

Audited Financial Statements

Town of Berwick, Maine

June 30, 2014



Proven Expertise and Integrity

TOWN OF BERWICK, MAINE

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JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Berwick
Berwick, Maine

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Berwick, Maine as of June 30, 2014, 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 and budgetary comparison information on pages 4 through 18 and 56 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
August 19, 2014

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, 2014. We encourage the readers to consider the information presented in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The total assets of the Town of Berwick's governmental activities exceed its liabilities by \$11,415,841, an increase of \$1,073,105 or 10.4% when compared to the beginning net position figure of \$10,342,736.
- The total assets of the Town of Berwick's business-type activities (Berwick Water Department) exceed its liabilities by \$3,479,086, an increase of \$80,948 or 2.4% when compared to the beginning net position figure of \$3,398,138.
- The ending fund balance for Governmental Funds is \$4,985,860. Although revenues exceeded expenditures by \$708,075, with Operating transfers in of \$700,569 and Operating transfers outs of \$690,119, the net change was an increase of \$718,525.
- The General Fund's ending fund balance is \$2,429,520; an increase of \$224,517 from the prior year's ending fund balance of \$2,205,003. Of the \$2,429,520, \$119,242 is reserved for nonspendable items such as tax acquired property, inventory, and prepaid expenses, and \$173,198 is assigned 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 8.
- 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, 2014 was \$2,137,080 or 18.0% of the total FY15 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 generally reviews and approves 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 \$656,159 to allocate to the Capital Projects during the FY16 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 Government-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 position. Over time, increases or decreases in the Town's net position 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 position changed during the most recent fiscal year. All changes in net position 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.

	<u><i>Governmental Activities</i></u>		<u><i>Business-type Activities</i></u>	
	2014	2013	2014	2013
Current & other assets	\$ 6,518,898	\$ 5,544,981	\$ 316,133	\$ 550,131
Capital assets, net	<u>5,776,962</u>	<u>5,416,090</u>	<u>4,321,806</u>	<u>4,154,293</u>
Total assets	12,295,860	10,961,071	4,637,939	4,704,424
Current liabilities	665,437	405,873	148,957	162,575
Non-current liabilities	<u>214,582</u>	<u>212,462</u>	<u>1,009,896</u>	<u>1,143,711</u>
Total liabilities	880,019	618,335	1,158,853	1,306,286
Net position:				
Invested in:				
Capital assets, net of related debt	5,776,962	5,416,090	3,196,216	2,895,902
Restricted	1,383,224	1,233,643	-	-
Unrestricted	<u>4,255,655</u>	<u>3,693,003</u>	<u>282,870</u>	<u>502,236</u>
Total net position	<u>\$ 11,415,841</u>	<u>\$ 10,342,736</u>	<u>\$ 3,479,086</u>	<u>\$ 3,398,138</u>

The increase of \$973,917 in the current and other assets category for the governmental activities was primarily due to the increase in investments of \$1,519,618, which is offset by the reduction in cash and cash equivalents of \$502,945. The decrease of \$233,998 in the current and other asset category for the business-type activities was due to the expenditure of the 2012 bond proceeds to repaint the standpipe.

The Capital Asset disclosure in the notes to the financial statements, see Note 5, shows how the change in capital assets, net of \$360,872 for governmental activities resulted. Note 5 also identify the change in capital assets for the business-type activities. The net change was \$167,513.

The change in the current liabilities of \$259,564 for governmental activities was primarily due to the year end accounts payable. Included in the year end accounts payable was \$305,058 for the reclamation work done on Pine Hill Road. The business-type activities saw a reduction in the current liabilities of \$13,618. This was due to a reduction in the year end accounts payable for the Water Department.

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

Changes in Net Position

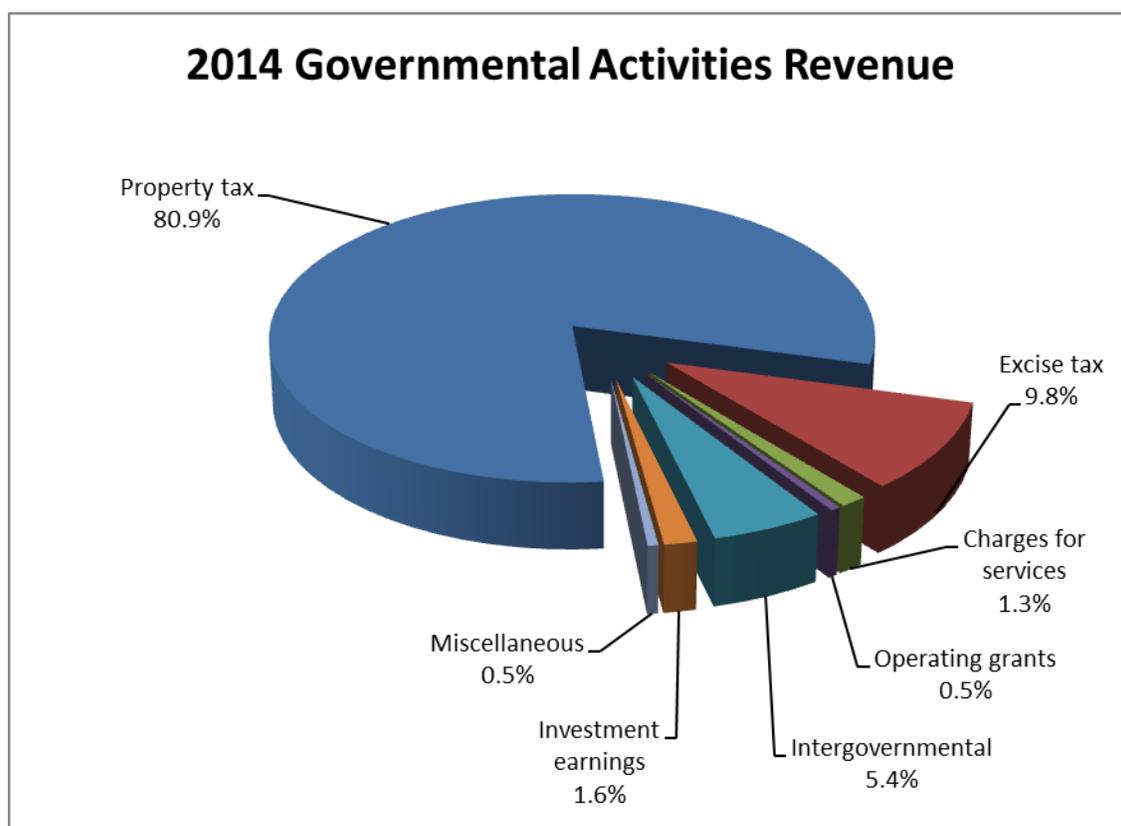
The following is a condensed version of the Statement of Activities.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	2014	2013	2014	2013
Revenues				
Taxes:				
Property	\$10,018,170	\$ 9,519,471	\$ -	\$ -
Excise	1,213,534	1,099,488	-	-
Program revenues				
Charges for services	162,330	214,465	609,840	606,437
Operating grants & contributions	60,143	-	-	-
Grants and contributions not restricted to specific programs				
Homestead exemption	151,804	127,816	-	-
BETE reimbursement	41,203	5,030	-	-
Local road assistance	62,444	66,324	-	-
Other federal aid	-	34,759	-	-
Other state aid	43,881	46,134	-	-
State revenue sharing	373,177	483,584	-	-
Investment earnings	195,755	119,888	-	-
Miscellaneous revenues	<u>63,804</u>	<u>133,082</u>	<u>(489)</u>	<u>98,199</u>
Total revenues:	12,386,245	11,850,041	609,351	704,636
Expenses				
Current:				
General government	866,036	1,195,641	-	-
Public safety	2,195,710	1,978,323	-	-
Public works	704,351	653,865	-	-
Health & welfare	485,229	473,358	-	-
Recreation & culture	213,969	167,080	-	-
Education	6,399,697	6,390,036	-	-
County tax	351,890	319,310	-	-
Outside appropriations	41,026	63,574	-	-
Unclassified	57,981	186,357	517,953	473,556
Unallocated depreciation	<u>7,701</u>	<u>6,548</u>	<u>-</u>	<u>-</u>
Total expenses:	11,323,590	11,434,092	517,953	473,556
Net transfers	<u>10,450</u>	<u>8,366</u>	<u>(10,450)</u>	<u>(8,366)</u>
Change in net position	1,073,105	424,315	80,948	222,714
Net position - July 1	<u>10,342,736</u>	<u>9,918,421</u>	<u>3,398,138</u>	<u>3,175,424</u>
Net position - June 30	<u>\$11,415,841</u>	<u>\$10,342,736</u>	<u>\$ 3,479,086</u>	<u>\$ 3,398,138</u>

Approximately 80.9% of the Town's revenues come from property taxes, while 9.8% comes from excise taxes and 5.4% from the State of Maine in the form of revenue sharing, homestead exemptions, BETE reimbursements, general assistance reimbursement, and other state aid.

The revenues for the Town's governmental activities of \$12,386,245 are an increase of 4.5% over the fiscal year 2013's amount of \$11,850,041. The largest increase is in the property tax collections, which is up \$498,699 or 5.2%.

The following pie chart shows the sources of revenue for fiscal year 2014.

