue sharing, homestead exemptions, BETE reimbursements, general assistance reimbursement, and other state aid.

The revenue for the Town’s governmental activities of \$12,361,642 was a decrease of \$24,603 from the fiscal year 2014’s amount of \$12,386,245. The largest decrease was in the investment earnings, which was down (\$133,029) or -68%. The investment return for fiscal year 2015 on the Cemetery Trust and the Lena Clark Trust was the major reason for the decrease in this revenue source. The largest increase was in the operating grants and contributions, which was up \$90,322 and primarily due to properly recording the Cops in School revenue received from MSAD #60 for reimbursement of the school resource officer.

The following pie chart shows the sources of revenue for fiscal year 2015.

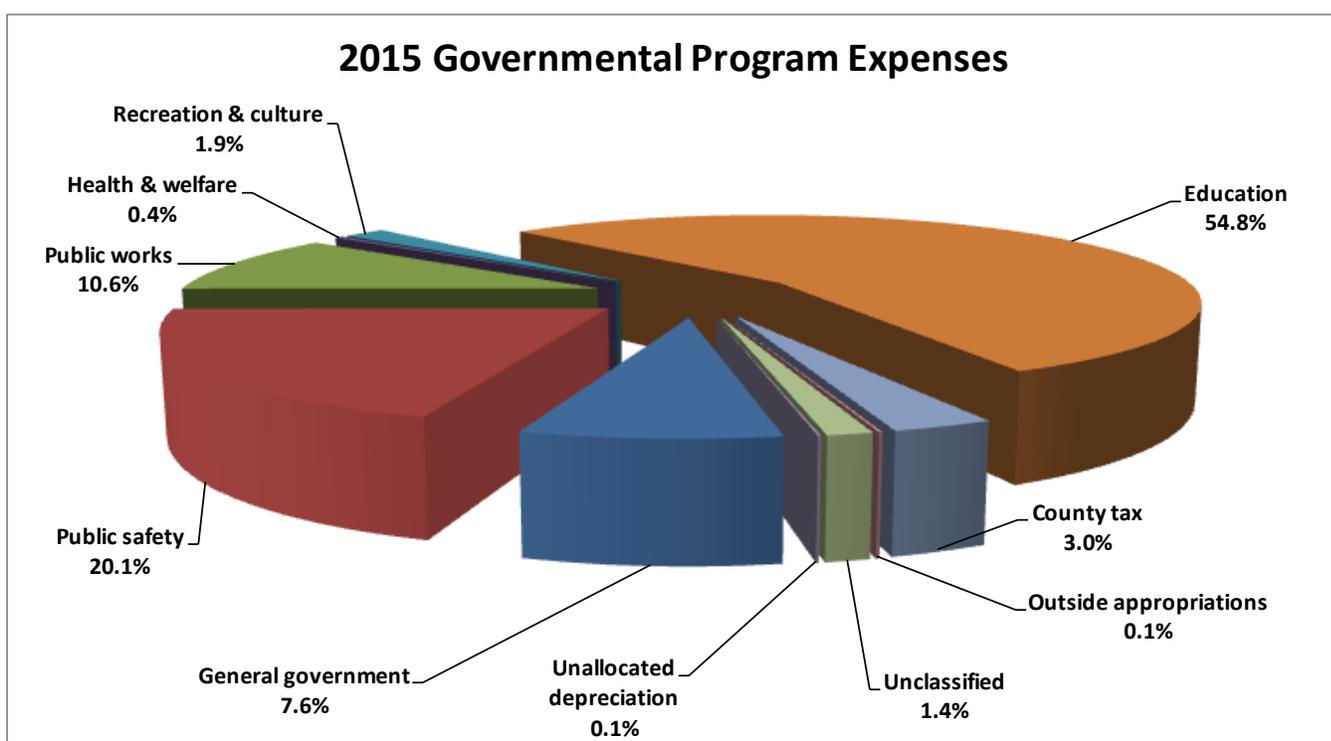


The expenses for the Town's governmental activities were up by 4.6% or \$464,993 when compared to fiscal year 2014. The public works activity saw the largest increase and was due in large part because the transfer station or refuse activity was included under the public works activity. In previous years it was included under the health and welfare activity, which has caused the largest decrease in the health and welfare activity for fiscal year 2015.

The Town's share of MSAD 60's budget makes up 54.5% of the expenses for fiscal year 2015 and is only up slightly from the fiscal year 2014 assessment.

The next largest category is Public Safety which is 20.0% of the expenses for fiscal year 2015. This category covers the police and fire operations as well as the public hydrant fees charged by the Berwick Water Dept.

The following pie chart shows the functional expenses for fiscal year 2015.



Proprietary fund revenues were up \$16,957 due to the change in accounts receivable during fiscal year 2015. Expenses were up \$72,821 in fiscal year 2015 when compared to fiscal year 2014. The largest increase was in the contract labor and other services of \$25,787, and over half this increase was for the water rate case (\$8,108) and excavation work (\$7,200) during the fiscal year. The Water Department also disposed of its old treatment plant and transferred the land to the Town at a value of \$51,000.

### Governmental Activities

The cost of all governmental activities was \$11,729,112. The Town's governmental activities include general government, public safety, public works, health and welfare, recreation and culture, education, county tax, outside appropriations, and unclassified.

However, as shown on the Statement of Activities, the amount that the taxpayers of Berwick ended up financing was \$9,922,488 or 84.2%, while some of the cost was paid by those who directly benefit from the programs -- \$232,628, and by other governments and organizations that subsidized certain programs with operating grants and contributions -- \$150,465. The Town also received \$2,056,061 in other general revenues, such as State Revenue Sharing, motor vehicle and boat excise taxes, homestead exemption, and interest earnings, to fund operations during fiscal year 2015.

As a result of the Governmental activities' revenues of \$12,374,985 exceeding the expenses of \$11,729,112, the Town of Berwick realized an increase to its net position of \$645,873.

### Proprietary Funds

The cost for the Water Department activities for fiscal year 2015 was \$590,774. The majority of revenues received by the Water Department were from charges for services in the amount of \$619,815. With revenues exceeding expenses, the Water Department realized an increase to its net position of \$22,191.

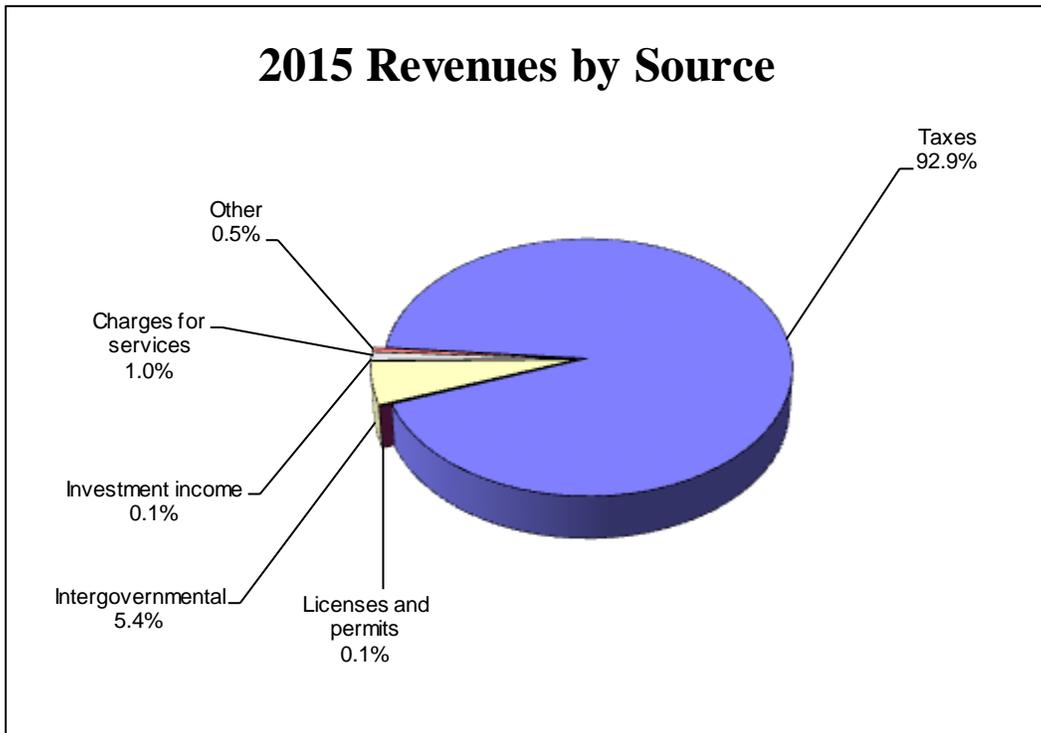
### The Town's Funds

The following is an analysis of the balances in the Town's major individual funds.

### General Major Governmental Functions

The following table summarizes the fiscal year 2015 revenues by source for the General Fund with the 2014 information for comparison while the pie chart summaries the 2015 revenues by source. Information is from Statement E.

	<u>2015</u>	<u>2014</u>	<u>\$ Chg</u>	<u>% Chg</u>
Revenues by source				
Taxes	\$ 11,283,175	\$ 11,235,876	\$ 47,299	0.4%
Licenses and permits	10,843	7,290	3,553	48.7%
Intergovernmental	652,644	610,065	42,579	7.0%
Investment income	7,318	5,122	2,196	42.9%
Charges for services	124,295	90,036	34,259	38.1%
Other	<u>65,125</u>	<u>63,804</u>	<u>1,321</u>	2.1%
<b>Total revenue</b>	<b><u>\$ 12,143,400</u></b>	<b><u>\$ 12,012,193</u></b>	<b><u>\$ 131,207</u></b>	<b>1.1%</b>



General Fund revenues increased 1.1% over the fiscal year 2014 amount. The following are some of the reasons for the changes in the revenue sources.

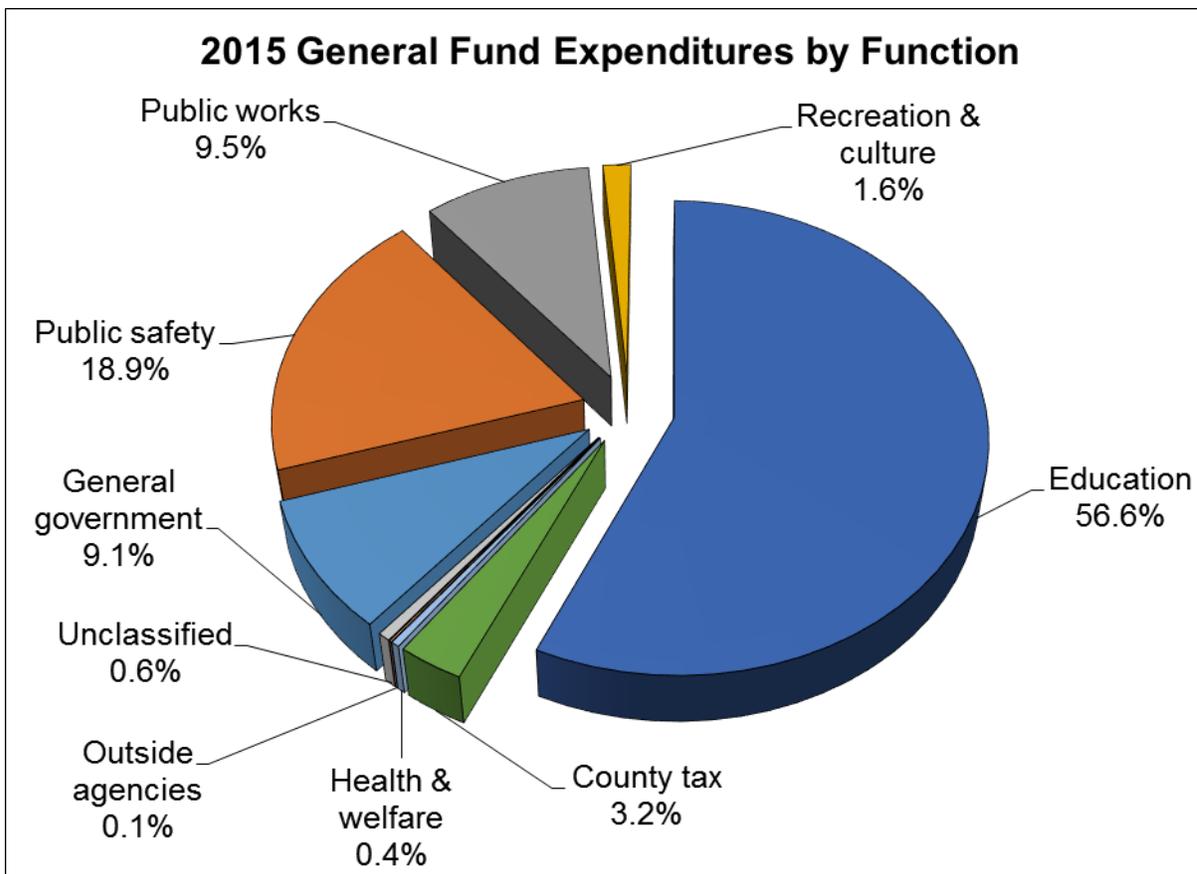
**Taxes:** The net appropriation or local tax requirement for FY2015 was a decreased of -2.4% or (\$245,334) from the FY2014 level, with a decrease in the net municipal appropriation of (\$187,932), and an increase in overlay of \$49,679. The overall tax rate collections for 2015 were slightly higher than for the 2014 tax year, with 93.6% of 2015 taxes being collected by the end of the fiscal year, while 93.2% of 2014 taxes were collected at the end of fiscal year 2014. Even so, the property tax collections for FY2015 were down (\$26,030) when compared to FY2014. This revenue source also includes vehicle and boat excise taxes and registration fees. The excise tax collections for fiscal year 2015 are approximately \$73,329 higher than fiscal year 2014.