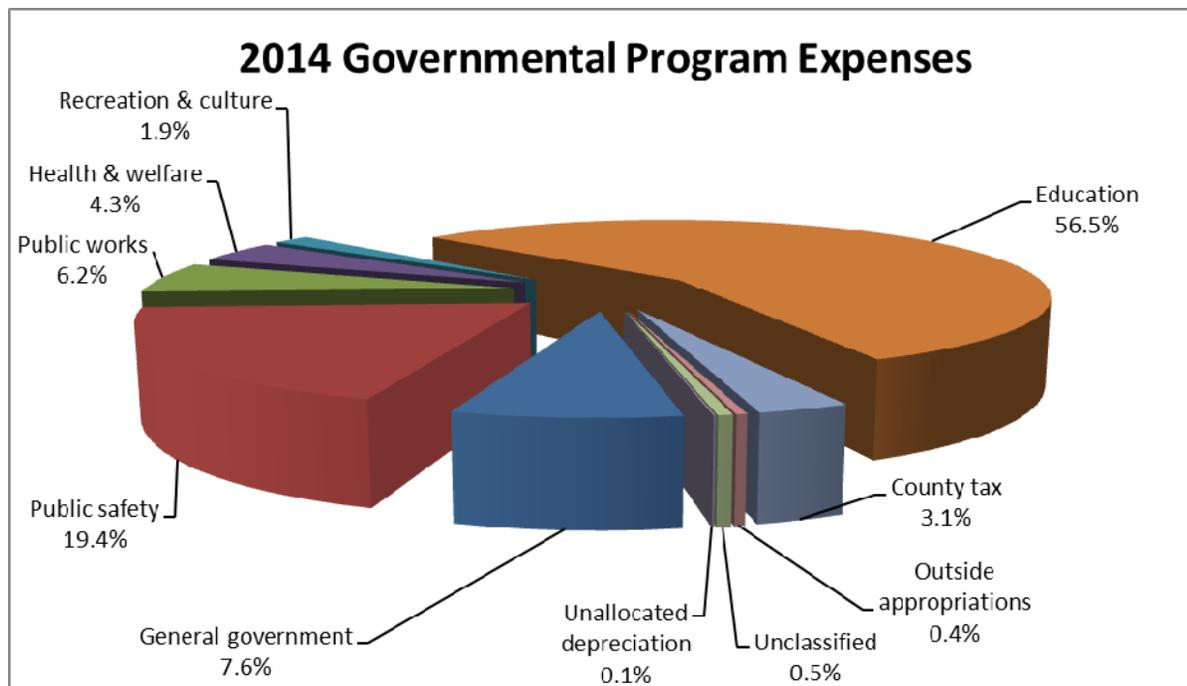


The expenditures for the Town's governmental activities are down slightly from fiscal year 2013 by -1.0% or (\$110,502). The activity seeing the largest decrease is in general government. The decrease is the result of lower legal fees paid in fiscal year 2014 of \$21,834 versus the \$105,111 paid in fiscal year 2013.

The Town's share of MSAD 60's budget makes up 56.5% of the expenses for fiscal year 2014 and is virtually the same as fiscal year 2013.

The next largest category is Public Safety which is 19.4% of the expenses for fiscal year 2014. This category covers the police and fire operations as well as the public hydrant fees charged by the Berwick Water Department.

The following pie chart shows the functional expenses for fiscal year 2014.



Proprietary fund revenues were down approximately \$95,000 due to the change in accounts receivable during fiscal year 2014. Expenses were up approximately \$44,400 in fiscal year 2014 when compared to fiscal year 2013. The largest increase was in the wages and benefits of \$37,100.

Governmental Activities

The cost of all governmental activities was \$11,323,590. 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 \$10,018,170 or 88.5%, while some of the cost was paid by those who directly benefit from the programs -- \$162,330, and by other governments and organizations that subsidized certain programs with operating grants and contributions -- \$60,143. The Town also received \$2,145,602 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 2014.

As a result of the Governmental activities' revenues of \$12,396,695 exceeding the expenses of \$11,323,590, the Town of Berwick realized an increase to its net position of \$1,073,105.

Proprietary Funds

The cost for the Water Department activities for fiscal year 2014 was \$517,953. The majority of revenues received by the Water Department were from charges for services in the amount of \$609,840. With revenues exceeding expenses, the Water Department realized an increase to its net position of \$80,948.

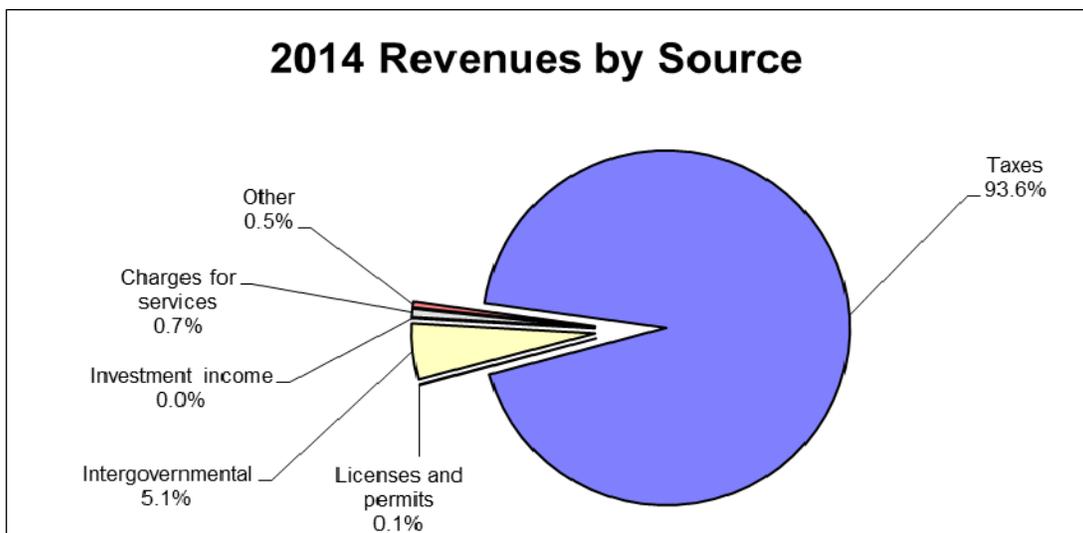
The Town's Funds

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 2014 revenues by source for the General Fund with the 2013 information for comparison while the pie chart summaries the 2014 revenues by source. Information is from Statement E.

	<u>2014</u>	<u>2013</u>	<u>\$ Chg</u>	<u>% Chg</u>
Revenues by source				
Taxes	\$ 11,235,876	\$ 10,393,193	\$ 842,683	8.1%
Licenses and permits	7,290	-	7,290	n/a
Intergovernmental	610,065	697,323	(87,258)	-12.5%
Investment income	5,122	2,241	2,881	128.6%
Charges for services	90,036	79,164	10,872	13.7%
Other	63,804	114,295	(50,491)	-44.2%
Total revenue	\$ 12,012,193	\$ 11,286,216	\$ 725,977	6.4%



General Fund revenues increased 6.4% over the fiscal year 2013 amount. The following are some of the reasons for the changes in the revenue sources.

Taxes: The net appropriation or local tax requirement for FY2014 increased by 4.8% or \$460,775 from the FY2013 level, with the primary increases in the net municipal appropriation of \$498,278, and a decrease in overlay of \$36,521. With the higher tax commitment and continued strong tax collections, the FY2014 taxes came in significantly higher than the FY2013 taxes. This revenue source also includes vehicle and boat excise taxes and registration fees. The excise tax collections for fiscal year 2014 are approximately \$114,000 higher than fiscal year 2013.

Intergovernmental: The decrease in this category is due to the state revenue sharing cut by the State of Maine to balance their budget. The Town saw a decrease of \$110,407 in state revenue sharing from fiscal year 2013 to fiscal year 2014. Another significant reduction was due to a FEMA reimbursement of \$28,428 in fiscal year 2013 but none in fiscal year 2014. However, the Town saw a substantial increase in the BETE reimbursement in fiscal year 2014 over fiscal year 2013 of \$36,173, and a Homestead Exemption reimbursement increase of \$23,988.

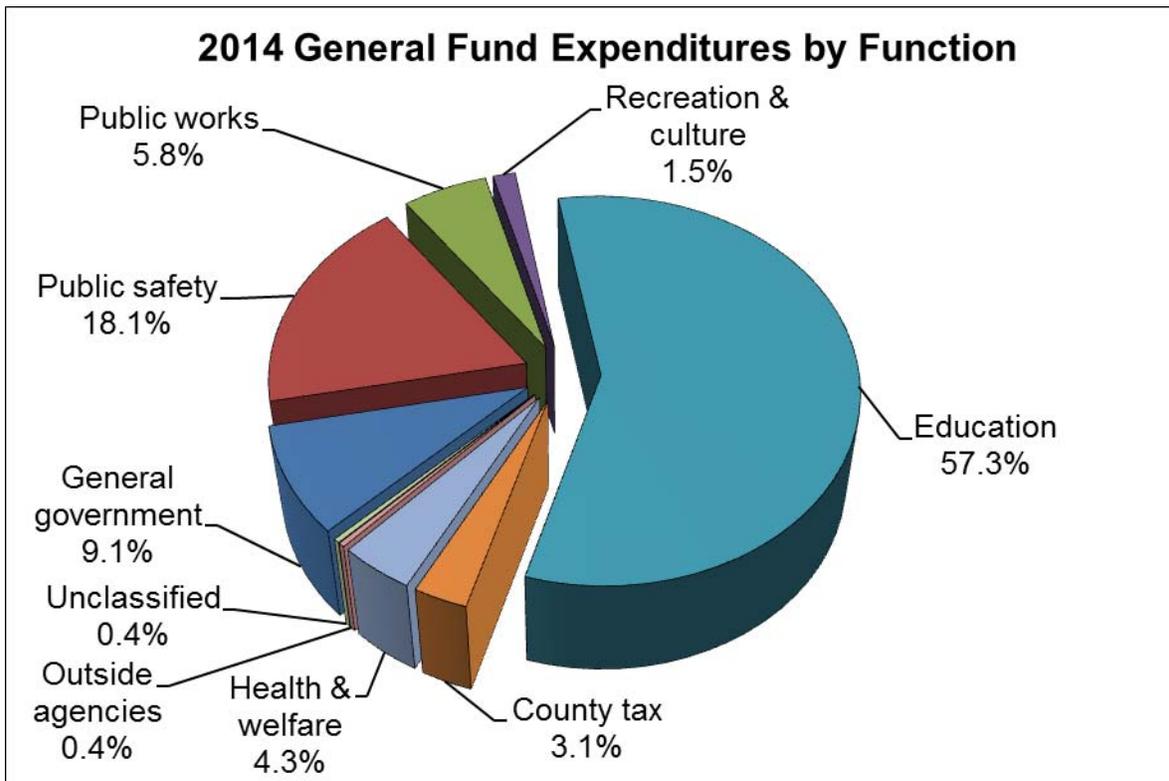
Investment income: The Town was able to increase its interest earnings on the Town's idle funds when it transferred all its financial accounts to Kennebunk Savings Bank. The previous banking relationships the Town had did not provide for interest earnings on idle funds unless they were invested in certificate of deposits.

Charges for services: The \$10,872 increase in this revenue source is primarily due to increased building permit and planning activity.

Other: The miscellaneous revenues received by the Town were down significantly from fiscal year 2013. In fiscal year 2013, the Town received a \$25,000 settlement from Sullivan School Associates.

The following table summarizes the General Fund expenditures by function for fiscal year 2014 with 2013 information for comparison while the pie chart displays the General Fund expenditures by function for fiscal year 2014. Information is from Statement E.

	<u>2014</u>	<u>2013</u>	<u>\$ Chg</u>	<u>% Chg</u>
Expenditure by function				
General government	\$ 1,015,634	\$ 1,072,933	\$ (57,299)	-5.3%
Public safety	2,028,740	1,933,120	95,620	4.9%
Public works	646,193	529,789	116,404	22.0%
Recreation & culture	169,865	164,239	5,626	3.4%
Education	6,399,697	6,390,036	9,661	0.2%
County tax	351,890	319,310	32,580	10.2%
Health & welfare	482,441	472,450	9,991	2.1%
Outside agencies	41,026	63,574	(22,548)	-35.5%
Unclassified	40,955	58,804	(17,849)	-30.4%
Total expenditures	\$ 11,176,441	\$ 11,004,255	\$ 172,186	1.6%



The General Fund expenditures increased 1.6% over fiscal year 2013 levels. The biggest change was in the public works, which increased by \$116,404 or 22.0%. Approximately \$37,000 can be contributed to a major equipment repair of the loader while nearly \$61,500 was due to wages and benefits associated with an additional full time driver/operator and the significant number of snow storms that fell over a weekend period causing higher overtime costs. Also, a year end adjustment to reflect the change in the public works inventory at June 30, 2014 of \$14,131 contributed to the increase.

The public safety function also saw an increase of 4.9% or \$95,620. A portion of the increase was due to the Board of Selectmen allowing the Police Department to re-fill a full-time police officer position that they had cut in late May 2012. The impact of adding this position was around \$72,000 for wages and benefits. However, the department was able to reduce its part-time wage line by \$38,000. The Fire Department made a significant effort to recruit call force members and during fiscal year 2014 they were able to recruit at least five new members. As a result of their recruitment efforts, the equipment purchases line was up nearly \$13,000 for turnout gear for the new recruits. Also during fiscal year 2014, the fire department had to have extensive pump repairs to Engine 2, resulting in approximately \$11,000 in additional equipment maintenance expenditures.

The largest decrease was seen in the general government function in the amount of \$57,299 or -5.3%. The legal expenditures for fiscal year 2014 were down roughly \$76,000 from the legal costs for fiscal year 2013. The FY14 legal expenditures also included labor negotiation fees of approximately \$6,900. Offsetting the savings in legal services was an increase in the Town's workers compensation premium. The Town saw an increase of \$13,900 in this budget line. Another area the Town saw a significant decrease was in the outside agencies or appropriations account of \$22,548 or -35.5%. The Town signed a new ambulance service contract with American Ambulance for no cost to the Town and which became effective January 1, 2014. As

a result of this new ambulance agreement, the Town was able to save \$17,400 for the last six months of the fiscal year. And going forward, the Town will save roughly \$35,000 per year.

The net results of operations for fiscal year 2014 are \$224,517, after transfers in of \$52,084 and transfers out of \$663,319. The following table summarizes the General Fund's fund balance for fiscal year 2014 with 2013 information for comparison.

	<u>2014</u>	<u>2013</u>	\$ Chg	% Chg
Fund balance:				
Nonspendable	\$ 119,242	\$ 147,055	\$ (27,813)	-18.9%
Restricted	-	-	-	n/a
Committed	-	-	-	n/a
Assigned	173,198	440,870	(267,672)	-60.7%
Unassigned	2,137,080	1,617,078	520,002	32.2%
Total fund balance	\$ 2,429,520	\$ 2,205,003	\$ 224,517	10.2%

The General Fund's total fund balance increased by 10.2% or \$224,517 due to a number of factors.

In the Nonspendable category, the change in inventory value as of June 30, 2014 of \$22,000 is the largest contributor to the -18.9% reduction.

A number of items factored into the reduction in the Assigned category. The largest was the reduction in the amount voters approved to take from unassigned fund balance to fund roads in fiscal year 2015. At the Town Meeting in June 2013 the voters approved using \$250,000 from unassigned fund balance to construct and repair roads, bridges, and sidewalks in fiscal year 2014. However, at the May 2014 Town Meeting only \$105,000 was approved, thereby reducing the assigned fund balance category by \$145,000. The other large component of this reduction was the unassignment of \$130,000 for the purchase of land from Prime in downtown Berwick. The voters approved this unassignment in May 2014.

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 2014 LRAP payment from the State was down \$3,880 from the amount received in fiscal year 2013.

The major expenditure from the Highway Improvement Reserve Fund during fiscal year 2014 was the reclamation of Pine Hill Road, from Worster to Cranberry Meadow, at a cost of \$305,058. Whereas, in fiscal year 2013, portions of Cranberry Meadow (Cincotta Lane to Clement Lane) and Wentworth (Route 9 to Saddle Hill) Roads were repaved at a total cost of \$129,362.

The net results of operations for fiscal year 2014 are \$6,993, after transfers in of \$280,000.

The following table summarizes the Highway Improvement Reserve Fund's fund balance for fiscal year 2014 with 2013 information for comparison.

	<u>2014</u>	<u>2013</u>	\$ Chg	% Chg
Fund balances:				
Committed	\$ 511,139	\$ 504,146	\$ 6,993	1.4%
Total fund balance	\$ 511,139	\$ 504,146	\$ 6,993	1.4%

During fiscal year 2014, the Town of Berwick switched investment firms to handle the Lena Clark and Berwick Cemetery Trust accounts. The Board of Selectmen chose Kennebunk Investments to provide investment and advisory services for these two trust accounts. As a result of this change in investment firms, the Permanent Fund's Lena Clark Trust Fund received \$66,510 in investment income and market gains during fiscal year 2014. This was up approximately \$27,000 over fiscal year 2013 earnings. While the Berwick Cemetery Trust saw an increase of nearly \$46,000 in investment earnings from fiscal year 2013 to fiscal year 2014.

Investment management fees for fiscal year 2014 for the Lena Clark Trust were up \$2,549 and for the Berwick Cemetery Trust they were up \$4,645 when compared to fiscal year 2013. Also during fiscal year 2014, the Lena Clark Trust account had a transfer out of \$6,800 to cover the cost of a study done on the HVAC system at the Town Hall.

The net results of operations for fiscal year 2014 for the Lena Clark Trust were \$56,112 after transfers out of \$6,800; while it was \$95,371 for the Berwick Cemetery Trust.

The following table summarizes the Lena Clark Trust Fund's fund balance for fiscal year 2014 with 2013 information for comparison.

	<u>2014</u>	<u>2013</u>	\$ Chg	% Chg
Fund balance:				
Nonspendable	\$ 446,213	\$ 402,736	\$ 43,477	10.8%
Restricted	41,338	28,703	12,635	44.0%
Total fund balance	\$ 487,551	\$ 431,439	\$ 56,112	13.0%

The following table summarizes the Berwick Cemetery Trust Fund's fund balance for fiscal year 2014 with 2013 information for comparison.

	<u>2014</u>	<u>2013</u>	\$ Chg	% Chg
Fund balance:				
Nonspendable	\$ 866,076	\$ 778,726	\$ 87,350	11.2%
Restricted	8,021	-	8,021	n/a
Total fund balance	\$ 874,097	\$ 778,726	\$ 95,371	12.2%

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 \$80,948 and a total net position of \$3,479,086.

General Fund Budgetary Highlights

The Town continues to meet its responsibilities for sound financial management. As shown in Schedule 1, although actual revenues were under budgeted revenues by \$86,233, actual expenditures were under budgeted appropriations by \$515,016. This resulted in a positive net effect of \$428,783. However, after transfers, the net change in fund balance was a positive \$224,517.

The unassigned fund balance at \$2,137,080 is a healthy figure and represents 18.0% of the total general fund budgeted appropriations for FY2015. 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 FY2016 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 2013-2014 amount of \$12,098,426 and there were no adjustments made to the original budget during fiscal year 2014.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2014, the net book value of capital assets recorded by the Town increased by \$528,385.

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)

	<u>2014</u>	<u>2013</u>
Art work and historical treasures	\$ 11,000	\$ 11,000
Land and other non-depreciable assets	871,646	713,415
Buildings and improvements, land improvements	1,290,041	1,301,503
Machinery and equipment	918,215	938,090
Vehicles	769,250	854,613
Infrastructure	6,238,616	5,751,762
	<u>\$ 10,098,768</u>	<u>\$ 9,570,383</u>

At the end of fiscal year 2014, the Town had invested \$1,026,820 in a broad range of capital assets as well as recognizing capital assets previously unrecorded.

The following chart identifies the assets that were added during fiscal year 2014.

		Category	Category Total
Land			
Genl Govt	Berwick Road - old cemetery & fire hydrant	23,800	
	Blackberry Hill Road - cemetery	40,200	
	Saw Mill Hill Road - Lord's Cemetery	56,500	
	95 School Street - open space in Dobson Woods	10,500	
	Old Pine Hill Road North - open space in Dobson Woods	8,700	
	15 Sullivan Street - Town Hall parking lot	<u>51,500</u>	\$ 191,200
Land improvements			
Genl Govt	Fencing - near Sewer Dist. Property at 11 School St	<u>4,000</u>	4,000
Building and building improvements			
Public Safety	Install new shower area at fire station	11,043	
Public Works	Salt shed (previously missed item)	<u>109,356</u>	120,399
Machinery and equipment			
Genl Govt	Lenovo ThinkServer (TRIO server)	4,280	
	Ricoh copier (previously missed item)	4,512	
	Dell PowerEdge server (previously missed item)	5,505	
Public Safety	Camera equipment for cruiser	3,820	
Public Works	Snapper 48" 20hp mower	4,999	
	Used cab 938G replacement for loader	37,033	
Recreation	MyRec software with online registration	2,895	
Water Dept	Regenerative blower motor	<u>2,029</u>	\$ 65,073
Vehicles			
Public Safety	2014 Dodge Charge police cruiser	<u>23,494</u>	23,494
Infrastructure			
Public Works	Reclaim Pine Hill Road (Worster to Cranberry Meadow)	305,058	
Water Dept	Standpipe painting	<u>317,596</u>	\$ 622,654
Total Assets Added During FY2014			<u>\$ 1,026,820</u>

The depreciation expense for 2014 was \$463,256.

The Town has appropriated \$288,678 in fiscal year 2015 for the following capital expenditures: one and one half police cruisers, fire department's pumper replacement, refurbish the fire department's truck 1, new financial software, replacement of the Town Hall's phone system, restore map plotter, 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, fire station renovations, new roof for the public works garage, repair the salt shed walls, 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, 2014, the Town had a total of \$1,125,590 of outstanding general obligation debt versus \$1,258,391 last year. Other obligations include vacation and sick time. 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, 2014 is 108%, up 1% from the April 1, 2013 assessed value ratio and just under the State maximum cap of 110%.

The total assessed value as of April 1, 2014, is \$631,795,462, a decrease of \$505,244 or .1% from the prior year. The Town of Berwick's tax rate is \$15.90.