**Intergovernmental:** The increase in this category is due to the recording of the COPS in School reimbursement from MSAD #60 of \$68,565 as a revenue and not netting it against the expenditures as done in previous years. The Town also recorded a FEMA reimbursement of \$29,687 in fiscal year 2015 but none in fiscal year 2014. However, the Town saw a substantial decrease in the BETE reimbursement in fiscal year 2015 when compared to fiscal year 2014 of (\$22,261), and a Homestead Exemption reimbursement decrease of (\$28,080).

**Charges for services:** The \$34,259 increase in this revenue source is primarily due to increased building/electrical/plumbing permit activity.

The following table summarizes the General Fund expenditures by function for fiscal year 2015 with 2014 information for comparison while the pie chart displays the General Fund expenditures by function for fiscal year 2015. Information is from Statement E.

	<u>2015</u>	<u>2014</u>	<u>\$ Chg</u>	<u>% Chg</u>
Expenditure by function				
General government	\$ 1,034,353	\$ 1,015,634	\$ 18,719	1.8%
Public safety	2,144,634	2,028,740	115,894	5.7%
Public works	1,082,229	1,070,720	11,509	1.1%
Recreation & culture	178,069	169,865	8,204	4.8%
Education	6,430,003	6,399,697	30,306	0.5%
County tax	357,113	351,890	5,223	1.5%
Health & welfare	45,672	57,914	(12,242)	-21.1%
Outside agencies	12,273	41,026	(28,753)	-70.1%
Unclassified	<u>67,925</u>	<u>40,955</u>	<u>26,970</u>	65.9%
<b>Total expenditures</b>	<b><u>\$ 11,352,271</u></b>	<b><u>\$ 11,176,441</u></b>	<b><u>\$ 175,830</u></b>	<b>1.6%</b>



The General Fund expenditures increased 1.6% or \$175,830 over fiscal year 2014 levels.

The public safety function saw the largest increase of \$115,894 or 5.7%. The biggest portion of the increase was due to halting the past practice of netting the COPS in School reimbursement from MSAD 60 in the Police Department budget. The impact of this change was approximately \$69,000. The Fire Department's budget saw a nearly \$10,000 increase in its part-time wage line due to the implementation of a new pay scale for the on-call force based upon the recommendations in the MRI Study. The cost for overtime wages in both Police and Fire Departments were up from the fiscal year 2014 levels by a little over \$20,000. The cost for

dispatch services through the Town of South Berwick was up 3.2% or \$5,600 from fiscal year 2014 costs.

The largest decrease was seen in the outside agencies function of -70.1% or (\$28,753). There were a couple of reasons for the decrease in this function. First of all, the Town was able to negotiate a three year contract for ambulance service with American Ambulance at no cost to the Town. This generated a savings of nearly \$18,000. Secondly, the Board of Selectmen decided to cease funding outside agencies other than American Legion, Coast Bus Service, and the Seacoast Shipyard Association. This decision saved the taxpayers approximately \$12,450 in fiscal year 2015.

The net results of operations for fiscal year 2015 are \$535,794, after transfers in of \$54,977 and transfers out of \$310,312. The following table summarizes the General Fund's fund balance for fiscal year 2015 with 2014 information for comparison.

	<u>2015</u>	<u>2014</u>	<u>\$ Chg</u>	<u>% Chg</u>
Fund balance:				
Nonspendable	\$ 126,675	\$ 119,242	\$ 7,433	6.2%
Restricted	-	-	-	n/a
Committed	681,206	-	681,206	n/a
Assigned	-	173,198	(173,198)	-100.0%
Unassigned	<u>2,157,433</u>	<u>2,137,080</u>	<u>20,353</u>	1.0%
<b>Total fund balance</b>	<b><u>\$ 2,965,314</u></b>	<b><u>\$ 2,429,520</u></b>	<b><u>\$ 535,794</u></b>	<b>22.1%</b>

The General Fund's total fund balance increased by 22.1% or \$535,794 due to a number of factors.

In the Nonspendable category, the change in prepaid expenses as of June 30, 2015 of \$5,744 was the largest contributor to the 6.2% increase. Inventory value also saw an increase of \$2,647.

Due to a change in reporting of fund balance for voter approved items, the Committed category saw an increase of \$681,206, while the Assigned category saw a reduction of (\$173,198). The biggest increase was in the amount voters approved to take from unassigned fund balance to construct and repair roads, bridges, and sidewalks. At the May 2015 Town Meeting the voters approved using \$320,000 for this purpose, while in May 2014 they only approved using \$105,000 from unassigned fund balance. The voters also approved at the May 2015 Town Meeting to utilize \$240,000 from unassigned fund balance for various capital projects and equipment purchases. These include: the purchase of a new dump truck at a cost of \$165,000, provide \$60,000 to repair and/or maintain outfalls 005 and 006 as part of the Town's stormwater program and to comply with the Town's MS4 permit, provide \$5,000 to purchase SCBA and bottle upgrade & replacement for Fire Department, and set aside \$10,000 for Fire Station repairs and renovations.

The Capital Improvement Project Fund's Highway Improvement Reserve Fund has only one source of revenue and that is from the Local Road Assistance Program (LRAP). These funds come from the State of Maine's Department of Transportation and are to be used for road improvements. The fiscal year 2015 LRAP payment from the State was down \$5,176 from the amount received in fiscal year 2014.

The major expenditure from the Highway Improvement Reserve Fund during fiscal year 2015 was the reclamation of Long Swamp Road, from junction of Little River Road to #67 Long Swamp), at a cost of \$130,720.

The net results of operations for fiscal year 2015 was a decrease of (\$21,601), after transfers in of \$120,000.

The following table summarizes the Highway Improvement Reserve Fund's fund balance for fiscal year 2015 with 2014 information for comparison.

	<u>2014</u>	<u>2014</u>	<u>\$ Chg</u>	<u>% Chg</u>
Fund balances:				
Committed	\$ <u>489,538</u>	\$ <u>511,139</u>	(\$ <u>21,601</u> )	-4.2%
<b>Total fund balance</b>	<b>\$ <u>489,538</u></b>	<b>\$ <u>511,139</u></b>	<b>(\$ <u>21,601</u>)</b>	<b>-4.2%</b>

The Permanent Fund's Lena Clark Trust Fund received \$21,268 in investment income net of unrealized gains and losses during fiscal year 2015. This was a decrease of approximately \$45,242 when compared to fiscal year 2014 figure. While the Berwick Cemetery Trust received \$34,132 in investment income net of unrealized gains and losses, which was a decrease of \$89,965 when compared to fiscal year 2014.

Investment management fees for fiscal year 2015 for the Lena Clark Trust were up \$339 and for the Berwick Cemetery Trust they were up \$414 when compared to fiscal year 2014. The Cemetery Trust also in February 2015 remitted to the Berwick Cemetery Association the interest earnings for calendar year 2014, which amounted to \$40,686.

During fiscal year 2015, the Lena Clark Trust account had a transfer out of \$35,360 to help cover the cost of a new boiler for the Town Hall.

The net results of operations for fiscal year 2015 for the Lena Clark Trust was (\$18,029) after transfers out of \$35,360; while it was (\$11,652) for the Berwick Cemetery Trust.

The following table summarizes the Lena Clark Trust Fund's fund balance for fiscal year 2015 with 2014 information for comparison.

	<u>2015</u>	<u>2014</u>	<u>\$ Chg</u>	<u>% Chg</u>
Fund balance:				
Nonspendable	\$ 440,852	\$ 446,213	(\$ 5,361)	-1.2%
Restricted	<u>28,670</u>	<u>41,338</u>	( <u>12,668</u> )	-30.6%
<b>Total fund balance</b>	<b>\$ <u>469,522</u></b>	<b>\$ <u>487,551</u></b>	<b>(\$ <u>18,029</u>)</b>	<b>-3.7%</b>

The following table summarizes the Berwick Cemetery Trust Fund's fund balance for fiscal year 2015 with 2014 information for comparison.

	<u>2015</u>	<u>2014</u>	<u>\$ Chg</u>	<u>% Chg</u>
Fund balance:				
Nonspendable	\$ 854,684	\$ 866,076	(\$ 11,392)	-1.3%
Restricted	<u>7,761</u>	<u>8,021</u>	( <u>260</u> )	-3.2%
<b>Total fund balance</b>	<b><u>\$ 862,445</u></b>	<b><u>\$ 874,097</u></b>	<b><u>(\$ 11,652)</u></b>	<b>-1.3%</b>

### **Proprietary Funds**

The Town's proprietary funds provide the same type of information fund in the governmental-wide financial statements, but in more detail. The water department had an increase in net position for the current year of \$22,191 and a total net position of \$3,501,277.

### **General Fund Budgetary Highlights**

The Town continues to meet its responsibilities for sound financial management. As shown in Schedule 1, actual revenues exceeded budgeted revenues by \$243,964, and actual expenditures were under budgeted appropriations by \$364,056. This resulted in a positive net effect of \$608,020. However, after transfers, the net change in fund balance was a positive \$535,794.

The unassigned fund balance at \$2,157,433 is a healthy figure and represents 16.8% of the total budgeted appropriations for FY2016. The goal of the Town's fund balance policy is to maintain a General Fund unassigned fund balance of at least 12.5% of the yearly Education, Town, and York County appropriations. The Town's management anticipates that during the FY2017 budget process, the Board of Selectmen will consider utilizing the unassigned fund balance in excess of the 12.5% for the Town's Capital Budget.

The original (or adopted) budget for fiscal year 2014-2015 was \$11,933,441 and there was one voter approved adjustment made to the original budget of \$25,000 during fiscal year 2015. This was to cover the overtime and salt expenditure overages in the Public Works budget.

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

#### **Capital Assets**

As of June 30, 2015, the net book value of capital assets recorded by the Town increased by \$195,887.

The following is a summary of the Town of Berwick’s capital assets, net of depreciation.

**Town of Berwick, Maine**  
**Capital Assets (Net of Depreciation)**

	<b>2015</b>	<b>2014</b>
Art work and historical treasures	\$ 11,000	\$ 11,000
Land and other non-depreciable assets	871,646	871,646
Buildings and improvements, land improvements	1,286,851	1,290,041
Machinery and equipment	1,040,478	918,215
Vehicles	888,390	769,250
Infrastructure	6,196,290	6,238,616
	<b><u>\$ 10,294,655</u></b>	<b><u>\$ 10,098,768</u></b>

At the end of fiscal year 2015, the Town had invested \$680,873 in a broad range of capital assets.

The following chart identifies the assets that were added during fiscal year 2015.

	<b>Category</b>	<b>Category Total</b>
<b>Building and building improvements</b>		
General Govt	Town Hall boiler (includes engineering costs)	\$ 73,580
		\$ 73,580
<b>Machinery and equipment</b>		
General Govt	Accounting software (TRIO)	25,463
	Sony robotic camera (BCTV), 3 cameras	7,565
	Sony robotic camera control panel (BCTV)	2,353
	TS2 type 2 traffic signal controller	3,550
Public Safety	Honda generators (2)	3,600
	Motorola radio for new cruiser	2,728
	Ruggedized laptop (Fire)	2,464
	Motorola radio for Command vehicle	4,312
	Laptop & docking station for new cruiser	3,530
	Laptop for Command vehicle	3,259
	Dash-mounted radar units (2)	4,996
Public Works	Exmark 52" mower	5,621
	Caterpillar backhoe/loader	115,687
	Plasma cutter	1,894
Recreation	EZ dock system	8,000
Water	3" Omni C2 meter	2,032
	Digital PH sensor	926
	SC200 controller	1,740
	LMI B9 series pump	1,410
	Dechlorination bazooka	1,735
	UV water quality monitor	1,984
	Hydrant replacement (School St)	6,650
	2" Omni T2 meter	979
		212,478

		Category	Category Total
Vehicles			
Public Safety	2014 Dodge Charger police cruiser		24,638
	2015 Chevrolet Tahoe (Command vehicle)		40,059
Public Works	2015 Ford F250 4x4 w/V-plow		35,204
	2015 Western Star dump truck w/wing & plow		<u>164,194</u>
			264,095
Infrastructure			
Public Works	Reclaim Long Swamp Road (from Little River to #67)		<u>130,720</u>
			130,720
<b>Total Assets Added During FY2015</b>			<b><u>\$ 680,873</u></b>

The depreciation expense for 2015 was \$475,675.

The Town has appropriated \$747,450 in fiscal year 2016 for the following capital expenditures: one and one half police cruisers, fire department's pumper replacement, replacement of the Town Hall's phone system, replacement of the police department's repeater and antenna, seven sets of personal protective equipment for the fire department, hose replacement for the fire department, SCBA and bottle upgrade and replacement for the fire department, fire station repairs and/or renovations, new roof for the public works garage, repair the salt shed walls, dump truck for public works, second lease payment for loader/backhoe, funding for work on outfalls 005 and 006 as part of the Town's stormwater program, and funds to go into the highway infrastructure account for roads, bridges and sidewalks.