The Town's municipal appropriation is \$5,060,095; a decrease of \$286,744 or -5.4% when compared to FY 2014. An increase in non-property tax revenue of \$82,699 and a decrease in the use of unassigned fund balance of \$145,000 resulted in a net appropriation of \$3,172,396; a decrease of \$224,443 or -6.6%.

The largest decrease in the municipal budget was in the funding of capital projects. For fiscal year 2014, the Town voters approved raising and appropriating \$391,685 to various capital projects and equipment reserves, along with utilizing \$250,000 of unassigned fund balance for highway infrastructure improvements. However, for fiscal year 2015, the Town voters approved raising and appropriating only \$183,678 to fund various capital projects and equipment reserves, as well as only utilizing \$105,000 of unassigned fund balance for highway infrastructure improvements. This was an overall reduction of \$353,000 or -55.0%.

The Town's contribution to MSAD #60's budget is \$6,430,003; an increase of \$30,306 or 0.5%.

The County tax assessment increased by \$5,223, or 1.5%.

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, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 119,018	\$ 123,280	\$ 242,298
Investments	5,081,867	-	5,081,867
Receivables:			
Accounts	40,757	164,261	205,018
Taxes receivable (net of allowance of \$35,000)	682,333	-	682,333
Tax liens	463,295	-	463,295
Due from other governments	9,622	-	9,622
Tax acquired property	2,979	-	2,979
Prepaid expenses	46,059	-	46,059
Inventory	70,204	31,356	101,560
Internal balances	2,764	(2,764)	-
Total current assets	6,518,898	316,133	6,835,031
Noncurrent assets:			
Capital assets:			
Non-depreciable capital assets	734,000	148,646	882,646
Depreciable capital assets, net	5,042,962	4,173,160	9,216,122
Total noncurrent assets	5,776,962	4,321,806	10,098,768
TOTAL ASSETS	\$ 12,295,860	\$ 4,637,939	\$ 16,933,799
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 479,007	\$ 5,459	\$ 484,466
Accrued wages and benefits	46,415	3,188	49,603
Due to other governments	26,375	-	26,375
Other liabilities	113,640	-	113,640
Accrued interest	-	6,458	6,458
Current portion of long-term obligations	-	133,852	133,852
Total current liabilities	665,437	148,957	814,394
Noncurrent liabilities:			
Bonds payable	-	991,738	991,738
Accrued compensated absences	214,582	18,158	232,740
Total noncurrent liabilities	214,582	1,009,896	1,224,478
TOTAL LIABILITIES	880,019	1,158,853	2,038,872
NET POSITION			
Invested in capital assets, net of related debt	5,776,962	3,196,216	8,973,178
Restricted	1,383,224	-	1,383,224
Unrestricted	4,255,655	282,870	4,538,525
TOTAL NET POSITION	11,415,841	3,479,086	14,894,927
TOTAL LIABILITIES AND NET POSITION	\$ 12,295,860	\$ 4,637,939	\$ 16,933,799

See accompanying notes to financial statements.

TOWN OF BERWICK, MAINE
Statement of Activities
For the Year Ended June 30, 2014

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	\$ 866,036	\$ 33,497	\$ -	\$ -	\$ (832,539)	\$ -	\$ (832,539)
Public safety	2,195,710	25,041	4,884	-	(2,165,785)	-	(2,165,785)
Public works	704,351	-	-	-	(704,351)	-	(704,351)
Health and welfare	485,229	38,788	4,155	-	(442,286)	-	(442,286)
Recreation	213,969	65,004	500	-	(148,465)	-	(148,465)
Education	6,399,697	-	-	-	(6,399,697)	-	(6,399,697)
County tax	351,890	-	-	-	(351,890)	-	(351,890)
Outside appropriatoin	41,026	-	-	-	(41,026)	-	(41,026)
Unclassified	57,981	-	50,604	-	(7,377)	-	(7,377)
Unallocated depreciation (Note 4)	7,701	-	-	-	(7,701)	-	(7,701)
Total governmental activities	11,323,590	162,330	60,143	-	(11,101,117)	-	(11,101,117)
Business-type activities:							
Water department	517,953	609,840	-	-	-	91,887	91,887
Total business-type activities	517,953	609,840	-	-	-	91,887	91,887
Total primary government	\$ 11,841,543	\$ 772,170	\$ 60,143	\$ -	(11,101,117)	91,887	(11,009,230)
General revenues:							
Property taxes, levied for general purposes					10,018,170		10,018,170
Motor vehicle and boat excise taxes					1,213,534		1,213,534
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					373,177		373,177
Homestead exemption					151,804		151,804
BETE reimbursement					41,203		
Local road assistance					62,444		62,444
Other State aid					43,881		43,881
Other Federal aid					-		-
Unrestricted investment earnings					195,755		195,755
Miscellaneous revenues					63,804	(489)	63,315
Net transfers					10,450	(10,450)	-
Total general revenues					12,174,222	(10,939)	12,122,080
Change in net assets					1,073,105	80,948	1,154,053
Net position - beginning					10,342,736	3,398,138	13,740,874
Net position - ending					\$ 11,415,841	\$ 3,479,086	\$ 14,894,927

See accompanying notes to financial statements.

TOWN OF BERWICK, MAINE
Balance Sheet
Governmental Funds
June 30, 2014

	General	Highway Improvement Reserve	Lena Clark Trust	Cemetery Trust	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 101,285	\$ -	\$ -	\$ -	\$ 17,733	\$ 119,018
Investments	3,720,219	-	487,551	874,097	-	5,081,867
Receivables:						
Accounts	40,757	-	-	-	-	40,757
Taxes (net of allowance for uncollectibles)	682,333	-	-	-	-	682,333
Tax liens	463,295	-	-	-	-	463,295
Due from other governments	4,738	-	-	-	4,884	9,622
Tax acquired property	2,979	-	-	-	-	2,979
Prepaid expenses	46,059	-	-	-	-	46,059
Inventory	70,204	-	-	-	-	70,204
Due from other funds	7,338	816,197	-	-	685,115	1,508,650
Total assets	\$ 5,139,207	\$ 816,197	\$ 487,551	\$ 874,097	\$ 707,732	\$ 8,024,784
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 154,344	\$ 305,058	\$ -	\$ -	\$ 19,605	\$ 479,007
Accrued wages and benefits	46,415	-	-	-	-	46,415
Due to other governments	26,375	-	-	-	-	26,375
Other liabilities	113,640	-	-	-	-	113,640
Due to other funds	1,501,312	-	-	-	4,574	1,505,886
Total liabilities	1,842,086	305,058	-	-	24,179	2,171,323
Deferred inflows of resources:						
Deferred revenues	867,601	-	-	-	-	867,601
Total deferred inflows of resources	867,601	-	-	-	-	867,601
Fund balances:						
Nonspendable	119,242	-	446,213	866,076	-	1,431,531
Restricted	-	-	41,338	8,021	21,576	70,935
Committed	-	511,139	-	-	610,299	1,121,438
Assigned	173,198	-	-	-	51,678	224,876
Unassigned	2,137,080	-	-	-	-	2,137,080
Total fund balances	2,429,520	511,139	487,551	874,097	683,553	4,985,860
Total liabilities, deferred inflows of resources and fund balances	\$ 5,139,207	\$ 816,197	\$ 487,551	\$ 874,097	\$ 707,732	\$ 8,024,784

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, 2014

Total fund balances - total governmental funds, Statement C	\$	4,985,860
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	\$ 734,000	
Depreciable capital assets, net	5,042,962	5,776,962
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds:		
Compensated absences		(214,582)
Deferred revenues -- more specifically, property taxes and liens not reported on Statement A		867,601
Net position of governmental activities	\$	11,415,841

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, 2014

	General	Highway Improvement Reserve	Lena Clark Trust	Cemetery Trust	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes						
Property taxes	\$ 10,022,342	\$ -	\$ -	\$ -	\$ -	\$ 10,022,342
Excise taxes	1,213,534	-	-	-	-	1,213,534
Licenses and permits	7,290	-	-	-	-	7,290
Intergovernmental	610,065	62,444	-	-	4,884	677,393
Investment income, net of unrealized gains/(losses)	5,122	-	66,510	124,097	26	195,755
Charges for services	90,036	-	-	3,500	116,263	209,799
Unclassified	63,804	-	-	-	500	64,304
Total revenues	12,012,193	62,444	66,510	127,597	121,673	12,390,417
Expenditures:						
Current:						
General government	1,015,634	-	-	-	-	1,015,634
Public safety	2,028,740	-	-	-	-	2,028,740
Public works	646,193	-	-	-	-	646,193
Recreation & culture	169,865	-	-	-	-	169,865
Education	6,399,697	-	-	-	-	6,399,697
County tax	351,890	-	-	-	-	351,890
Health & welfare	482,441	-	-	-	-	482,441
Outside appropriations	41,026	-	-	-	-	41,026
Unclassified	40,955	-	3,598	32,226	61,017	137,796
Capital outlay	-	335,451	-	-	73,609	409,060
Total expenditures	11,176,441	335,451	3,598	32,226	134,626	11,682,342
Excess (deficiency) of revenues over (under) expenditures	835,752	(273,007)	62,912	95,371	(12,953)	708,075
Other financing sources (uses):						
Transfers in	52,084	280,000	-	-	368,485	700,569
Transfers out	(663,319)	-	(6,800)	-	(20,000)	(690,119)
Total other financing sources (uses)	(611,235)	280,000	(6,800)	-	348,485	10,450
Net change in fund balances	224,517	6,993	56,112	95,371	335,532	718,525
Fund balances, beginning of year	2,205,003	504,146	431,439	778,726	348,021	4,267,335
Fund balances, end of year	\$ 2,429,520	\$ 511,139	\$ 487,551	\$ 874,097	\$ 683,553	\$ 4,985,860

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, 2014

Net change in fund balances - total governmental funds (from Statement E)	\$ 718,525
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	713,450
Capital assets disposed	(28,965)
Depreciation expense	(323,613)
	360,872
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(4,172)
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 5)	(2,120)
Change in net position of governmental activities (see Statement B)	\$ 1,073,105

See accompanying notes to financial statements.