Refer to Note 5 of the Notes to Financial Statements for more detailed information.

### Long-Term Debt Activity

As of June 30, 2015, the Town had a total of \$991,738 of outstanding general obligation debt versus \$1,125,590 last year. Other obligations include vacation and sick time and net pension liability.

Refer to Note 6 of Notes to Financial Statements for more detailed information.

### Economic Factors and Next Year's Budget and Tax Rates

The Town's assessed value ratio as of April 1, 2015 is 106%, down 1.9% from the April 1, 2014 assessed value ratio and is under the State maximum cap of 110%.

The total assessed value as of April 1, 2015, is \$635,767,823, which is an increase of \$3,960,124 or 0.63% from the prior year. One factor in the small increase in assessed value was the removal of just over \$1,400,000 in taxable value related to the Town tax acquiring the five former Prime Tanning lots in downtown Berwick making them tax exempt for the 2016 tax year. The actual new taxable valuation as of April 1, 2015 was approximately \$10,784,000.

The Town of Berwick's tax rate is \$16.30. The following chart shows the change in the Town's tax rate from 2015 to 2016.

	<u>2016</u>	<u>2015</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>	<u>Tax</u> <u>Allocation</u>
Town	\$ 5.21	\$ 5.16	\$0.05	0.97%	32.0%
School	\$10.53	\$10.18	\$0.35	3.44%	64.6%
County	\$ <u>0.56</u>	\$ <u>0.56</u>	\$ <u>0.00</u>	0.00%	<u>3.4%</u>
<b>Totals:</b>	<b><u>\$16.30</u></b>	<b><u>\$15.90</u></b>	<b><u>\$0.40</u></b>	<b>2.52%</b>	<b><u>100.0%</u></b>

The Town's municipal appropriation is \$5,759,476, an increase of \$699,381 or 13.8% when compared to FY 2015. An increase in non-property tax revenue of \$142,411 and an increase in the use of unassigned fund balance of \$494,000 resulted in a net appropriation of \$3,235,366; an increase of \$62,970 or 1.98%.

The largest increase in the municipal budget was in the funding of capital projects. For fiscal year 2015, the Town voters approved raising and appropriating \$183,678 to fund various capital projects and equipment reserves, as well as utilizing \$105,000 of unassigned fund balance for highway infrastructure improvements. However, for fiscal year 2016, the Town voters approved raising and appropriating \$187,450 to fund various capital projects and equipment reserves, as well as utilizing \$560,000 of unassigned fund balance for highway infrastructure improvements, capital projects and capital equipment. This is an overall increase of \$455,000 or 433.3% from fiscal year 2015.

The Town's contribution to MSAD #60's budget is \$6,696,358; an increase of \$266,355 or 4.1%.

The County tax assessment is a decreased of \$5,558, or -1.56% reduction.

### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional 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, 2015**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 101,285	\$ 203,424	\$ 304,709
Investments	4,998,674	-	4,998,674
Receivables:			
Accounts	35,306	140,724	176,030
Taxes receivable (net of allowance of \$21,110)	632,156	-	632,156
Tax liens	436,619	-	436,619
Due from other governments	37,222	-	37,222
Tax acquired property	2,021	-	2,021
Prepaid expenses	51,803	-	51,803
Inventory	72,851	32,418	105,269
Internal balances	1,301	(1,301)	-
<b>Total current assets</b>	<b>6,369,238</b>	<b>375,265</b>	<b>6,744,503</b>
Noncurrent assets:			
Capital assets:			
Non-depreciable capital assets	785,000	97,646	882,646
Depreciable capital assets, net	5,366,762	4,045,247	9,412,009
<b>Total noncurrent assets</b>	<b>6,151,762</b>	<b>4,142,893</b>	<b>10,294,655</b>
<b>TOTAL ASSETS</b>	<b>12,521,000</b>	<b>4,518,158</b>	<b>17,039,158</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on pensions	226,343	-	226,343
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>226,343</b>	<b>-</b>	<b>226,343</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 12,747,343</b>	<b>\$ 4,518,158</b>	<b>\$ 17,265,501</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 120,487	\$ 9,720	\$ 130,207
Accrued wages and benefits	55,820	3,863	59,683
Due to other governments	55,560	-	55,560
Other liabilities	108,372	-	108,372
Accrued interest	-	6,030	6,030
Current portion of long-term obligations	147,090	134,951	282,041
<b>Total current liabilities</b>	<b>487,329</b>	<b>154,564</b>	<b>641,893</b>
Noncurrent liabilities:			
Net pension liability	471,220	-	471,220
Bonds payable	-	856,787	856,787
Accrued compensated absences	178,518	5,530	184,048
<b>Total noncurrent liabilities</b>	<b>649,738</b>	<b>862,317</b>	<b>1,512,055</b>
<b>TOTAL LIABILITIES</b>	<b>1,137,067</b>	<b>1,016,881</b>	<b>2,153,948</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amount on pensions	683,079	-	683,079
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>683,079</b>	<b>-</b>	<b>683,079</b>
<b>NET POSITION</b>			
Net investment in capital assets	6,151,762	3,151,155	9,302,917
Restricted	1,357,502	-	1,357,502
Unrestricted	3,417,933	350,122	3,768,055
<b>TOTAL NET POSITION</b>	<b>10,927,197</b>	<b>3,501,277</b>	<b>14,428,474</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 12,747,343</b>	<b>\$ 4,518,158</b>	<b>\$ 17,265,501</b>

*See accompanying notes to financial statements.*

**TOWN OF BERWICK, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

Functions/programs	Expenses	Program Revenues			Net (expense) Revenue and Changes in Net Position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Total Governmental activities	Business type activities	Total
Primary government:							
Governmental activities:							
General government	\$ 897,519	67,045	-	-	(830,474)	-	(830,474)
Public safety	2,353,754	42,246	82,550	-	(2,228,958)	-	(2,228,958)
Public works	1,238,627	1,473	-	-	(1,237,154)	-	(1,237,154)
Health and welfare	45,749	36,647	2,671	-	(6,431)	-	(6,431)
Recreation	224,447	85,217	13,205	-	(126,025)	-	(126,025)
Education	6,430,003	-	-	-	(6,430,003)	-	(6,430,003)
County tax	357,113	-	-	-	(357,113)	-	(357,113)
Outside appropriations	12,273	-	-	-	(12,273)	-	(12,273)
Unclassified	159,623	-	52,039	-	(107,584)	-	(107,584)
Unallocated depreciation (Note 4)	10,004	-	-	-	(10,004)	-	(10,004)
Total governmental activities	11,729,112	232,628	150,465	-	(11,346,019)	-	(11,346,019)
Business-type activities:							
Water department	590,774	619,815	-	-	-	29,041	29,041
Total business-type activities	590,774	619,815	-	-	-	29,041	29,041
<b>Total primary government</b>	<b>\$ 12,319,886</b>	<b>\$ 852,443</b>	<b>\$ 150,465</b>	<b>\$ -</b>	<b>\$ (11,346,019)</b>	<b>\$ 29,041</b>	<b>\$ (11,316,978)</b>

General revenues:			
Property taxes, levied for general purposes		9,922,488	9,922,488
Motor vehicle and boat excise taxes		1,286,863	1,286,863
Grants and contributions not restricted to specific programs:			
State Revenue Sharing		380,705	380,705
Homestead exemption		123,724	123,724
BETE reimbursement		18,942	
Local road assistance		57,268	57,268
Other State aid		31,021	31,021
Other Federal aid		29,687	29,687
Unrestricted investment earnings		62,726	62,726
Miscellaneous revenues		65,125	6,493
Net transfers		13,343	(13,343)
Total general revenues and transfers		11,991,892	(6,850)
Change in net position		645,873	22,191
Net position - beginning, as restated		10,281,324	3,479,086
<b>Net position - ending</b>		<b>\$ 10,927,197</b>	<b>\$ 3,501,277</b>
		<b>\$ 14,428,474</b>	

*See accompanying notes to financial statements.*

**TOWN OF BERWICK, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	General	Highway Improvement Reserve	Lena Clark Trust	Cemetery Trust	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 101,285	-	-	-	-	101,285
Investments	3,649,258	-	469,522	862,205	17,689	4,998,674
Receivables:						
Accounts	33,940	-	-	240	1,126	35,306
Taxes (net of allowance for uncollectibles)	632,156	-	-	-	-	632,156
Tax liens	436,619	-	-	-	-	436,619
Due from other governments	29,687	-	-	-	7,535	37,222
Tax acquired property	2,021	-	-	-	-	2,021
Prepaid expenses	51,803	-	-	-	-	51,803
Inventory	72,851	-	-	-	-	72,851
Due from other funds	6,681	489,538	-	-	433,067	929,286
<b>Total assets</b>	<b>\$ 5,016,301</b>	<b>489,538</b>	<b>469,522</b>	<b>862,445</b>	<b>459,417</b>	<b>7,297,223</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	114,852	-	-	-	5,635	120,487
Accrued wages and benefits	55,820	-	-	-	-	55,820
Due to other governments	55,560	-	-	-	-	55,560
Other liabilities	108,372	-	-	-	-	108,372
Due to other funds	922,606	-	-	-	5,379	927,985
<b>Total liabilities</b>	<b>1,257,210</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,014</b>	<b>1,268,224</b>
Deferred inflows of revenues:						
Unavailable revenue - property taxes	793,777	-	-	-	-	793,777
<b>Total deferred inflows of resources</b>	<b>793,777</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>793,777</b>
Fund balances:						
Nonspendable	126,675	-	440,852	854,684	-	1,422,211
Restricted	-	-	28,670	7,761	25,535	61,966
Committed	681,206	489,538	-	-	344,527	1,515,271
Assigned	-	-	-	-	78,341	78,341
Unassigned	2,157,433	-	-	-	-	2,157,433
<b>Total fund balances</b>	<b>2,965,314</b>	<b>489,538</b>	<b>469,522</b>	<b>862,445</b>	<b>448,403</b>	<b>5,235,222</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 5,016,301</b>	<b>489,538</b>	<b>469,522</b>	<b>862,445</b>	<b>459,417</b>	

*See accompanying notes to financial statements.*

**TOWN OF BERWICK, MAINE**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2015**

Total fund balances - total governmental funds, Statement C	\$	5,235,222
Amounts reported for governmental activities in the statement of net position (Statement A) are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. More specifically:		
Non-depreciable capital assets	\$ 785,000	
Depreciable capital assets, net	5,366,762	6,151,762
Deferred outflows of resources are not financial resources and therefore not reported in the funds.		226,343
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds:		
Compensated absences		(178,518)
Pension liability		(618,310)
Deferred inflows of resources are not available in the current period and therefore not reported in the funds.		(683,079)
Deferred revenues -- more specifically, property taxes and liens not reported on Statement A		793,777
<b>Net position of governmental activities</b>	<b>\$</b>	<b>10,927,197</b>

*See accompanying 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, 2015**

	General	Highway Improvement Reserve	Lena Clark Trust	Cemetery Trust	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes						
Property taxes	\$ 9,996,312	-	-	-	-	9,996,312
Excise taxes	1,286,863	-	-	-	-	1,286,863
Licenses and permits	10,843	-	-	-	-	10,843
Intergovernmental	652,644	57,268	-	-	14,235	724,147
Investment income, net of unrealized gains/(losses)	7,318	-	21,268	34,132	8	62,726
Charges for services	124,295	-	-	1,800	163,355	289,450
Unclassified	65,125	-	-	-	-	65,125
<b>Total revenues</b>	<b>12,143,400</b>	<b>57,268</b>	<b>21,268</b>	<b>35,932</b>	<b>177,598</b>	<b>12,435,466</b>
Expenditures:						
Current:						
General government	1,034,353	-	-	-	-	1,034,353
Public safety	2,144,634	-	-	-	-	2,144,634
Public works	1,082,229	-	-	-	-	1,082,229
Recreation & culture	178,069	-	-	-	-	178,069
Education	6,430,003	-	-	-	-	6,430,003
County tax	357,113	-	-	-	-	357,113
Health & welfare	45,672	-	-	-	-	45,672
Outside appropriations	12,273	-	-	-	-	12,273
Unclassified	67,925	-	3,937	47,584	117,903	237,349
Capital outlay	-	198,869	-	-	478,883	677,752
<b>Total expenditures</b>	<b>11,352,271</b>	<b>198,869</b>	<b>3,937</b>	<b>47,584</b>	<b>596,786</b>	<b>12,199,447</b>
Excess (deficiency) of revenues over (under) expenditures	791,129	(141,601)	17,331	(11,652)	(419,188)	236,019
Other financing sources (uses):						
Transfers in	54,977	120,000	-	-	204,038	379,015
Transfers out	(310,312)	-	(35,360)	-	(20,000)	(365,672)
<b>Total other financing sources (uses)</b>	<b>(255,335)</b>	<b>120,000</b>	<b>(35,360)</b>	<b>-</b>	<b>184,038</b>	<b>13,343</b>
Net change in fund balances	535,794	(21,601)	(18,029)	(11,652)	(235,150)	249,362
Fund balances (deficit), beginning of year	2,429,520	511,139	487,551	874,097	683,553	4,985,860
<b>Fund balances (deficit), end of year</b>	<b>\$ 2,965,314</b>	<b>489,538</b>	<b>469,522</b>	<b>862,445</b>	<b>448,403</b>	<b>5,235,222</b>

*See accompanying 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, 2015**

Net change in fund balances - total governmental funds (from Statement E)	\$ 249,362
Amounts reported for governmental activities in the statement of activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital asset purchases capitalized	714,416
Capital assets disposed	(7,335)
Depreciation expense	(332,281)
	374,800
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(73,824)
Deferred outflows of resources are a consumption of net assets by the government that are applicable to a future reporting period and therefore are not reported in the funds.	87,050
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in long term accrued compensated absences (Note 6) and net pension liability.	36,064 655,500
Deferred inflows of resources are a consumption of net assets by the government that are applicable to a future reporting period and therefore are not reported in the funds.	(683,079)
<hr/>	
<b>Change in net position of governmental activities (see Statement B)</b>	<b>\$ 645,873</b>

*See accompanying notes to financial statements.*

**TOWN OF BERWICK, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	<b>Enterprise Funds</b>
	<b>Water</b>
	<b>Department</b>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 203,424
Accounts (net of allowance for uncollectibles)	140,724
Due from other governments	-
Inventory	32,418
Due from other funds	-
Total current assets	376,566
Noncurrent assets:	
Land	97,646
Buildings and improvements	1,435,014
Vehicles and equipment	1,140,671
Plant / infrastructure	4,020,580
Total capital assets	6,693,911
Less: accumulated depreciation	(2,551,018)
Total noncurrent assets	4,142,893
<b>Total assets</b>	<b>\$ 4,519,459</b>
<b>LIABILITIES AND NET ASSETS</b>	
Current liabilities:	
Accounts payable	\$ 9,720
Accrued payroll and related liabilities	3,863
Accrued interest	6,030
Current portion of long-term debt	134,951
Due to other funds	1,301
Total current liabilities	155,865
Noncurrent liabilities:	
Bonds payable	856,787
Accrued compensated absences	5,530
Total noncurrent liabilities	862,317
<b>Total liabilities</b>	<b>1,018,182</b>
<b>NET POSITION</b>	
Net investment in capital assets	3,151,155
Unrestricted	350,122
<b>Total net position</b>	<b>\$ 3,501,277</b>

*See accompanying notes to financial statements.*

**Statement H**

**TOWN OF BERWICK, MAINE**  
**Statement of Revenues, Expenditures and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2015**

	<b>General</b>
<hr/>	
Operating Revenues:	
Charges for services	\$ 619,815
Other	4,379
<b>Total operating revenues</b>	<b>624,194</b>
<hr/>	
Operating Expenses:	
Labor and salaries	140,311
Employee benefits	38,290
Payroll taxes	15,587
Audit services	1,900
Contract labor and other services	31,012
Operating supplies	38,367
Equipment / equipment maintenance	16,581
Purchase of power	25,253
Utilities	7,788
Water testing	4,704
Sewer disposal	22,615
Postage	3,784
Clothing	7,190
Depreciation	143,394
Amortization	-
Miscellaneous	15,158
<b>Total operating expenses</b>	<b>511,934</b>
<hr/>	
<b>Operating Income (Loss)</b>	<b>112,260</b>
<hr/>	
Other financing sources (uses):	
Interest income	2,114
Interest expense	(27,840)
Disposal of capital asset	(51,000)
Transfers in	21,634
Transfers out	(34,977)
<b>Total other financing sources (uses)</b>	<b>(90,069)</b>
<hr/>	
Change in Net Position	22,191
<hr/>	
Net Position, beginning of year	3,479,086
<hr/>	
<b>Net Position, end of year</b>	<b>\$ 3,501,277</b>

*See accompanying notes to financial statements.*

**TOWN OF BERWICK, MAINE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2015**

		Enterprise Funds
		Water
		Department
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$	643,352
Other receipts		4,379
Payments to employees		(152,264)
Payments to suppliers		(226,493)
Net cash provide (used) by operating activities		268,974
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income		2,114
Net cash provided (used) by investing activities		2,114
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest payments on bond payable		(28,268)
Principal payments on bond payable		(133,853)
Transfers - net		(13,343)
Purchase of capital assets		(15,480)
Net cash provided (used) by capital and related financing activities		(190,944)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		80,144
<b>CASH AND CASH EQUIVALENTS - JULY 1</b>		123,280
<b>CASH AND CASH EQUIVALENTS - JUNE 30</b>	\$	<b>203,424</b>
<b>TO NET CASH PROVIDED (USED) BY OPERATING</b>		
Operating income (loss)	\$	112,260
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		143,394
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable		23,537
(Increase) decrease in inventory		(1,062)
(Increase) decrease in due from other governments		-
(Increase) decrease in due from other funds		-
(Decrease) increase in accounts payable		4,261
(Decrease) increase in accrued payroll		675
(Decrease) increase in accrued interest		-
(Decrease) increase in due to other funds		(1,463)
(Decrease) increase in unamortized bond premium		-
(Decrease) increase in compensated absences		(12,628)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	\$	<b>268,974</b>

*See accompanying notes to financial statements.*

Statement J

**TOWN OF BERWICK, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

		Private-purpose Trust Fund Clark Clement Scholarship
<b>ASSETS</b>		
Cash and cash equivalents	\$	5,136
Investments		30,000
<b>Total assets</b>		<b>35,136</b>
<b>LIABILITIES</b>		
Accounts payable		-
<b>Total liabilities</b>		<b>-</b>
<b>NET POSITION</b>		
Restricted - donor endowment		30,000
Unrestricted		5,136
<b>Total net position</b>		<b>35,136</b>
<b>TOTAL LIABILITIES AND NET POSTION</b>		<b>\$ 35,136</b>

*See accompanying notes to financial statements.*

**TOWN OF BERWICK, MAINE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2015**

		<b>Private-purpose Trust Funds</b>
		<b>Clark Clement Scholarship</b>
<hr/>		
Additions:		
Donations	\$	-
Investment income		18
Total additions		<hr/> 18
Deductions:		
Scholarships awarded		1,200
Total deductions		<hr/> 1,200
Change in net position		(1,182)
Net position, beginning of year		<hr/> 36,318
<b>Net position, end of year</b>	<b>\$</b>	<b>35,136</b>

*See accompanying notes to financial statements.*

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Town of Berwick, Maine 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 services, public safety, public works, health and welfare, education, and recreation and culture.

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

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described by GASB Statement No. 14 and amended by GASB Statement No. 39 and Statement No. 61

**B. 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 department 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.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity.

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, 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.

**C. Measurement Focus – Basic Financial Statements & Fund Financial Statements**

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

The following fund types are used by the Town:

1. Governmental Funds:

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

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- d. 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. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

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 Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

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

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

**E. 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 is called for the purposes of adopting the proposed budget after public notice of the meeting is given.
3. The budget is adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue Funds.

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Deposits and Investments**

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. 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:

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

The Town of Berwick has a formal investment policy, and also follows the State of Maine Statutes.

**G. Inventories**

Inventories consist of expendable supplies held for consumption and are valued at cost. Under the consumption method, the costs of inventory items are recognized as expenditures when used.

**H. Interfund Receivables and Payables**

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

**I. 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.

**J. Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is estimated to be \$21,110 as of June 30, 2015 for taxes and liens receivables.

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. 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.

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 use lives are as follows:

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

**L. Long-term Obligations**

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

All long-term debt to be repaid from governmental and business-type activities is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, compensated absences, and net pension 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 proprietary fund is the same in the fund statements as it is in the government-wide statements.

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Compensated Absences**

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term liabilities 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, 2015, the Town's liability for compensated absences is \$184,048.

**N. Pensions**

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) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated 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.

**O. 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 currently has one type of item, deferred outflows related to pensions. This item is 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. Prepaid taxes qualifies for reporting in this category. This item is reported only in the governmental funds balance sheet. Deferred inflows related to pensions qualify for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as inflows of resources in the period that the amounts become available.

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**P. 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.

**Q. 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.

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

During fiscal year 2014, the Board of Selectmen adopted a Fund Balance Policy. It is the policy of the Town of Berwick to maintain an unassigned fund balance in the General Fund at 12.5% of the succeeding year’s budgeted appropriations for the General Fund including education and county tax.

The policy establishes a process and criteria for the continued evaluation of that target level as conditions warrant. The policy also establishes a process for maintaining the targeted level of unassigned fund balance, and the priority for the use of amounts in excess of the target. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

The General Fund unassigned fund balance total of \$2,157,433 represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund.

The following is a summary of the various components of fund balances by funds with the change from 2014 to 2015:

	<u>2015</u>	<u>2014</u>	<u>\$ Change</u>
<b>Major Funds:</b>			
General Fund:			
Nonspendable	\$ 126,675	\$ 119,242	\$ 7,433
Committed	681,206	173,198	508,008
Unassigned	2,157,433	2,137,080	20,353
Subtotal General Fund	<u>2,965,314</u>	<u>2,429,520</u>	<u>535,794</u>
Highway improvement reserve:			
Committed	489,538	511,139	(21,601)
Lena Clark trust:			
Nonspendable	440,852	446,213	(5,361)
Restricted	28,670	41,338	(12,668)
Cemetery trust:			
Nonspendable	854,684	866,076	(11,392)
Restricted	7,761	8,021	(260)
<b>Total Major Funds</b>	<b>\$ <u>4,712,997</u></b>	<b>\$ <u>4,302,307</u></b>	<b>\$ <u>410,690</u></b>

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

	<u>2015</u>	<u>2014</u>	<u>\$ Change</u>
<b>Nonmajor Funds:</b>			
Special Revenue Funds:			
Restricted	7,846	3,858	3,988
Committed	79,344	66,076	13,268
Assigned	78,341	51,678	26,663
Capital Project Funds:			
Committed	265,183	544,223	(279,040)
Permanent Funds:			
Restricted	17,689	17,718	(29)
<b>Total Nonmajor Funds</b>	<b>\$ <u>448,403</u></b>	<b>\$ <u>683,553</u></b>	<b>\$ <u>(235,150)</u></b>

<sup>1</sup>Reclassified 2014 Assigned Fund Balance to Committed to properly classify voter approved items.

**R. Revenue Recognition – Property Taxes – Modified Accrual Basis**

The Town’s property tax for the current year was levied September 2, 2014 on the assessed value listed as of April 1, 2014, for all real and personal property located in the Town. Taxes were due on October 15, 2014 and April 15, 2015. Interest on unpaid taxes commenced on October 16, 2014 and April 16, 2015, at 7% per annum.

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

**S. Program Revenues**

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

**T. Operating/Non-operating Proprietary Fund Revenues**

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

**U. 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.

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**V. 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.

**A. 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 and NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2015, cash consisted of the following:

	<b><u>Carrying amount</u></b>	<b><u>Bank balance</u></b>
Checking, savings, NOW, and certificates of deposit accounts:		
Government Funds	\$ 303,424	\$ 308,637
Cash equivalents	3,720,042	3,707,768
Petty Cash - Government Funds	<u>1,285</u>	<u>1,285</u>
<b>Totals</b>	<b>\$ <u>4,024,751</u></b>	<b>\$ <u>4,017,690</u></b>

**B. 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.

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)**

At June 30, 2015, the Town’s investments were comprised of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>		
		<u>Not Applicable</u>	<u>Less than 1 Year</u>	<u>1 Year to 5 Years</u>
Mutual funds, ETFs and closed-end funds	\$ 1,243,790	\$ -	\$ 1,243,790	\$ -
Fixed income	34,842	34,842	-	-
Total Fair Value:	<u>\$ 1,278,632</u>	<u>\$ 34,842</u>	<u>\$ 1,243,790</u>	<u>\$ -</u>
% of Portfolio:		2.7%	97.30%	0.00%

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

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

**A. Receivables**

Receivables as of year-end for the Town’s individual major funds and non-major funds, and enterprise fund (water department) in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	<u>General</u>	<u>Enterprise Fund</u>	<u>Cemetery Trust Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 632,156	\$ -	\$ -	\$ -	\$ 632,156
Tax Liens	436,619	-	-	-	436,619
Accounts	33,940	140,724	240	1,126	176,030
Intergovernmental	<u>29,687</u>	<u>-</u>	<u>-</u>	<u>7,535</u>	<u>37,222</u>
Net total receivables	<u>\$ 1,132,402</u>	<u>\$ 140,724</u>	<u>\$ 240</u>	<u>\$ 8,661</u>	<u>\$ 1,282,027</u>

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 3 – RECEIVABLES (Continued)**

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the *deferred revenue* reported in the governmental funds was \$793,777.