TOWN OF BERWICK, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2014

	Enterprise Funds
	Water
	Department
ASSETS	
Current assets:	
Cash	\$ 123,280
Accounts receivable (net of allowance for uncollectibles)	164,261
Due from other governments	-
Inventory	31,356
Due from other funds	-
Total current assets	318,897
Noncurrent assets:	
Land	148,646
Buildings and improvements	1,475,014
Vehicles and equipment	1,129,366
Plant / infrastructure	4,020,580
Total capital assets	6,773,606
Less: accumulated depreciation	(2,451,800)
Total noncurrent assets	4,321,806
Total assets	\$ 4,640,703
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	\$ 5,459
Accrued payroll and related liabilities	3,188
Accrued interest	6,458
Current portion of long-term debt	133,852
Due to other funds	2,764
Total current liabilities	151,721
Noncurrent liabilities:	
Bonds payable	991,738
Accrued compensated absences	18,158
Total noncurrent liabilities	1,009,896
Total liabilities	1,161,617
NET POSITION	
Invested in capital assets, net of related debt	3,196,216
Unrestricted	282,870
Total net position	3,479,086
Total liabilities and net position	\$ 4,640,703

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, 2014

		Enterprise Funds
		Water
		Department
Operating Revenues:		
Charges for services	\$	609,840
Other		(825)
Total operating revenues		609,015
Operating Expenses:		
Labor and salaries		150,332
Employee benefits		40,453
Payroll taxes		15,682
Audit services		2,128
Contract labor and other services		5,225
Operating supplies		43,006
Equipment / equipment maintenance		22,930
Purchase of power		23,372
Utilities		11,048
Water testing		2,070
Sewer disposal		10,231
Postage		2,388
Clothing		5,650
Depreciation		139,643
Amortization		2,402
Miscellaneous		11,851
Total operating expenses		488,411
Operating Income (Loss)		120,604
Other financing sources (uses):		
Interest income		336
Interest expense		(29,542)
Transfers in		21,634
Transfers out		(32,084)
Total other financing sources (uses)		(39,656)
Change in Net Position		80,948
Net position, beginning of year		3,398,138
Net position, end of year	\$	3,479,086

See accompanying notes to financial statements.

TOWN OF BERWICK, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2014

	Enterprise Funds
	Water
	Department
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 625,197
Other receipts	(825)
Payments to employees	(150,244)
Payments to suppliers	(227,310)
Net cash provide (used) by operating activities	<u>246,818</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	336
Net cash provided (used) by investing activities	<u>336</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest payments on bond payable	(29,960)
Principal payments on bond payable	(132,801)
Transfers - net	(10,450)
Purchase of capital assets	(307,157)
Net cash provided (used) by capital and related financing activities	<u>(480,368)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(233,214)
CASH AND CASH EQUIVALENTS - JULY 1	<u>356,494</u>
CASH AND CASH EQUIVALENTS - JUNE 30	\$ <u>123,280</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 120,604
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	142,045
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	5,618
(Increase) decrease in inventory	(2,737)
(Increase) decrease in due from other governments	9,739
(Increase) decrease in due from other funds	-
(Increase) decrease in unamortized deferred refunding	3,444
(Increase) decrease in bond costs	-
(Decrease) increase in accounts payable	(15,138)
(Decrease) increase in accrued payroll	51
(Decrease) increase in accrued interest	-
(Decrease) increase in due to other funds	(16,845)
(Decrease) increase in unamortized bond premium	-
(Decrease) increase in compensated absences	37
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>246,818</u>

See accompanying notes to financial statements.

Statement J

TOWN OF BERWICK, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

		Private-purpose Trust Fund Clark Clement Scholarship
ASSETS		
Cash and cash equivalents	\$	6,318
Investments		30,000
Total assets		36,318
LIABILITIES		
Accounts payable	\$	-
Total liabilities		-
NET POSITION		
Nonspendable		30,000
Restricted		6,318
Total Net Position		36,318
TOTAL LIABILITIES AND NET POSTION		\$ 36,318

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, 2014

		Private-purpose Trust Funds
		Clark Clement Scholarship
<hr/>		
Additions:		
Donations	\$	-
Investment income		24
Total additions		<hr/> 24
<hr/>		
Deductions:		
Scholarships awarded		1,200
Total deductions		<hr/> 1,200
<hr/>		
Change in net position		(1,176)
Net position, beginning of year		<hr/> 37,494
<hr/>		
Net position, end of year	\$	36,318

See accompanying notes to financial statements.

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

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 not component units as described by GASB Statement No. 14 and amended by GASB Statement No. 39.

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 – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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, 2014

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. Component units that are fiduciary in nature have been excluded from these 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 Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- 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.

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2014

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 \$35,000 as of June 30, 2014 for taxes and liens receivables.

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

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.

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

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

Estimated 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 and compensated absences.

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, 2014

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 debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2014, the Town's liability for compensated absences is \$232,740.

N. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds.

Net position is reported as restricted when there are limitations imposed on 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.

O. 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.

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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 \$2,137,080 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 2013 to 2014:

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 119,242	\$ 147,055	\$ (27,813)
Assigned	173,198	440,870	(267,672)
Unassigned	<u>2,137,080</u>	<u>1,617,078</u>	<u>520,002</u>
Subtotal General Fund	<u>2,429,520</u>	<u>2,205,003</u>	<u>224,517</u>
Highway Improvement Reserve:			
Committed	511,139	504,146	6,993
Lena Clark Trust:			
Nonspendable	446,213	402,736	43,477
Restricted	41,338	28,703	12,635
Cemetery Trust:			
Nonspendable	866,076	778,726	87,350
Restricted	<u>8,021</u>	<u>-</u>	<u>8,021</u>
Total Major Funds	\$ <u>4,302,307</u>	\$ <u>3,919,314</u>	\$ <u>382,993</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 3,858	\$ 4,999	\$ (1,141)
Committed	66,076	26,688	39,388
Assigned	51,678	48,201	3,477
Capital Project Funds:			
Committed	544,223	249,654	294,569
Permanent Funds:			
Restricted	<u>17,718</u>	<u>18,479</u>	<u>(761)</u>
Total Nonmajor Funds	\$ <u>683,553</u>	\$ <u>348,021</u>	\$ <u>335,532</u>

P. Revenue Recognition – Property Taxes – Modified Accrual Basis

The Town's property tax for the current year was levied September 3, 2013 on the assessed value listed as of April 1, 2013, for all real and personal property located in the Town. Taxes were due on October 15, 2013 and April 15, 2014. Interest on unpaid taxes commenced on October 16, 2013 and April 16, 2014, at 7% per annum.

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

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Program Revenues

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

R. Operating/Non-operating Proprietary Fund Revenues

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

S. 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.

T. 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.

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2014, cash consisted of the following:

	<u>Carrying amount</u>	<u>Bank balance</u>
Checking, savings, NOW, and certificates of deposit accounts		
Government Funds	223,280	258,775
Cash equivalents	3,766,428	4,260,436
Petty Cash - Government Funds	1,285	1,285
Totals	\$ <u>3,990,993</u>	\$ <u>4,520,496</u>

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.

At June 30, 2014, 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	\$ 1,296,624	-	1,296,624	-
Fixed income	36,548	36,548	-	-
Total Fair Value:	\$ 1,333,172	36,548	1,296,624	-
% 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 market value of an investment. The Town does not have a policy related to interest rate risk.

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

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>Non-Major Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 682,333	\$ -	\$ -	\$ 682,333
Tax Liens	463,295	-	-	463,295
Accounts	40,757	164,261	-	205,018
Intergovernmental	4,738	-	4,884	9,622
Net total receivables	\$ 1,191,123	\$ 164,261	\$ 4,884	\$ 1,360,268

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 \$867,601.

B. Property Taxes

Property taxes for the current year were committed on September 3, 2013, 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 107.0% of the estimated State valuation of \$581,350,000.

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 \$36,551 for the year ended June 30, 2014.

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

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

NOTE 3 – RECEIVABLES (Continued)

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 2014 and 2013 levies:

	<u>2014</u>	<u>2013</u>
Taxable Assessed Value	\$ 621,940,711	\$ 622,291,059
Tax Rate (per \$1,000)	<u>16.05</u>	<u>15.30</u>
Commitment	9,982,148	9,521,053
Supplemental Taxes Assessed	<u>5,858</u>	<u>6,682</u>
	9,988,006	9,527,735
Less: Abatements	2,410	9,697
Collections	<u>9,310,329</u>	<u>8,511,916</u>
Receivable at June 30, 2014 and 2013	675,267	1,006,122
Due Date(s)	1/2 10/15/2013	1/2 10/15/2012
	1/2 4/15/2014	1/2 4/15/2013
Interest Rates on Delinquent Taxes	7.0%	7.0%
Collection Rate	93.2%	89.4%

C. Intergovernmental Receivables

Intergovernmental receivables are comprised of the following:

General fund - FEMA Reimbursement	\$ 4,738
<hr/>	
Other governmental funds:	
Police grants special revenue funds:	
Maine Warden Service ATV grant	2,155
Maine Bureau of Highway Safety OUI grant	2,729
	<hr/>
Total	\$ 9,622
	<hr/>

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

NOTE 4 – INTERFUND ACCOUNTS

Individual interfund loans receivable and payable balances at June 30, 2014 were as follows:

	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>
Governmental Funds:		
General fund	\$ 7,338	\$ 1,501,312
Highway improvement reserve	816,197	-
Enterprise fund	-	2,764
Other governmental funds:		
Special revenue funds:		
Town hall water damage	863	-
T-shirts/hats	327	-
Police grants	-	4,559
Wellness grant	77	-
York Hospital grant	500	-
BEBA	2,091	-
Berwick community TV	66,076	-
Recreation programs	23,541	-
Recreation trips	28,137	-
Capital project funds:		
Civil defense	3,156	-
Highway equipment reserve	292,662	-
Fire department reserve	129,044	-
Recreation improvement reserve	4,613	-
Transfer station reserve	4,103	-
Police department reserve	18,287	-
Town hall reserve	91,638	-
Water department reserve	20,000	-
Permanent funds:		
300th anniversary trust	-	15
Totals:	\$ <u>1,508,650</u>	\$ <u>1,508,650</u>

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.

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

NOTE 4 – INTERFUND ACCOUNTS (Continued)

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

Fund	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ 52,084	\$ 663,319
Highway improvement reserve fund	280,000	-
Lena Clark trust fund	-	6,800
Enterprise fund (water department)	21,634	32,084
Other governmental funds:		
Special revenue funds:		
Recreation fees fund	-	20,000
Capital project funds:		
Highway equipment reserve fund	150,000	-
Fire department reserve fund	137,235	-
Recreation improvement reserve fund	3,150	-
Police department reserve fund	16,300	-
Town Hall reserve fund	61,800	-
Total other governmental funds	368,485	20,000
Totals	\$ 722,203	\$ 722,203

The transfers out comprised of the following:

1. From the General Fund: to provide funds for various capital projects (\$641,685) 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 HVAC system study (\$6,800).
3. From the Enterprise Fund (Water Department): to provide funding for accounting and administrative services provided to the Water Department during fiscal year 2014 (\$32,084).
4. From the Special Revenue Fund's Recreation Fees Fund: to provide funding to offset the recreation operations budget for fiscal year 2014 (\$20,000).