**B. Property Taxes**

Property taxes for the current year were committed on September 2, 2014, on the assessed value listed as of April 1 for all real and personal property located in the Town. Assessed values are periodically established by the Town’s Assessing Agent at 100% of assumed market value. The assessed value represented 108.0% of the estimated State valuation of \$576,350,000.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$86,230 for the year ended June 30, 2015.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

The following summarizes the 2015 and 2014 levies:

	<u>2015</u>	<u>2014</u>
Taxable Assessed Value	\$ 622,837,235	\$ 621,940,711
Tax Rate (per \$1,000)	15.90	16.05
Commitment	9,903,404	9,982,148
Supplemental Taxes Assessed	4,617	5,858
	9,908,021	9,988,006
Less: Abatements	6,582	2,410
Collections	9,271,384	9,310,329
Receivable at June 30, 2015 and 2014	\$ 630,055	\$ 675,267

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 3 – RECEIVABLES (Continued)**

		<u>2015</u>		<u>2014</u>
Due Date(s)	1/2	10/15/2014	1/2	10/15/2013
	1/2	4/15/2015	1/2	4/15/2014
Interest Rates on Delinquent Taxes		7.0%		7.0%
Collection Rate		93.6%		93.2%

**C. Intergovernmental Receivables**

Intergovernmental receivables are comprised of the following:

General fund - FEMA Reimbursement	\$ 29,687
Other governmental funds:	
Police grants special revenue funds:	
Maine Warden Service ATV grant	400
Maine Bureau of Highway Safety OUI grant	3,535
Maine Bureau of Highway Safety Seatbelt grant	<u>3,600</u>
<b>Total</b>	<b>\$ <u>37,222</u></b>

**NOTE 4 – INTERFUND ACCOUNTS**

Individual interfund loans receivable and payable balances at June 30, 2015 were as follows:

	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>
Governmental Funds		
General fund	\$ 6,681	\$ 922,606
Highway improvement reserve	489,538	-
Enterprise fund	-	1,301
Other governmental funds:		
Special revenue funds:		
Town hall water damage	863	-
T-shirts/hats	396	-
Police grants	-	5,379
York Hospital grant	750	-
BEBA	2,962	-

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 4 – INTERFUND ACCOUNTS (Continued)**

	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>
Berwick community TV	84,229	-
Recreation programs	36,721	-
Recreation trips	37,125	-
Riverfront project	4,088	-
Capital project funds		
Town hall reserve	57,657	-
Planning reserve	2,500	-
Police department reserve	38,285	-
Fire department reserve	120,873	-
Civil defense	3,156	-
Highway equipment reserve	34,746	-
Transfer station reserve	4,103	-
Recreation improvement reserve	4,613	-
<b>Totals:</b>	<b>\$ <u>929,286</u></b>	<b>\$ <u>929,286</u></b>

The purpose of the interfunds is to charge revenue and expenditure activity to the appropriate funds. With centralized cash, everything is received and disbursed through the general fund except certain water department transactions. With interfund accounts, it allows the activity to be recorded within the proper fund, even though the activity occurs within the general fund cash account.

Interfund transfers during the year ended June 30, 2015 consisted of the following:

<b>Fund</b>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 54,977	\$ 310,312
Highway infrastructure reserve fund	120,000	-
Lena Clark trust fund	-	35,360
Enterprise fund (water department)	21,634	34,977
Other governmental funds:		
Special revenue funds:		
Recreation fees fund	-	20,000

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 4 – INTERFUND ACCOUNTS (Continued)**

<b>Fund</b>	<b><u>Transfer In</u></b>	<b><u>Transfer Out</u></b>
Capital project funds:		
Town Hall reserve fund	71,360	-
Planning reserve fund	2,500	-
Police department reserve fund	55,000	-
Fire department reserve fund	75,178	-
Total other governmental funds	204,038	20,000
<b>Totals</b>	<b>\$ 400,649</b>	<b>\$ 400,649</b>

The transfers out comprised of the following:

1. From the General Fund: to provide funds for various capital projects (\$288,678) and the Town's share of the 1999 general obligation bond payment (\$21,634).
2. From the Permanent Fund's Lena Clark Trust Fund: to provide funds for the Town Hall's new boiler (\$35,360).
3. From the Enterprise Fund (Water Department): to provide funding for accounting and administrative services provided to the water department during fiscal year 2015 (\$34,977).
4. From the Special Revenue Fund's Recreation Fees Fund: to provide funding to offset the recreation operations budget for fiscal year 2015 (\$20,000).

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 5 – CAPITAL ASSETS**

A summary of capital assets follows:

	Balance 6/30/14	Additions & Reclassifications	Deductions & Reclassifications	Balance 6/30/15
<b><u>Governmental Activities</u></b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 723,000	\$ 51,000	\$ -	\$ 774,000
Works of Art	11,000	-	-	11,000
<i>Total Capital Assets, not being depreciated</i>	<u>734,000</u>	<u>51,000</u>	<u>-</u>	<u>785,000</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	157,444	-	-	157,444
Buildings and Improvements	1,061,007	73,580	-	1,134,587
Machinery and Equipment	1,071,611	195,021	(138,105)	1,128,527
Vehicles	2,197,523	264,095	(182,968)	2,278,650
Infrastructure	3,678,202	130,720	-	3,808,922
<i>Total Capital Assets, being depreciated</i>	<u>8,165,787</u>	<u>663,416</u>	<u>(321,073)</u>	<u>8,508,130</u>
<b>Less Accumulated Depreciation:</b>				
Land Improvements	(138,526)	(5,670)		(144,196)
Buildings and Improvements	(502,242)	(35,224)		(537,466)
Machinery and Equipment	(729,523)	(59,146)	138,105	(650,564)
Vehicles	(1,434,206)	(134,653)	175,633	(1,393,226)
Infrastructure	(318,328)	(97,588)		(415,916)
Total Accumulated Depreciation	<u>(3,122,825)</u>	<u>(332,281)</u>	<u>313,738</u>	<u>(3,141,368)</u>
Total Capital Assets, being depreciated, net	<u>5,042,962</u>	<u>331,135</u>	<u>(7,335)</u>	<u>5,366,762</u>
<b>Governmental Activities Capital</b>				
<b>Assets, Net</b>	<b><u>\$ 5,776,962</u></b>	<b><u>\$ 382,135</u></b>	<b><u>\$ (7,335)</u></b>	<b><u>\$ 6,151,762</u></b>

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 5 – CAPITAL ASSETS (continued)**

Depreciation expense was charged to functions/programs of the governmental activities as follows:

	<u>2015</u>	<u>2014</u>
Administration	\$ 9,928	\$ 10,287
Police	67,077	47,870
Fire	90,125	86,018
Public Works	150,339	167,515
Recreation	3,900	3,315
Recycling	908	907
Town-wide	10,004	7,701
<b>Total depreciation expense</b>	<b>\$ 332,281</b>	<b>\$ 323,613</b>

	Balance 6/30/14	Additions & Reclassifications	Deductions & Reclassifications	Balance 6/30/15
<b><u>Business-type activities</u></b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 148,646	\$ -	\$ (51,000)	\$ 97,646
<i>Total Capital Assets, not being depreciated</i>	148,646	-	(51,000)	97,646
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	1,475,014	-	(40,000)	1,435,014
Machinery and Equipment	1,099,698	17,456	(6,151)	1,111,003
Vehicles	29,668	-	-	29,668
Infrastructure	4,020,580	-	-	4,020,580
<i>Total Capital Assets, being depreciated</i>	6,624,960	17,456	(46,151)	6,596,265
<b>Less Accumulated Depreciation:</b>				
Buildings and Improvements	(762,656)	(35,876)	40,000	(758,532)
Machinery and Equipment	(523,571)	(29,093)	4,176	(548,488)
Vehicles	(23,735)	(2,967)	-	(26,702)
Infrastructure	(1,141,838)	(75,458)	-	(1,217,296)
Total Accumulated Depreciation	(2,451,800)	(143,394)	44,176	(2,551,018)
Total Capital Assets, being depreciated, net	4,173,160	(125,938)	(1,975)	4,045,247
<b>Governmental Activities Capital</b>				
Assets, Net	<b>\$ 4,321,806</b>	<b>\$ (125,938)</b>	<b>\$ (52,975)</b>	<b>\$ 4,142,893</b>

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 6 – LONG TERM DEBT**

**A. Statutory Debt Limit**

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specific purposes in excess of certain percentages of state valuation of such municipality. At June 30, 2015, the Town was in compliance with these limitations.

**B. Changes in Long-term Debt**

Long-term liability activity for the year ended June 30, 2015, was as follows:

**Governmental activities:**

	Balance 7/1/2014	Additions	Deletions	6/30/2015	Current Portion
Accrued compensated absences	\$ 214,582	\$ 27,001	\$ (56,407)	\$ 185,176	\$ -
Net pension liability	<u>1,273,810</u>	<u>178,072</u>	<u>(833,572)</u>	<u>618,310</u>	<u>147,090</u>
	<u>\$1,488,392</u>	<u>\$ 205,073</u>	<u>\$ (889,979)</u>	<u>\$ 803,486</u>	<u>\$ 147,090</u>

**Business-type activities:**

	Balance 7/1/2014	Additions	Deletions	6/30/2015	Current Portion
Bonds payable	\$1,125,590	\$ -	\$ (133,852)	\$ 991,738	\$ 134,951
Accrued compensated absences	<u>18,158</u>	<u>62</u>	<u>(12,690)</u>	<u>5,530</u>	<u>-</u>
	<u>\$1,143,748</u>	<u>\$ 62</u>	<u>\$ (146,542)</u>	<u>\$ 997,268</u>	<u>\$ 134,951</u>

**C. Bonds and Notes Payable**

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds are issued as serial bonds, generally with equal amounts of principal maturing each year.

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 6 – LONG TERM DEBT (Continued)**

The following is a summary of outstanding bonds payable at June 30, 2015:

	<b>Business-type Activities</b>
\$681,050 - 1999 General Obligation Bond due in annual principal and interest installments through February 2027. Interest is charged at a rate of 4.5% per annum. Annual payments are \$43,268.	\$ 394,315
\$434,627 - 2009 General Obligation Bond due in semi-annual principal and administrative fee installments through October 2019. This is a drinking water state revolving loan so no interest is charged. Semi-annual principal payments are either \$500 or \$28,487.	256,385
\$434,627 - 2009 General Obligation Bond due in semi-annual principal and administrative fee installments through October 2019. This is an ARRA drinking water state revolving loan so no interest is charged. Also, there was \$254,913 of principal forgiveness on this loan as a result of the American Recovery and Reinvestment Act of 2009. Semi-annual principal payments are either \$500 or \$11,226.	101,038
\$300,000 - 2012 General Obligation Bond due in annual principal and semi-annual interest installments through November 2022. Interest is charged at a rate of between 1.48% and 2.585% per annum. Annual principal payments are \$30,000.	240,000
	\$ 991,738

The Proprietary Funds' Water Department pays all business-type activities long-term debt requirements. The annual debt service requirements to amortize bonds and notes payable are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2016	\$ 134,951	\$ 22,527	\$ 157,478
2017	136,100	20,678	156,778
2018	137,300	18,732	156,032
2019	138,554	16,868	155,422
2020	100,151	15,074	115,225
2021-2025	264,009	45,432	309,441
2026-2027	80,673	5,477	86,150
	\$ 991,738	\$ 144,788	\$ 1,136,526

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 6 – LONG TERM DEBT (Continued)**

**D. Compensated Absences**

The Town’s policy relating to compensated absences is described in Note 1, M. The long-term portion of this debt, amounting to \$178,518 for governmental activities at June 30, 2015 and \$5,530 for business-type activities at June 30, 2015, is expected to be paid in future years from future resources.

Long-term compensated absences as of June 30, 2015, are comprised of the following:

<u>Type of Leave</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Sick paid upon termination	\$ 92,671	\$ -
Vacation	48,028	4,641
Annual Leave (Police Union)	32,630	-
Compensatory time	<u>5,189</u>	<u>889</u>
<b>Totals:</b>	<b><u>\$ 178,518</u></b>	<b><u>\$ 5,530</u></b>

On August 6, 2014, the Board of Selectmen approved the Teamsters contract. As part of this new union contract, the members of the Teamsters union have given up their rights to any sick leave upon termination, death or layoff. This has had a significant impact on the liability in future years and accounts for the decrease in the compensated absences as of June 30, 2015.

**NOTE 7 – COMPONENTS OF FUND BALANCES**

As of June 30, 2015, other fund balance components consisted of the following:

	<b>Nonspendable</b>	<b>Restricted</b>	<b>Committed</b>	<b>Assigned</b>
General Fund:				
Tax acquired property	\$ 2,021	\$ -	\$ -	-
Prepaid expenses	51,803	-	-	-
Inventory	72,851	-	-	-
Contingency	-	-	14,385	-
Use of fund balance in FY16 budget	-	-	599,000	-
Triumph restoration	-	-	4,138	-
Unfunded liability (accrd comp)	-	-	46,000	-
Recreation donation	-	-	858	-
Emergency management	-	-	821	-
Update properties	-	-	5,000	-
ADA repairs and modifications	-	-	11,004	-

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 7 – COMPONENTS OF FUND BALANCES (Continued)**

	Nonspendable	Restricted	Committed	Assigned
Special Revenue Funds:				
Town Hall water damage	-	-	-	863
Tee shirts	-	-	-	396
Police outside details	-	-	-	3,236
OUI grant	-	46	-	-
York Hospital grant	-	750	-	-
BEBA fuel assistance	-	2,962	-	-
Cable TV	-	-	79,344	-
Recreation - Summer programs	-	-	-	36,721
Recreation - trips	-	-	-	37,125
Riverfront	-	4,088	-	-
Capital Project Funds:				
Town Hall reserve	-	-	56,907	-
Planning reserve	-	-	2,500	-
Police Department reserve	-	-	38,285	-
Fire Department reserve	-	-	120,873	-
Civil defense	-	-	3,156	-
Highway equipment reserve	-	-	34,746	-
Highway infrastructure reserve	-	-	489,538	-
Transfer Station reserve	-	-	4,103	-
Recreation improvement reserve	-	-	4,613	-
Permanent Funds:				
Lena Clark trust	440,852	28,670	-	-
Cemetery trust	854,684	7,761	-	-
McCue Lord trust	-	1,189	-	-
Lord's cemetery trust	-	1,189	-	-
300th anniversary	-	2,732	-	-
Monument fund	-	836	-	-
Webster cemetery	-	4,201	-	-
Lena Clark Cemetery Road	-	7,542	-	-
<b>Total governmental funds:</b>	<b>\$ 1,422,211</b>	<b>\$ 61,966</b>	<b>\$ 1,515,271</b>	<b>\$ 78,341</b>

**NOTE 8 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance or participates in a public entity risk pool.

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 8 – RISK MANAGEMENT (CONTINUED)**

Currently, the Town participates in a public entity risk pool and self-insured risk pool sponsored by the Maine Municipal Association, which provides the following insurance coverage to the Town: property and casualty, liability, vehicle, workers' compensation, and unemployment compensation. Maine Municipal Association's Risk Management Services provides all underwriting, marketing, claims and loss prevention service to program participants. The financial condition of the program is excellent and includes sound financial management and the purchase of high quality reinsurance. Each program is managed individually and overseen by its own board of elected and appointed municipal officials.