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

NOTE 5 – CAPITAL ASSETS

A summary of capital assets is as follows:

	Balance 6/30/13	Additions & Reclassifications	Deductions & Reclassifications	Balance 6/30/14
<u>Governmental Activities</u>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 552,300	\$ 191,200	\$ (20,500)	\$ 723,000
Works of Art	11,000	-	-	11,000
<i>Total Capital Assets, not being depreciated</i>	<u>563,300</u>	<u>191,200</u>	<u>(20,500)</u>	<u>734,000</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	159,699	4,000	(6,255)	157,444
Buildings and Improvements	944,008	120,399	(3,400)	1,061,007
Machinery and Equipment	1,095,428	63,044	(86,861)	1,071,611
Vehicles	2,201,928	23,494	(27,899)	2,197,523
Infrastructure	3,366,889	311,313	-	3,678,202
<i>Total Capital Assets, being depreciated</i>	<u>7,767,952</u>	<u>522,250</u>	<u>(124,415)</u>	<u>8,165,787</u>
Less Accumulated Depreciation:				
Land Improvements	(134,257)	(4,269)	-	(138,526)
Buildings and Improvements	(416,181)	(87,251)	1,190	(502,242)
Machinery and Equipment	(760,317)	(56,067)	86,861	(729,523)
Vehicles	(1,356,205)	(105,900)	27,899	(1,434,206)
Infrastructure	(248,202)	(70,126)	-	(318,328)
Total Accumulated Depreciation	<u>(2,915,162)</u>	<u>(323,613)</u>	<u>115,950</u>	<u>(3,122,825)</u>
Total Capital Assets, being depreciated, net	<u>4,852,790</u>	<u>198,637</u>	<u>(8,465)</u>	<u>5,042,962</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,416,090</u>	<u>\$ 389,837</u>	<u>\$ (28,965)</u>	<u>\$5,776,962</u>

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

	<u>2014</u>	<u>2013</u>
Administration	\$ 10,287	\$ 9,468
Police	47,870	49,857
Fire	86,018	84,638
Public Works	167,515	124,076
Recreation	3,315	2,841
Recycling	907	908
Town-wide	<u>7,701</u>	<u>6,548</u>
Total depreciation expense	<u>\$ 323,613</u>	<u>\$ 278,336</u>

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

NOTE 5 – CAPITAL ASSETS (continued)

	Balance 6/30/13	Additions & Reclassifications	Deductions & Reclassifications	Balance 6/30/14
<u>Business-type activities</u>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 48,646	\$ -	\$ -	\$ 148,646
Construction in progress	12,469		(12,469)	-
<i>Total Capital Assets, not being depreciated</i>	<u>161,115</u>	<u>-</u>	<u>(12,469)</u>	<u>148,646</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	-	-	-	-
Buildings and Improvements	1,475,014	-	-	1,475,014
Machinery and Equipment	1,097,669	2,029	-	1,099,698
Vehicles	29,668	-	-	29,668
Infrastructure	3,702,984	317,596	-	4,020,580
<i>Total Capital Assets, being depreciated</i>	<u>6,305,335</u>	<u>319,625</u>	<u>-</u>	<u>6,624,960</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(726,780)	(35,876)	-	(762,656)
Machinery and Equipment	(494,700)	(28,871)	-	(523,571)
Vehicles	(20,768)	(2,967)	-	(23,735)
Infrastructure	(1,069,909)	(71,929)	-	(1,141,838)
Total Accumulated Depreciation	<u>(2,312,157)</u>	<u>(139,643)</u>	<u>-</u>	<u>(2,451,800)</u>
Total Capital Assets, being depreciated, net	<u>3,993,178</u>	<u>179,982</u>	<u>-</u>	<u>4,173,160</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,154,293</u>	<u>\$ 179,982</u>	<u>\$ (12,469)</u>	<u>\$ 4,321,806</u>

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, 2014, the Town was in compliance with these limitations.

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

NOTE 6 – LONG TERM DEBT (Continued)

B. Changes in Long-term Debt

Long-term liability activity for the year ended June 30, 2014, was as follows:

Governmental activities:

	Balance 7/1/2013	Additions	Deletions	6/30/2014	Current Portion
Accrued compensated absences	\$ 212,462	\$ 47,081	\$ (44,961)	\$ 214,582	\$ -
	<u>\$ 212,462</u>	<u>\$ 47,081</u>	<u>\$ (44,961)</u>	<u>\$ 214,582</u>	<u>\$ -</u>

Business-type activities:

	Balance 7/1/2013	Additions	Deletions	6/30/2014	Current Portion
Bonds payable	\$ 1,258,391	\$ -	\$ (132,801)	\$ 1,125,590	\$ 133,852
Accrued compensated absences	\$ 18,121	\$ 2,466	\$ (2,429)	\$ 18,158	\$ -
	<u>\$ 1,276,512</u>	<u>\$ 2,466</u>	<u>\$ (135,230)</u>	<u>\$ 1,143,748</u>	<u>\$ 133,852</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, 2014

NOTE 6 – LONG TERM DEBT (Continued)

The following is a summary of outstanding bonds payable at June 30, 2014:

	Business-type Activities
\$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.	\$ 418,740
\$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.	313,360
\$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. Semi-annual principal payments are either \$500 or \$11,226.	123,490
\$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.	270,000
	\$ 1,125,590

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:

Year	Principal	Interest	Total Debt Service
2015	\$ 133,852	\$ 24,297	\$ 158,149
2016	134,951	22,527	157,478
2017	136,100	20,678	156,778
2018	137,300	18,732	156,032
2019	138,555	16,868	155,423
2020-2024	326,228	55,169	381,397
2025-2027	118,604	10,814	129,418
	\$ 1,125,590	\$ 169,085	\$ 1,294,675

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

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 \$214,582 for governmental activities at June 30, 2014 and \$18,158 for business-type activities at June 30, 2014, is expected to be paid in future years from future resources.

Long-term compensated absences as of June 30, 2014, are comprised of the following:

<u>Type of Leave</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Sick paid upon termination	\$ 136,342	\$ 14,621
Vacation	49,476	3,289
Annual Leave (Police Union)	21,559	-
Compensatory time	<u>7,204</u>	<u>247</u>
Totals:	<u>\$ 214,582</u>	<u>\$ 18,158</u>

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 will have a significant impact on the liability in future years.

NOTE 7 – EXPENDITURES OVER APPROPRIATION

The following expenditures were overspent at June 30, 2014:

Public works	\$ 5,083
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This overage was due to a year end change in inventory. Without the change in inventory, the public works budget would have come in under budget.

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

NOTE 8 – COMPONENTS OF FUND BALANCES

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

	Nonspendable	Restricted	Committed	Assigned
General Fund:				
Tax acquired property	\$ 2,979	\$ -	\$ -	\$ -
Prepaid expenses	46,059	-	-	-
Inventory	70,204	-	-	-
Contingency	-	-	-	20,312
FY15 capital funding	-	-	-	105,000
Triumph restoration	-	-	-	4,138
Unfunded liability (accrd comp)	-	-	-	23,000
Recreation donation	-	-	-	858
Emergency management	-	-	-	312
Update properties	-	-	-	5,000
ADA repairs and modifications	-	-	-	11,004
EPA stormwater	-	-	-	3,574
Special Revenue Funds:				
Town Hall water damage	-	863	-	-
Tee shirts	-	327	-	-
Wellness incentive grant	-	77	-	-
York Hospital grant	-	500	-	-
BEBA fuel assistance	-	2,091	-	-
Cable TV	-	-	66,076	-
Recreation - Summer programs	-	-	-	23,541
Recreation - trips	-	-	-	28,137
Capital Project Funds:				
Highway improvement reserve	-	-	511,139	-
Civil defense	-	-	3,156	-
Highway equipment reserve	-	-	292,662	-
Fire Department reserve	-	-	114,044	-
Recreation improvement reserve	-	-	4,613	-
Transfer Station reserve	-	-	4,103	-
Police Department reserve	-	-	18,287	-
Town Hall reserve	-	-	87,358	-
Water Department reserve	-	-	20,000	-

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

NOTE 8 – COMPONENTS OF FUND BALANCES (Continued)

	Nonspendable	Restricted	Committed	Assigned
Permanent Funds:				
Lena Clark trust	446,213	41,338	-	-
Cemetery trust	866,076	8,021	-	-
McCue Lord trust	-	1,189	-	-
Lord's cemetery trust	-	1,189	-	-
300th anniversary	-	2,768	-	-
Monument fund	-	835	-	-
Webster cemetery	-	4,199	-	-
Lena Clark Cemetery Road	-	7,538	-	-
Total governmental funds:	\$ 1,431,531	\$ 70,935	\$ 1,121,438	\$ 224,876

NOTE 9 – RISK MANAGEMENT

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

Currently, the Town participates in a public entity risk pool 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, 2014.

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.

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

NOTE 9 – RISK MANAGEMENT (Continued)

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, 2014. 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 10 – PENSION PLANS

A. Maine PERS – Consolidated Plan

Description of Plan – The Town contributes to the Maine Public Employees Retirement System Consolidate Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. The Maine Public Employees Retirement System (Maine PERS) provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to established and amend benefit provisions rests with the State Legislature. 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 by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, ME 04333-0046 or by calling 1-800-451-9800.

Funding Policy – Plan members are required to contribute 6.5% 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 6.5% and 12.8% of annual covered payroll. The contribution rates of plan members and the Town of Berwick are established and may be amended by the Maine PERS 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, 2014 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 \$222,304, \$183,262 and \$183,981 for the years ended June 30, 2014, 2013 and 2012, respectively.

B. Deferred Compensation Plan

Description of Plan -- The Town of Berwick offers all its employees not participating in Maine PERS 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.

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

NOTE 10 – PENSION PLANS (Continued)

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 Maine PERS, 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 2014, 2013, and 2012 were \$66,442, \$59,710, and \$58,863, respectively.

C. Other Retirement Contributions

Additionally, the Town participates in the Social Security Retirement Program. The Town’s contributions to Social Security were \$143,319, \$132,592, and \$148,641 for the years ended June 30, 2014, 2013, and 2012.

NOTE 11 – 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, 2014, the Town’s share was approximately:

	Outstanding Debt	Town's Percentage	Total Share
County of York	\$ 7,900,000	2.03%	\$ 159,975
MSAD No. 60	10,249,639	38.93%	3,990,184
			\$ 4,150,159

NOTE 12 – 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.

TOWN OF BERWICK, MAINE
Notes to Basic Financial Statements
June 30, 2014

NOTE 13 – 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.