If the assets of the MMA Property and Casualty Pool, Worker's Compensation Pool or the Unemployment Compensation Pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal liability and other obligations and to maintain actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment upon its members for the amount needed to make up the deficiency. There has been no such deficiency in the past three years. Management believes that no such deficiency exists as of June 30, 2015.

Further information including financial statements for the Maine Municipal Association Pools may be obtained from MMA Risk Management Services, 60 Community Drive, Augusta, ME 04330.

Based on the coverage provided by these pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2015. There have been no significant reductions in the commercial coverage from the prior year and no settlements have exceeded insurance coverage in any of the past three years.

**NOTE 9 – PENSION PLANS**

**A. MainePERS – Consolidated Plan – Defined Benefit Pension Plan**

**Description of Plan** – Both the Town and 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. The report may be obtained online at [www.mainePers.org](http://www.mainePers.org) or by contacting the System at (800) 451-9800.

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 9 – PENSION PLANS (Continued)**

**Benefits Provided** - MainePERS 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. 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 his/her 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.

**Funding Policy** – 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. Plan members are required to contribute 7.0% of their annual covered salary depending upon the plan they are in and the Town of Berwick is required to contribute an actuarially determined rate. The current rates are 7.8% and 13.4% of annual covered payroll. The contribution rates of plan members and the Town of Berwick are established and may be amended by the MainePERS Board of Trustees. As of June 30, 2014, the Town had an unfunded actuarial accrued liability credit computed using the actuarial method used for funding purposes. (The amount of the unfunded actuarial accrued liability credit as of June 30, 2015 is not currently available.) Actual plan contributions made by the Town and employees after the unfunded actuarial accrued liability credit was deducted from the annual pension cost were \$251,475, \$222,304 and \$183,262 for the years ended June 30, 2015, 2014 and 2013, respectively.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2015, the Town reported a pension liability of \$618,310 for its proportionate share of the net pension liabilities in the plan. The net pension liabilities were measured as of June 30, 2014, 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. As of June 30, 2014, the Town's proportion was 0.401810%, which was a decrease of 0.011417 from its proportion measured as of June 30, 2013 at 0.413227%.

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 9 – PENSION PLANS (Continued)**

For the year ended June 30, 2015, the Town recognized total pension expense of \$59,471. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 77,641	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	656,684
Changes in proportion and differences between contributions and proportionate share of contributions	-	26,395
Contributions subsequent to the measurement date	148,702	-
Total	\$ 226,343	\$ 683,079

The \$148,702 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, 2016. 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	
Year ended June 30:		
2016	\$ 147,090	
2017	147,090	
2018	147,087	
2019	164,171	
2020	-	
Thereafter	-	

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 9 – PENSION PLANS (Continued)**

**Actuarial Methods and Assumptions** – The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2014 and 2013, 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.

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 an open basis over a period of fifteen years.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2014 and June 30, 2013 are as follows:

*Investment Rate of Return* – For the PLD Plan, 7.25% per annum, compounded annually.

*Salary Increases, Merit and Inflation* – Members of the consolidated plan for PLDs, 3.50% to 9.50% per year.

*Mortality Rates* – For participating local districts, the RP2000 Tables projected forward to 2015 using Scale AA are used; for all recipients of disability benefits, the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females is used.

*Cost of Living Benefit Increases* – 3.12% for participating local districts.

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 9 – 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 of June 30, 2014 are summarized in the following table.

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
US equities	20%	5.20%
Non-US equities	20%	5.50%
Private equity	10%	7.60%
Real assets:		
Real estate	10%	3.70%
Infrastructure	10%	4.00%
Hard assets	5%	4.80%
Fixed income	25%	0.00%

*Discount Rate* - The discount rate used to measure the collective total pension liability was 7.125% for 2014 and 7.25% for the PLD 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 Basic Financial Statements**  
**June 30, 2015**

**NOTE 9 – PENSION PLANS (Continued)**

The following table shows how the collective net pension liability/(asset) as of June 30, 2014 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 7.25% for the PLD Consolidated Plan.

	<u>1%</u> <u>Decrease</u>	<u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
<u>PLD Plans:</u>			
Discount rate	6.25%	7.25%	8.25%
District's proportionate share of the net pension liability	\$ 1,928,945	\$ 618,310	\$ (477,218)

**Changes in Net Pension Liability** – Changes in net pension liability are recognized in pension expense for the year ended June 30, 2014 with the following exceptions:

*Difference 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. For 2014, this was four (4) years for the PLD Consolidated Plan.

*Difference between Projected 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.

*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 of each plan. There were no changes in assumptions for the PLD Consolidated Plan.

*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. 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.

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 9 – PENSION PLANS (Continued)**

**Pension Plan Fiduciary Net Position** – Additional financial and actuarial information with respect to the Plan can be found in the MainePERS’ 2014 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

**B. Deferred Compensation Plan**

**Description of Plan** - The Town of Berwick offers all its employees not participating in MainePERS a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits participating 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 unforeseen emergency.

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

**Funding Policy** – The contribution requirements of plan members and the Town are established and may be amended by the Town’s Board of Selectmen. For employees that choose to participate in the 457 plan alone, the Town will match up to 4% of the employee’s annual salary. 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 2015, 2014, and 2013 were \$57,297, \$66,442, and \$59,710, respectively.

**C. Other Retirement Contributions**

Additionally, the Town participates in the Social Security Retirement Program. The Town’s contributions to Social Security were \$147,353, \$143,319, and \$132,592 for the years ended June 30, 2015, 2014, and 2013.

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 10 – OVERLAPPING DEBT**

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2015, the Town's share was approximately:

		<u>Outstanding Debt</u>		<u>Town's Percentage</u>		<u>Total Share</u>
County of York	\$	6,900,000		1.98%	\$	136,620
MSAD No. 60		8,565,732		39.05%		<u>3,344,918</u>
					\$	<u><u>3,481,538</u></u>

**NOTE 11 – LEASE COMMITMENT**

On August 31, 2011 the Town signed a 75 year ground lease with Bateman Investments, LLC to lease certain land and structures to the lessee for \$1 per year. The lease allows the lessee to perform certain improvements and repairs to the property as outlined in the agreement. The lessee will be the owner of all improvements to the property until such time as the lease expires at which time the lessor becomes the owner of the improvements.

**NOTE 12 – CONTINGENCIES**

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

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

**NOTE 13 – RESTATEMENT OF NET POSITION**

Net position of the governmental activities has been restated at July 01, 2014 to account for the implementation of GASB Statement No. 68 Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 (Issued 06/12).

Net position as previously reported	\$ 11,415,841
Restatement - pension liability	<u>(1,134,517)</u>
Net position June 30, 2014 as restated	<u><u>\$ 10,281,324</u></u>

**TOWN OF BERWICK, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**NOTE 14 – SUBSEQUENT EVENTS**

On July 13, 2015, the Town of Berwick was awarded three \$200,000 Brownfields Cleanup Grants from the U.S. Environmental Protection Agency. These grants will assist the Town with the environmental remediation and redevelopment of the former Prime Tanning site.

## Required Supplemental 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

**TOWN OF BERWICK, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis**  
**All Budgeted Governmental Funds**  
**For the year ended June 30, 2015**

	General Fund			Variance with final budget positive (negative)
	Budgeted amounts		Actual	
	Original	Final		
<b>Revenues:</b>				
Taxes	11,028,112	11,028,112	11,283,175	255,063
Licenses and permits	11,820	11,820	10,843	(977)
Intergovernmental	605,218	605,218	652,644	47,426
Interest income	47,086	47,086	55,923	8,837
Charges for services	62,200	62,200	124,295	62,095
Other revenues	120,000	145,000	16,520	(128,480)
Total revenues	11,874,436	11,899,436	12,143,400	243,964
<b>Expenditures:</b>				
Current:				
General government	1,110,588	1,110,588	1,034,353	76,235
Public safety	2,226,347	2,226,347	2,144,634	81,713
Public works	1,081,348	1,106,348	1,082,229	24,119
Recreation and culture	186,225	186,225	178,069	8,156
Education	6,430,003	6,430,003	6,430,003	-
County tax	357,113	357,113	357,113	-
Health and welfare	74,000	74,000	45,672	28,328
Outside appropriations	12,275	12,275	12,273	2
Unclassified	145,230	213,428	67,925	145,503
Total expenditures	11,623,129	11,716,327	11,352,271	364,056
Excess (deficiency) of revenues over (under) expenditures	251,307	183,109	791,129	608,020
<b>Other financing sources (uses):</b>				
Utilization of assigned fund balance	-	68,198	-	(68,198)
Transfers in from water department	39,005	39,005	34,977	(4,028)
Transfers in from special revenue funds	20,000	20,000	20,000	-
Transfers to highway improvement reserve	(105,000)	(105,000)	(105,000)	-
Transfers to capital projects fund	(183,678)	(183,678)	(183,678)	-
Transfers to water department	(21,634)	(21,634)	(21,634)	-
Total other financing sources (uses)	(251,307)	(183,109)	(255,335)	(72,226)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses - budgetary basis	-	-	535,794	535,794
Net change in fund balance			535,794	
Fund balances, beginning of year			2,429,520	
<b>Fund balances, end of year</b>	<b>\$</b>		<b>2,965,314</b>	

*See accompanying notes to financial statements.*

**SCHEDULE 2****SCHEDULE OF PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY****LAST 10 FISCAL YEARS\***

	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>		
Proportion of the net pension liability	0.40%	0.41%
Proportionate share of the net pension liability	\$ 618,310	\$ 1,273,810
Covered-employee payroll	\$ 1,431,047	\$ 1,387,898
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	43.21%	91.78%
Plan fiduciary net position as a percentage of the total pension liability	94.10%	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 notes to financial statements.*

**SCHEDULE 3****SCHEDULE OF CONTRIBUTIONS****LAST 10 FISCAL YEARS\***

	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>		
Contractually required contribution	\$ 148,702	\$ 129,441
Contributions in relation to the contractually required contribution	<u>(148,702)</u>	<u>(129,441)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,431,047	\$ 1,387,898
Contributions as a percentage of covered-employee payroll	10.39%	9.33%

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

*See accompanying 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.

- Comparative Balance Sheet – General Fund
- General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
- 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 Project Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

**TOWN OF BERWICK, MAINE**  
**Comparative Balance Sheet - General Fund**  
**June 30, 2015 and 2014**

	2015	2014
<b>ASSETS</b>		
Cash	\$ 101,285	101,285
Investments	3,649,258	3,720,219
Receivables:		
Accounts	33,940	40,757
Taxes (net of allowance for uncollectibles \$21,110 and \$35,000)	632,156	682,333
Tax liens	436,619	463,295
Due from other governments	29,687	4,738
Tax acquired property	2,021	2,979
Prepaid expenses	51,803	46,059
Inventory	72,851	70,204
Due from other funds	6,681	7,338
<b>Total assets</b>	<b>\$ 5,016,301</b>	<b>5,139,207</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	114,852	154,344
Accrued wages and benefits	55,820	46,415
Due to other governments	55,560	26,375
Other liabilities	108,372	113,640
Due to other funds	922,606	1,501,312
<b>Total liabilities</b>	<b>1,257,210</b>	<b>1,842,086</b>
Deferred inflows of resources:		
Deferred tax revenues	793,777	867,601
<b>Total deferred inflows of resources</b>	<b>793,777</b>	<b>867,601</b>
Fund balance:		
Nonspendable	126,675	119,242
Restricted	-	-
Committed	681,206	173,198
Assigned	-	-
Unassigned	2,157,433	2,137,080
<b>Total fund balance</b>	<b>2,965,314</b>	<b>2,429,520</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 5,016,301</b>	<b>5,139,207</b>

*See accompanying notes to financial statements.*

**TOWN OF BERWICK, MAINE**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**Year ended June 30, 2015**  
**(with comparative actual amounts for the year ended June 30, 2014)**

	2015		Variance positive (negative)	2014 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 9,903,112	9,922,488	19,376	10,018,170
Change in deferred property tax revenue	-	73,824	73,824	4,172
Excise taxes	1,125,000	1,286,863	161,863	1,213,534
Total taxes	11,028,112	11,283,175	255,063	11,235,876
Licenses and permits:				
Animal control fees	5,250	4,327	(923)	3,809
Town clerk fees	6,570	6,516	(54)	7,290
Total licenses and permits	11,820	10,843	(977)	11,099
Intergovernmental:				
State revenue sharing	344,636	380,705	36,069	373,177
Homestead exemption	123,724	123,724	-	151,804
BETE reimbursement	18,906	18,942	36	41,203
General assistance	17,500	4,127	(13,373)	16,338
Other state grants	27,900	26,894	(1,006)	27,543
COPS in school	72,552	68,565	(3,987)	-
FEMA reimbursement	-	29,687	29,687	-
Total intergovernmental	605,218	652,644	47,426	610,065
Interest and costs on taxes	42,300	48,605	6,305	49,926
Investment income	4,786	7,318	2,532	5,122
Total interest income	47,086	55,923	8,837	55,048
Charges for services:				
Planning fees	10,000	5,935	(4,065)	26,207
Building/elec/plumb permits	10,000	50,267	40,267	-
Fire and rescue fees	-	207	207	165
Miscellaneous public works	-	1,473	1,473	-
Transfer station fees	34,000	36,647	2,647	38,788
Police fees, fines and outside work	8,200	29,766	21,566	21,067
Total charges for services	62,200	124,295	62,095	86,227

**TOWN OF BERWICK, MAINE**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual - General Fund, Continued**

	2015		Variance positive (negative)	2014 Actual
	Budget	Actual		
Revenues, continued:				
Other revenues:				
Miscellaneous	\$ 15,000	16,520	1,520	13,878
Use of surplus	130,000	-	(130,000)	-
Total other revenues	145,000	16,520	(128,480)	13,878
Total revenues	11,899,436	12,143,400	243,964	12,012,193
Expenditures:				
Current:				
General government:				
General expense account	216,015	204,737	11,278	197,782
Town administration	307,872	293,920	13,952	504,139
Town clerk	254,676	231,251	23,425	-
Planning	119,700	116,825	2,875	116,330
Assessing	76,550	68,714	7,836	72,907
Town Hall	135,775	118,906	16,869	124,476
Total general government	1,110,588	1,034,353	76,235	1,015,634
Public safety:				
Police department	1,474,942	1,404,111	70,831	1,306,014
Fire department	569,049	558,167	10,882	540,370
Hydrants	182,356	182,356	-	182,356
Total public safety	2,226,347	2,144,634	81,713	2,028,740
Public works:				
Highway	674,510	654,583	19,927	646,193
Refuse disposal	431,838	427,646	4,192	424,527
Total public works	1,106,348	1,082,229	24,119	1,070,720
Recreation and Culture:				
Parks & Recreation	103,225	95,069	8,156	91,865
Berwick Library Association	83,000	83,000	-	78,000
Total recreation	186,225	178,069	8,156	169,865
Education	6,430,003	6,430,003	-	6,399,697

**TOWN OF BERWICK, MAINE**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual - General Fund, Continued**

	2015		Variance positive (negative)	2014 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
County Tax	\$ 357,113	357,113	-	351,890
Health and Welfare:				
General assistance	35,000	6,672	28,328	18,914
Sewer District	39,000	39,000	-	39,000
Total health and welfare	74,000	45,672	28,328	57,914
Outside Appropriations:				
Ambulance service	-	-	-	17,891
Nursing service	-	-	-	7,000
Christmas decorations	575	573	2	485
Memorial Day parade	1,200	1,200	-	1,200
Seacoast Shipyard Association	500	500	-	500
So. Maine Area Agency on Aging	-	-	-	2,200
Caring Unlimited	-	-	-	2,000
Coast Bus Service	8,500	8,500	-	8,500
American Legion	1,500	1,500	-	-
Table of Plenty	-	-	-	1,000
Miscellaneous	-	-	-	250
Total outside appropriations	12,275	12,273	2	41,026
Unclassified:				
Operating contingency	35,312	20,927	14,385	9,688
Great Works Land Trust	10,000	10,000	-	-
Unfunded liability	46,000	-	46,000	-
Federal stormwater program	13,574	13,574	-	22,657
Economic development	-	-	-	5,070
Emergency management	1,312	491	821	38
Recreation donation	858	-	858	-
ADA repairs/modifications	11,004	-	11,004	-
Update of properties	5,000	-	5,000	-
Triumph restoration	4,138	-	4,138	-
Overlay	86,230	22,933	63,297	3,502
Total unclassified	213,428	67,925	145,503	40,955

**TOWN OF BERWICK, MAINE**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual - General Fund, Continued**

	2015		Variance positive (negative)	2014 Actual
	Budget	Actual		
Total expenditures	\$ 11,716,327	11,352,271	364,056	11,176,441
Excess of revenues over expenditures	183,109	791,129	608,020	835,752
Other financing sources (uses):				
Utilization of assigned fund balance	68,198	-	(68,198)	-
Transfers to highway improvement reserve	(105,000)	(105,000)	-	(280,000)
Transfers to capital projects fund	(183,678)	(183,678)	-	(361,685)
Transfers to water department	(21,634)	(21,634)	-	(21,634)
Transfer in from special revenue fund	20,000	20,000	-	20,000
Transfers in from water department	39,005	34,977	(4,028)	32,084
Total other financing sources (uses)	(183,109)	(255,335)	(72,226)	(611,235)
Excess of revenues and other financing sources over expenditures and other uses - budgetary basis	-	535,794	535,794	224,517
Net change in fund balance		535,794		224,517
Fund balance, beginning of year		2,429,520		2,205,003
<b>Fund balance, end of year</b>	<b>\$</b>	<b>2,965,314</b>		<b>2,429,520</b>

*See accompanying notes to financial statements.*

**TOWN OF BERWICK, MAINE**  
**Combining Balance Sheet**  
**All Other Governmental Funds**  
**June 30, 2015**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Funds</b>	<b>Total Other Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	-	17,689	17,689
Accounts receivable	1,126	-	-	1,126
Due from other governments	7,535	-	-	7,535
Due from other funds	167,134	265,933	-	433,067
<b>Total assets</b>	<b>\$ 175,795</b>	<b>265,933</b>	<b>17,689</b>	<b>459,417</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	4,885	750	-	5,635
Due to other funds	5,379	-	-	5,379
<b>Total liabilities</b>	<b>10,264</b>	<b>750</b>	<b>-</b>	<b>11,014</b>
Fund balances:				
Restricted	7,846	-	17,689	25,535
Committed	79,344	265,183	-	344,527
Assigned	78,341	-	-	78,341
<b>Total fund balance</b>	<b>165,531</b>	<b>265,183</b>	<b>17,689</b>	<b>448,403</b>
<b>Total liabilities and fund balances</b>	<b>\$ 175,795</b>	<b>265,933</b>	<b>17,689</b>	<b>459,417</b>

*See accompanying notes to financial statements.*

**TOWN OF BERWICK, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Other Governmental Funds**  
**For the year ended June 30, 2015**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Investment income, net of unrealized gains/(losses)	\$ -	-	8	8
Intergovernmental	14,235	-	-	14,235
Charges for services	161,917	-	1,438	163,355
<b>Total revenues</b>	<b>176,152</b>	<b>-</b>	<b>1,446</b>	<b>177,598</b>
Expenditures:				
Capital outlay	-	478,883	-	478,883
Other	112,233	4,195	1,475	117,903
<b>Total expenditures</b>	<b>112,233</b>	<b>483,078</b>	<b>1,475</b>	<b>596,786</b>
Excess (deficiency) of revenues over (under) expenditures	63,919	(483,078)	(29)	(419,188)
Other financing sources (uses):				
Transfers in	-	204,038	-	204,038
Transfers out	(20,000)	-	-	(20,000)
<b>Total other financing sources (uses)</b>	<b>(20,000)</b>	<b>204,038</b>	<b>-</b>	<b>184,038</b>
Net change in fund balances	43,919	(279,040)	(29)	(235,150)
Fund balances, beginning of year	121,612	544,223	17,718	683,553
<b>Fund balances, end of year</b>	<b>\$ 165,531</b>	<b>265,183</b>	<b>17,689</b>	<b>448,403</b>

*See accompanying notes to financial statements.*

## Special Revenue Funds Description

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.

The Town of Berwick as established special revenue funds for the following purposes:

**Town Hall Water Damage Fund** – To account for an insurance claim made in fiscal year 2010 for water damage to the Town Hall.

**Tee Shirts Fund** -- To account for the sale of Berwick logo items such as t-shirts, sweatshirts, and hats.

**Police Grants Fund** – To account for various federal and state grants for special programs administered by the Police Department, as well as the Police outside detail activity.

**Wellness Incentive Grant Fund** -- To account for the wellness grant program funded by Maine Municipal Employees Health Trust.

**York Hospital Grant Fund** – To account for grant funds received from York Hospital for health related programs such as non-smoking campaigns and designated smoke free areas within the Town.

**BEBA Fuel Fund** – To account for funds received to assist eligible Berwick residents with heating fuel expenditures. The fund is overseen by the General Assistance Administrator.

**Berwick Community Television (BCTV)** – To account for the cable franchise fees received and set aside to operate a community television station. The Town voters approved setting aside the cable franchise fees specifically for this purpose – Article 10, Special Town Meeting on November 3, 2009.

**Recreation Fund** – To account for the funds raised by the Recreation Department either through fees or fundraising and is used for the purchase, repair of equipment, recreation programs and events.

**Recreation Trips Fund** – To account for the funds collected and expended by the Recreation Department for special trips and events sponsored by the Recreation Department.

**Riverfront Fund** – To account for funds donated and expended by the Riverfront Committee for the development and ongoing maintenance of a canoe/kayak launch on the Salmon Falls River.

**TOWN OF BERWICK, MAINE**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2015**

(with comparative actual amounts for the year ended June 30, 2014)

	Town Hall Water Damage	Tee Shirts	Police Grants	Wellness Incentive	York Hospital	BEBA	Berwick Community Televison	Recreation Fees	Recreation Trips	Riverfront	Totals	
											2015	2014
<b>ASSETS</b>												
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	1,126	-	-	-	-	-	-	-	1,126	-
Due from other governments	-	-	7,535	-	-	-	-	-	-	-	7,535	4,884
Due from other funds	863	396	-	-	750	2,962	84,229	36,721	37,125	4,088	167,134	121,612
<b>Total assets</b>	<b>\$ 863</b>	<b>396</b>	<b>8,661</b>	<b>-</b>	<b>750</b>	<b>2,962</b>	<b>84,229</b>	<b>36,721</b>	<b>37,125</b>	<b>4,088</b>	<b>175,795</b>	<b>126,496</b>
<b>LIABILITIES AND FUND BALANCES</b>												
Liabilities:												
Accounts payable	-	-	-	-	-	-	4,885	-	-	-	4,885	325
Due to other funds	-	-	5,379	-	-	-	-	-	-	-	5,379	4,559
Total liabilities	-	-	5,379	-	-	-	4,885	-	-	-	10,264	4,884
Fund balances:												
Restricted	-	-	46	-	750	2,962	-	-	-	4,088	7,846	3,858
Committed	-	-	-	-	-	-	79,344	-	-	-	79,344	66,076
Assigned	863	396	3,236	-	-	-	-	36,721	37,125	-	78,341	51,678
Total fund balances	863	396	3,282	-	750	2,962	79,344	36,721	37,125	4,088	165,531	121,612
<b>Total liabilities and fund balances</b>	<b>\$ 863</b>	<b>396</b>	<b>8,661</b>	<b>-</b>	<b>750</b>	<b>2,962</b>	<b>84,229</b>	<b>36,721</b>	<b>37,125</b>	<b>4,088</b>	<b>175,795</b>	<b>126,496</b>

*See accompanying notes to financial statements.*

**TOWN OF BERWICK, MAINE**  
**Non-Major Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**June 30, 2015**  
**(with comparative actual amounts for the year ended June 30, 2014)**

	Town Hall	Tee	Police	Wellness	York	Berwick					Totals	
	Water Damage	Shirts	Grants	Incentive	Hospital	BEBA	Community Television	Recreation Fees	Recreation Trips	Riverfront	2015	2014
Revenues:												
Intergovernmental	\$ -	-	13,985	-	250	-	-	-	-	-	14,235	4,884
Charges for services	-	69	12,273	-	-	871	51,970	35,746	48,033	12,955	161,917	115,525
Total revenues	-	69	26,258	-	250	871	51,970	35,746	48,033	12,955	176,152	120,409
Expenditures:												
Program expense	-	-	22,976	77	-	-	38,702	2,566	39,045	8,867	112,233	58,685
Total expenditures	-	-	22,976	77	-	-	38,702	2,566	39,045	8,867	112,233	58,685
Excess (deficiency) of revenues over (under) expenditures	-	69	3,282	(77)	250	871	13,268	33,180	8,988	4,088	63,919	61,724
Other financing sources:												
Transfers - in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers - out	-	-	-	-	-	-	-	(20,000)	-	-	(20,000)	(20,000)
Total other financing sources	-	-	-	-	-	-	-	(20,000)	-	-	(20,000)	(20,000)
Net change in fund balance	-	69	3,282	(77)	250	871	13,268	13,180	8,988	4,088	43,919	41,724
Fund balances, beginning of year	863	327	-	77	500	2,091	66,076	23,541	28,137	-	121,612	79,888
<b>Fund balances, end of year</b>	<b>\$ 863</b>	<b>396</b>	<b>3,282</b>	<b>-</b>	<b>750</b>	<b>2,962</b>	<b>79,344</b>	<b>36,721</b>	<b>37,125</b>	<b>4,088</b>	<b>165,531</b>	<b>121,612</b>

*See accompanying 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. The projects also include significant purchases of vehicles and equipment, as well as the servicing of leases and bonds associated with those purchases. Projects are generally segregated by the related Town department managing the project.