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

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, 2014

	General Fund			Variance with final budget positive (negative)
	Budgeted amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 11,072,140	\$ 11,072,140	\$ 11,235,876	\$ 163,736
Licenses and permits	6,000	6,000	7,290	1,290
Intergovernmental	642,286	642,286	610,065	(32,221)
Interest income	42,000	42,000	55,048	13,048
Charges for services	61,000	61,000	90,036	29,036
Other revenues	275,000	275,000	13,878	(261,122)
Total revenues	12,098,426	12,098,426	12,012,193	(86,233)
Expenditures:				
Current:				
General government	1,102,864	1,102,864	1,015,634	87,230
Public safety	2,101,559	2,101,559	2,028,740	72,819
Public works	641,110	641,110	646,193	(5,083)
Recreation and culture	183,538	183,538	169,865	13,673
Education	6,399,697	6,399,697	6,399,697	-
County tax	351,890	351,890	351,890	-
Health and welfare	547,811	547,811	482,441	65,370
Outside appropriations	59,567	59,567	41,026	18,541
Unclassified	112,551	303,421	40,955	262,466
Total expenditures	11,500,587	11,691,457	11,176,441	515,016
Excess (deficiency) of revenues over (under) expenditures	597,839	406,969	835,752	428,783
Other financing sources (uses):				
Utilization of assigned fund balance	-	190,870	-	(190,870)
Transfers in from water department	45,480	45,480	32,084	(13,396)
Transfers in from special revenue funds	20,000	20,000	20,000	-
Transfers to highway improvement reserve	(280,000)	(280,000)	(280,000)	-
Transfers to capital projects fund	(361,685)	(361,685)	(361,685)	-
Transfers to water department	(21,634)	(21,634)	(21,634)	-
Total other financing sources (uses)	(597,839)	(406,969)	(611,235)	(204,266)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses - budgetary basis	-	-	224,517	224,517
Net change in fund balance			224,517	
Fund balances, beginning of year			2,205,003	
Fund balances, end of year	\$		2,429,520	

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, 2014 and 2013

	2014	2013
ASSETS		
Cash	\$ 101,285	\$ 560,073
Investments	3,720,219	2,413,974
Receivables:		
Accounts	40,757	9,971
Taxes (net of allowance for uncollectibles \$35,000)	682,333	776,677
Tax liens	463,295	391,872
Due from other governments	4,738	15,589
Tax acquired property	2,979	2,979
Prepaid expenses	46,059	51,870
Inventory	70,204	92,206
Due from other funds	7,338	19,609
Total assets	\$ 5,139,207	\$ 4,334,820
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 154,344	\$ 201,628
Accrued wages and benefits	46,415	36,919
Due to other governments	26,375	115
Other liabilities	113,640	161,148
Due to other funds	1,501,312	858,234
Total liabilities	1,842,086	1,258,044
Deferred inflows of resources:		
Deferred tax revenues	867,601	871,773
Total deferred inflows of resources	867,601	871,773
Fund balance:		
Nonspendable	119,242	147,055
Restricted	-	-
Committed	-	-
Assigned	173,198	440,870
Unassigned	2,137,080	1,617,078
Total fund balance	2,429,520	2,205,003
Total liabilities and fund balance	\$ 5,139,207	\$ 4,334,820

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, 2014

(with comparative actual amounts for the year ended June 30, 2013)

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 9,982,140	\$ 10,018,170	\$ 36,030	\$ 9,293,705
Change in deferred property tax revenue	-	4,172	4,172	-
Excise taxes	1,090,000	1,213,534	123,534	1,099,488
Total taxes	11,072,140	11,235,876	163,736	10,393,193
Licenses and permits:				
Town clerk fees	6,000	7,290	1,290	6,094
Total licenses and permits	6,000	7,290	1,290	6,094
Intergovernmental:				
State revenue sharing	433,800	373,177	(60,623)	483,584
Homestead exemption	125,109	151,804	26,695	127,816
BETE reimbursement	41,177	41,203	26	5,030
General assistance	17,500	16,338	(1,162)	20,594
Safer grant	-	-	-	6,332
Other state grants	24,700	27,543	2,843	25,539
FEMA reimbursement	-	-	-	28,428
Total intergovernmental	642,286	610,065	(32,221)	697,323
Interest and costs on taxes	40,000	49,926	9,926	41,650
Investment income	2,000	5,122	3,122	2,241
Total interest income	42,000	55,048	13,048	43,891
Charges for services:				
Recreation fees	-	-	-	(9,973)
Planning fees	13,000	26,207	13,207	15,969
Fire and rescue fees	-	165	165	-
Miscellaneous public works	-	-	-	10,461
Transfer station fees	34,000	38,788	4,788	34,555
Police fees, fines and outside work	14,000	24,876	10,876	22,058
Total charges for services	61,000	90,036	29,036	73,070

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

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Revenues, continued:				
Other revenues:				
Miscellaneous	25,000	13,878	(11,122)	72,645
Use of surplus	250,000	-	(250,000)	-
Total other revenues	275,000	13,878	(261,122)	72,645
Total revenues	12,098,426	12,012,193	(86,233)	11,286,216
Expenditures:				
Current:				
General government:				
General expense account	214,328	197,782	16,546	268,623
Assessing	76,600	72,907	3,693	88,215
Town administration	561,476	504,139	57,337	490,747
Town Hall	130,710	124,476	6,234	123,439
Planning	119,750	116,330	3,420	101,909
Total general government	1,102,864	1,015,634	87,230	1,072,933
Public safety:				
Police department	1,365,472	1,306,014	59,458	1,251,264
Fire department	553,731	540,370	13,361	499,500
Hydrants	182,356	182,356	-	182,356
Total public safety	2,101,559	2,028,740	72,819	1,933,120
Public works:				
Highway	641,110	646,193	(5,083)	529,789
Total public works	641,110	646,193	(5,083)	529,789
Recreation and Culture:				
Parks & Recreation	105,538	91,865	13,673	91,739
Berwick Library Association	78,000	78,000	-	72,500
Total recreation	183,538	169,865	13,673	164,239
Education	6,399,697	6,399,697	-	6,390,036

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

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
County Tax	351,890	351,890	-	319,310
Health and Welfare:				
Refuse disposal	473,811	424,527	49,284	397,384
General assistance	35,000	18,914	16,086	36,066
Sewer District	39,000	39,000	-	39,000
Total health and welfare	547,811	482,441	65,370	472,450
Outside Appropriations:				
Ambulance service	35,287	17,891	17,396	34,908
Nursing service	7,000	7,000	-	6,968
Sexual Assault Response Services	1,000	-	1,000	1,000
York County Shelter	-	-	-	1,000
Christmas decorations	630	485	145	518
Memorial Day parade	1,200	1,200	-	1,200
Seacoast Shipyard Association	500	500	-	500
So. Maine Area Agency on Aging	2,200	2,200	-	2,200
York County Community Action	-	-	-	2,000
Caring Unlimited	2,000	2,000	-	1,920
Counseling Service	-	-	-	2,000
Child Abuse Prevention	-	-	-	300
Coast Bus Service	8,500	8,500	-	6,810
American Legion	-	-	-	1,500
Table of Plenty	1,000	1,000	-	750
Miscellaneous	250	250	-	-
Total outside appropriations	59,567	41,026	18,541	63,574
Unclassified				
Operating contingency	30,000	9,688	20,312	13,464
Unfunded liability	23,000	-	23,000	-
Federal stormwater program	26,230	22,657	3,573	14,148
Economic development	5,127	5,070	57	19,873
Surveys	31,163	-	31,163	-
Property tax assistance ordinance	-	-	-	1,232
Emergency management	350	38	312	390
Recreation donation	858	-	858	-
ADA repairs/modifications	11,004	-	11,004	-
Update of properties	5,000	-	5,000	-
Triumph restoration	4,138	-	4,138	-
Purchase of Prime land	130,000	-	130,000	-
Overlay	36,551	3,502	33,049	9,697
Total unclassified	303,421	40,955	262,466	58,804

SCHEDULE A-2, Cont.

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

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Total expenditures	11,691,457	11,176,441	515,016	11,004,255
Excess of revenues over expenditures	406,969	835,752	428,783	281,961
Other financing sources (uses):				
Utilization of assigned fund balance	190,870	-	(190,870)	-
Transfers to highway improvement reserve	(280,000)	(280,000)	-	(320,000)
Transfer to special revenue funds	-	-	-	(41,696)
Transfers to capital projects fund	(361,685)	(361,685)	-	(55,000)
Transfers to water department	(21,634)	(21,634)	-	(21,634)
Transfer in from special revenue fund	20,000	20,000	-	10,000
Transfers in from water department	45,480	32,084	(13,396)	30,000
Total other financing sources (uses)	(406,969)	(611,235)	(204,266)	(398,330)
Excess of revenues and other financing sources over expenditures and other uses - budgetary basis	-	224,517	224,517	(116,369)
Net change in fund balance		224,517		(116,369)
Fund balance, beginning of year		2,205,003		2,321,372
Fund balance, end of year	\$	2,429,520		2,205,003

See accompanying notes to financial statements.

TOWN OF BERWICK, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 17,733	\$ 17,733
Due from other governments	4,884	-	-	4,884
Due from other funds	121,612	563,503	-	685,115
Total assets	\$ 126,496	\$ 563,503	\$ 17,733	\$ 707,732
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 325	\$ 19,280	\$ -	\$ 19,605
Due to other funds	4,559	-	15	4,574
Total liabilities	4,884	19,280	15	24,179
Fund balances:				
Nonspendable	-	-	-	-
Restricted	3,858	-	17,718	21,576
Committed	66,076	544,223	-	610,299
Assigned	51,678	-	-	51,678
Unassigned	-	-	-	-
Total fund balance	121,612	544,223	17,718	683,553
Total liabilities and fund balances	\$ 126,496	\$ 563,503	\$ 17,733	\$ 707,732

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, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ 26	\$ 26
Intergovernmental	4,884	-	-	4,884
Charges for services	115,525	-	738	116,263
Other revenue	-	-	500	500
Total revenues	120,409	-	1,264	121,673
Expenditures:				
Capital outlay	-	73,609	-	73,609
Other	58,685	307	2,025	61,017
Total expenditures	58,685	73,916	2,025	134,626
Excess (deficiency) of revenues over (under) expenditures	61,724	(73,916)	(761)	(12,953)
Other financing sources (uses):				
Operating transfer in	-	368,485	-	368,485
Operating transfer (out)	(20,000)	-	-	(20,000)
Total other financing sources (uses)	(20,000)	368,485	-	348,485
Net change in fund balances	41,724	294,569	(761)	335,532
Fund balances, beginning of year	79,888	249,654	18,479	348,021
Fund balances, end of year	\$ 121,612	\$ 544,223	\$ 17,718	\$ 683,553

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.