The Town's individual capital project funds were established for the following purposes:

**Highway Improvement Reserve** – To account for the construction and repair of roads, bridges, and sidewalks, and includes the cost of engineering services and any associated drainage work. It also accounts for the repair, maintenance, construction, and/or renovation work on the Public Works facilities such as the salt shed and garage. The Highway Improvement Reserve has been presented as a major fund. See Statement C and E.

**Town Hall Reserve** – This reserve is made up of two parts:

- The first is to account for the purchase of equipment by the General Government departments such as Town Administration, Town Clerk, Code and Assessing and generally includes funding for software, computers, servers, voting booths, telephone systems, and photocopiers.
- The second part is to account for funds set aside to perform major repairs to municipal buildings such as roof replacement, masonry work, HVAC system replacement, window replacement, etc.

**Planning Reserve** – To account for the purchase of a map plotter for the Planning department.

**Police Department Reserve** – To account for the purchase police cruisers, law enforcement equipment such as radios, repeaters and antennas, and repairs, renovations and upgrades to Police Station. It also includes the activity of the drug forfeiture account.

**Fire Department Reserve** – To account for the purchase and maintenance of vehicles and fire apparatus, firefighting equipment such as SCBA equipment, PPEs or bunker gear, radios, and fire hose, and fire station repairs, renovations and upgrades.

**Civil Defense** – To account for unspent funds appropriated to the Emergency Management Account in the Appropriation budget between budget years 1989 and 1999, and any remaining balances were transferred to the Civil Defense account.

**Highway Equipment Reserve** – To account for the purchase and maintenance of vehicles and equipment.

**Transfer Station Reserve** – To account for the maintenance, repairs and upgrades to the transfer station facility.

**Recreation Improvement Reserve** – To account for the maintenance, repairs and upgrades to the recreation facilities and fields.

**Water Department Reserve** – To account for the demolition of the old water treatment plant.

**TOWN OF BERWICK, MAINE**  
**Combining Balance Sheet**  
**Capital Project Funds**  
**June 30, 2015**

(with comparative actual amounts for the year ended June 30, 2014)

	Town Hall Reserve	Planning Reserve	Police Department Reserve	Fire Department Reserve	Civil Defense	Highway Equipment Reserve	Transfer Station Reserve	Recreation Improvement Reserve	Water Department Reserve	Totals		
										2015	2014	
<b>ASSETS</b>												
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	57,657	2,500	38,285	120,873	3,156	34,746	4,103	4,613	-	265,933	563,503	
<b>Total assets</b>	<b>\$ 57,657</b>	<b>2,500</b>	<b>38,285</b>	<b>120,873</b>	<b>3,156</b>	<b>34,746</b>	<b>4,103</b>	<b>4,613</b>	<b>-</b>	<b>265,933</b>	<b>563,503</b>	
<b>LIABILITIES AND FUND BALANCES</b>												
Liabilities:												
Accounts payable	750	-	-	-	-	-	-	-	-	750	19,280	
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>750</b>	<b>19,280</b>	
Fund balances:												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-	-
Committed	56,907	2,500	38,285	120,873	3,156	34,746	4,103	4,613	-	265,183	544,223	
Assigned	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>56,907</b>	<b>2,500</b>	<b>38,285</b>	<b>120,873</b>	<b>3,156</b>	<b>34,746</b>	<b>4,103</b>	<b>4,613</b>	<b>-</b>	<b>265,183</b>	<b>544,223</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 57,657</b>	<b>2,500</b>	<b>38,285</b>	<b>120,873</b>	<b>3,156</b>	<b>34,746</b>	<b>4,103</b>	<b>4,613</b>	<b>-</b>	<b>265,933</b>	<b>563,503</b>	

*See accompanying notes to financial statements.*

**TOWN OF BERWICK, MAINE**  
**Capital Project Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**June 30, 2015**  
**(with comparative actual amounts for the year ended June 30, 2014)**

	Town Hall Reserve	Planning Reserve	Police Department Reserve	Fire Department Reserve	Civil Defense	Highway Equipment Reserve	Transfer Station Reserve	Recreation Improvement Reserve	Water Department Reserve	Totals	
										2015	2014
Revenues:											
Intergovernmental	\$ -	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-	-	-	-
Expenditures:											
Program expense	-	-	4,195	-	-	-	-	-	-	4,195	307
Capital outlay	101,811	-	30,807	68,349	-	257,916	-	-	20,000	478,883	73,609
Total expenditures	101,811	-	35,002	68,349	-	257,916	-	-	20,000	483,078	73,916
Excess (deficiency) of revenues over (under) expenditures	(101,811)	-	(35,002)	(68,349)	-	(257,916)	-	-	(20,000)	(483,078)	(73,916)
Other financing sources:											
Transfers - in	71,360	2,500	55,000	75,178	-	-	-	-	-	204,038	368,485
Transfers - out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources	71,360	2,500	55,000	75,178	-	-	-	-	-	204,038	368,485
Net change in fund balance	(30,451)	2,500	19,998	6,829	-	(257,916)	-	-	(20,000)	(279,040)	294,569
Fund balances, beginning of year	87,358	-	18,287	114,044	3,156	292,662	4,103	4,613	20,000	544,223	249,654
<b>Fund balances, end of year</b>	<b>\$ 56,907</b>	<b>2,500</b>	<b>38,285</b>	<b>120,873</b>	<b>3,156</b>	<b>34,746</b>	<b>4,103</b>	<b>4,613</b>	<b>-</b>	<b>265,183</b>	<b>544,223</b>

*See accompanying 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.

**Berwick Cemetery Association Trust** -- Established to be used for the care and upkeep of the Evergreen Cemetery. Only the interest may be utilized and is annually remitted to the Berwick Cemetery Association to assist in funding their maintenance and upkeep of the cemetery. The Berwick Cemetery Association Trust has been presented as a major fund. See Statement C and E.

**Lena Clark Trust** – Established in 1928 to construct a Town Hall and provide on-going capital maintenance for the Town Hall. Only the interest may be utilized for major building repairs. The Lena Clark Trust has been presented as a major fund. See Statement C and E.

**Cemetery Trust** -- Various funds established to be used for the care and upkeep of the various town cemeteries. These include the McCue Lord Trust, Lord's Cemetery Maintenance Trust, Webster Cemetery, and Lena Clark Cemetery Road Trust.

**Monument Trust** – Established for the care and upkeep of the monument in front of Town Hall.

**300<sup>th</sup> Anniversary Trust** -- Established to account for the activity surrounding the Town's 300<sup>th</sup> celebration with residual funds to be set aside for future Town-wide celebrations.

**SCHEDULE H**

**TOWN OF BERWICK, MAINE  
Combining Balance Sheet  
Permanent Funds  
June 30, 2015**

(with comparative actual amounts for the year ended June 30, 2014)

		McCue Lord Trust	Lord's Cemetery Maintenance	Webster Cemetery	Lena Clark Cemetery Road	Monument Fund	300th Anniversary	Totals	
								2015	2014
<b>ASSETS</b>									
Cash and cash equivalents	\$	1,189	1,189	4,201	7,542	836	2,732	17,689	17,733
Due from other funds		-	-	-	-	-	-	-	-
<b>Total assets</b>		<b>1,189</b>	<b>1,189</b>	<b>4,201</b>	<b>7,542</b>	<b>836</b>	<b>2,732</b>	<b>17,689</b>	<b>17,733</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts Payable		-	-	-	-	-	-	-	-
Due to other funds		-	-	-	-	-	-	-	15
<b>Total liabilities</b>		-	-	-	-	-	-	-	15
Fund balances:									
Nonspendable		-	-	-	-	-	-	-	-
Restricted		1,189	1,189	4,201	7,542	836	2,732	17,689	17,718
Committed		-	-	-	-	-	-	-	-
Assigned		-	-	-	-	-	-	-	-
Unassigned		-	-	-	-	-	-	-	-
<b>Total fund balances</b>		<b>1,189</b>	<b>1,189</b>	<b>4,201</b>	<b>7,542</b>	<b>836</b>	<b>2,732</b>	<b>17,689</b>	<b>17,718</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>1,189</b>	<b>1,189</b>	<b>4,201</b>	<b>7,542</b>	<b>836</b>	<b>2,732</b>	<b>17,689</b>	<b>17,733</b>

*See accompanying notes to financial statements.*

SCHEDULE I

**TOWN OF BERWICK, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Permanent Funds**  
**June 30, 2015**  
**(with comparative actual amounts for the year ended June 30, 2014)**

	McCue Lord Trust	Lord's Cemetery Maintenance	Webster Cemetery	Lena Clark Cemetery Road	Monument Fund	300th Anniversary	Totals	
							2015	2014
Revenues:								
Investment income	\$ -	-	2	4	1	1	8	26
Donations	-	-	-	-	-	-	-	500
Other	-	-	-	-	-	1,438	1,438	738
<b>Total revenues</b>	-	-	2	4	1	1,439	1,446	1,264
Expenditures:								
Other miscellaneous	-	-	-	-	-	1,475	1,475	2,025
<b>Total expenditures</b>	-	-	-	-	-	1,475	1,475	2,025
<b>Net change in fund balance</b>	-	-	2	4	1	(36)	(29)	(761)
Fund balances, beginning of year	1,189	1,189	4,199	7,538	835	2,768	17,718	18,479
<b>Fund balances, end of year</b>	<b>\$ 1,189</b>	<b>1,189</b>	<b>4,201</b>	<b>7,542</b>	<b>836</b>	<b>2,732</b>	<b>17,689</b>	<b>17,718</b>

*See accompanying notes to financial statements.*

### General Capital Assets

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

SCHEDULE J

**TOWN OF BERWICK, MAINE**  
**Schedule of Capital Assets Used in the Operation of Governmental Funds by Function and Activity**  
**June 30, 2015**  
**(with comparative actual amounts for the year ended June 30, 2014)**

Function and Activity	Land and Non-depreciable Assets	Buildings, Bldg Imprvmnts, & Land Imprvmnts	Furniture Fixtures, Equipment, & Vehicles	Infrastructure	Totals	
					2015	2014
Administration	\$ -	-	105,003	-	105,003	128,732
Recycling	98,100	36,301	-	-	134,401	134,401
Fire	77,200	129,115	1,696,663	-	1,902,978	1,907,438
Police	-	394,290	377,938	-	772,228	834,270
Public Works	74,200	217,084	1,196,601	3,808,922	5,296,807	4,958,701
Recreation	58,200	158,363	10,895	-	227,458	226,647
Water	97,646	1,435,014	1,140,671	4,020,580	6,693,911	6,773,606
Town Wide	477,300	356,878	20,077	-	854,255	709,598
<b>Total governmental fund capital assets</b>	<b>882,646</b>	<b>2,727,045</b>	<b>4,547,848</b>	<b>7,829,502</b>	<b>15,987,041</b>	<b>15,673,393</b>
Less: Accumulated Depreciation	-	(1,440,194)	(2,618,980)	(1,633,212)	(5,692,386)	(5,574,625)
<b>Net governmental fund capital assets</b>	<b>\$ 882,646</b>	<b>1,286,851</b>	<b>1,928,868</b>	<b>6,196,290</b>	<b>10,294,655</b>	<b>10,098,768</b>

*See accompanying notes to financial statements.*

SCHEDULE K

**TOWN OF BERWICK, MAINE**  
**Schedule of Changes in Governmental Funds Capital Assets - By Function and Activity**  
**June 30, 2015**

<b>Function and Activity</b>	<b>Balance 2014</b>	<b>Additions / Reclass</b>	<b>Deletions / Reclass</b>	<b>Balance 2015</b>
Administration	\$ 128,732	35,380	(59,109)	105,003
Recycling	134,401	-	-	134,401
Fire	1,907,438	54,830	(59,290)	1,902,978
Police	834,270	34,755	(96,797)	772,228
Public Works	4,958,701	453,320	(115,214)	5,296,807
Recreation	226,647	8,000	(7,189)	227,458
Water	6,773,606	17,456	(97,151)	6,693,911
Town Wide	709,598	144,657	-	854,255
<b>Total governmental fund capital assets</b>	<b>\$ 15,673,393</b>	<b>748,398</b>	<b>(434,750)</b>	<b>15,987,041</b>
Less: Accumulated Depreciation	(5,574,625)	(475,675)	357,914	(5,692,386)
<b>Net governmental fund capital assets</b>	<b>10,098,768</b>	<b>272,723</b>	<b>(76,836)</b>	<b>10,294,655</b>

*See accompanying notes to financial statements.*