TOWN OF BERWICK, MAINE
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2014

(with comparative actual amounts for the year ended June 30, 2013)

	Town Hall						Berwick			Totals	
	Water	Tee	Police	Wellness	York		Community	Recreation	Recreation	2014	2013
	Damage	Shirts	Grants	Incentive	Hospital	BEBA	Televison	Fees	Trips		
ASSETS											
Cash and cash equivalents	\$	-	-	-	-	-	-	-	-	-	-
Due from other governments		-	4,884	-	-	-	-	-	-	4,884	-
Due from other funds		863	327	-	77	500	2,091	66,076	23,541	28,137	121,612
Total assets	\$	863	327	4,884	77	500	2,091	66,076	23,541	28,137	126,496
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$	-	-	325	-	-	-	-	-	-	325
Due to other funds		-	-	4,559	-	-	-	-	-	-	4,559
Total liabilities		-	-	4,884	-	-	-	-	-	-	4,884
Fund balances:											
Nonspendable		-	-	-	-	-	-	-	-	-	-
Restricted		863	327	-	77	500	2,091	-	-	-	3,858
Committed		-	-	-	-	-	66,076	-	-	-	66,076
Assigned		-	-	-	-	-	-	23,541	28,137	-	51,678
Unassigned		-	-	-	-	-	-	-	-	-	-
Total fund balances		863	327	-	77	500	2,091	66,076	23,541	28,137	121,612
Total liabilities and fund balances	\$	863	327	4,884	77	500	2,091	66,076	23,541	28,137	126,496

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
For the Year Ended June 30, 2014
(with comparative actual amounts for the year ended June 30, 2013)

	Town Hall Water Damage	Tee Shirts	Police Grants	Wellness Incentive	York Hospital	BEBA	Berwick Community Television	Recreation Fees	Recreation Trips	Totals	
										2014	2013
Revenues:											
Intergovernmental	\$ -	-	4,884	-	-	-	-	-	-	4,884	-
Charges for services	-	85	-	-	-	655	50,519	23,127	41,139	115,525	129,701
Total revenues	-	85	4,884	-	-	655	50,519	23,127	41,139	120,409	129,701
Expenditures:											
Program expense	-	-	4,884	85	-	1,796	11,131	4,113	36,676	58,685	81,509
Total expenditures	-	-	4,884	85	-	1,796	11,131	4,113	36,676	58,685	81,509
Excess (deficiency) of revenues over (under) expenditures	-	85	-	(85)	-	(1,141)	39,388	19,014	4,463	61,724	48,192
Other financing sources:											
Transfers - in	-	-	-	-	-	-	-	-	-	-	41,696
Transfers - out	-	-	-	-	-	-	-	(20,000)	-	(20,000)	(10,000)
Total other financing sources	-	-	-	-	-	-	-	(20,000)	-	(20,000)	31,696
Net change in fund balance	-	85	-	(85)	-	(1,141)	39,388	(986)	4,463	41,724	79,888
Fund balances, beginning of year	863	242	-	162	500	3,232	26,688	24,527	23,674	79,888	-
Fund balances, end of year	\$ 863	327	-	77	500	2,091	66,076	23,541	28,137	121,612	79,888

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.

TOWN OF BERWICK, MAINE
Combining Balance Sheet
Capital Project Funds
June 30, 2014

(with comparative actual amounts for the year ended June 30, 2013)

		Civil Defense	Highway Equipment Reserve	Fire Department Reserve	Recreation Improvement Reserve	Transfer Station Reserve	Police Department Reserve	Town Hall Reserve	Water Department Reserve	Totals	
										2014	2013
ASSETS											
Cash and cash equivalents	\$	-	-	-	-	-	-	-	-	-	-
Due from other funds		3,156	292,662	129,044	4,613	4,103	18,287	91,638	20,000	563,503	252,424
Total assets	\$	3,156	292,662	129,044	4,613	4,103	18,287	91,638	20,000	563,503	252,424
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$	-	-	15,000	-	-	-	4,280	-	19,280	2,770
Due to other funds		-	-	-	-	-	-	-	-	-	-
Total liabilities		-	-	15,000	-	-	-	4,280	-	19,280	2,770
Fund balances:											
Nonspendable		-	-	-	-	-	-	-	-	-	-
Restricted		-	-	-	-	-	-	-	-	-	-
Committed		3,156	292,662	114,044	4,613	4,103	18,287	87,358	20,000	544,223	249,654
Assigned		-	-	-	-	-	-	-	-	-	-
Unassigned		-	-	-	-	-	-	-	-	-	-
Total fund balances		3,156	292,662	114,044	4,613	4,103	18,287	87,358	20,000	544,223	249,654
Total liabilities and fund balances	\$	3,156	292,662	129,044	4,613	4,103	18,287	91,638	20,000	563,503	252,424

See accompanying notes to financial statements.

TOWN OF BERWICK, MAINE
Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014
(with comparative actual amounts for the year ended June 30, 2013)

	Civil Defense	Highway Equipment Reserve	Fire Department Reserve	Recreation Improvement Reserve	Transfer Station Reserve	Police Department Reserve	Town Hall Reserve	Water Department Reserve	Totals	
									2014	2013
Revenues:										
Intergovernmental	\$ -	-	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	-	-	-	8,837
Total revenues	-	-	-	-	-	-	-	-	-	8,837
Expenditures:										
Program expense	107	-	-	-	-	200	-	-	307	-
Capital outlay	-	4,999	24,259	325	-	30,102	13,924	-	73,609	43,907
Total expenditures	107	4,999	24,259	325	-	30,302	13,924	-	73,916	43,907
Excess (deficiency) of revenues over (under) expenditures	(107)	(4,999)	(24,259)	(325)	-	(30,302)	(13,924)	-	(73,916)	(35,070)
Other financing sources:										
Transfers - in	-	150,000	137,235	3,150	-	16,300	61,800	-	368,485	55,000
Transfers - out	-	-	-	-	-	-	-	-	-	-
Total other financing sources	-	150,000	137,235	3,150	-	16,300	61,800	-	368,485	55,000
Net change in fund balance	(107)	145,001	112,976	2,825	-	(14,002)	47,876	-	294,569	19,930
Fund balances, beginning of year	3,263	147,661	1,068	1,788	4,103	32,289	39,482	20,000	249,654	229,724
Fund balances, end of year	\$ 3,156	292,662	114,044	4,613	4,103	18,287	87,358	20,000	544,223	249,654

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.

SCHEDULE H

TOWN OF BERWICK, MAINE
Combining Balance Sheet
Permanent Funds
For the Year Ended June 30, 2014
(with comparative actual amounts for the year ended June 30, 2013)

	McCue Lord Trust	Lord's Cemetery Maintenance	300th Anniversary	Monument Fund	Webster Cemetery	Lena Clark Cemetery Road	Totals	
							2014	2013
ASSETS								
Cash and cash equivalents	\$ 1,189	1,189	2,783	835	4,199	7,538	17,733	-
Due from other funds	-	-	-	-	-	-	-	21,777
Total assets	1,189	1,189	2,783	835	4,199	7,538	17,733	21,777
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ -	-	-	-	-	-	-	3,298
Due to other funds	-	-	15	-	-	-	15	-
Total liabilities	-	-	15	-	-	-	15	3,298
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	1,189	1,189	2,768	835	4,199	7,538	17,718	18,479
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	1,189	1,189	2,768	835	4,199	7,538	17,718	18,479
Total liabilities and and fund balances	\$ 1,189	1,189	2,783	835	4,199	7,538	17,733	21,777

See accompanying notes to financial statements.

SCHEDULE I

TOWN OF BERWICK, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Permanent Funds
For the Year Ended June 30, 2014
(with comparative actual amounts for the year ended June 30, 2013)

	McCue Lord Trust	Lord's Cemetery Maintenance	300th Anniversary	Monument Fund	Webster Cemetery	Lena Clark Cemetery Road	Totals		
							2014	2013	
Revenues:									
Investment income	\$ 2	2	5	1	6	10	26	39	
Donations	-	-	500	-	-	-	500	9,950	
Other	-	-	738	-	-	-	738	-	
Total revenues	2	2	1,243	1	6	10	1,264	9,989	
Expenditures:									
Other miscellaneous	-	-	2,025	-	-	-	2,025	13,248	
Total expenditures	-	-	2,025	-	-	-	2,025	13,248	
Net change in fund balance	2	2	(782)	1	6	10	(761)	(3,259)	
Fund balances, beginning of year	1,187	1,187	3,550	834	4,193	7,528	18,479	21,738	
Fund balances, end of year	\$ 1,189	1,189	2,768	835	4,199	7,538	17,718	18,479	

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, 2014
 (with comparative actual amounts for the year ended June 30, 2013)

Function and Activity	Land and Non-depreciable Assets	Buildings, Bldg Imprvmnts, & Land Imprvmnts	Furniture Fixtures, Equipment, & Vehicles	Infrastructure	Totals	
					2014	2013
Administration	\$ -	-	128,732	-	128,732	287,602
Recycling	98,100	36,301	-	-	134,401	134,401
Fire	77,200	129,115	1,701,123	-	1,907,438	1,896,395
Police	-	394,290	439,980	-	834,270	637,256
Public Works	74,200	217,084	989,215	3,678,202	4,958,701	4,577,279
Recreation	58,200	158,363	10,084	-	226,647	223,752
Water	148,646	1,475,014	1,129,366	4,020,580	6,773,606	6,466,450
Town Wide	426,300	283,298	-	-	709,598	574,567
Total governmental fund capital assets	882,646	2,693,465	4,398,500	7,698,782	15,673,393	14,797,702
Less: Accumulated Depreciation	-	(1,421,068)	(2,711,035)	(1,442,522)	(5,574,625)	(5,227,319)
Net governmental fund capital assets	\$ 882,646	1,272,397	1,687,465	6,256,260	10,098,768	9,570,383

See accompanying notes to financial statements.

SCHEDULE K

TOWN OF BERWICK, MAINE
Schedule of Changes in Governmental Funds Capital Assets - By Function and Activity
For the Year Ended June 30, 2014

Function and Activity	Balance 2013	Additions / Reclass	Deletions / Reclass	Balance 2014
Administration	\$ 287,602	14,297	(173,167)	128,732
Recycling	134,401	-	-	134,401
Fire	1,896,395	11,043	-	1,907,438
Police	637,256	224,913	(27,899)	834,270
Public Works	4,577,279	462,702	(81,280)	4,958,701
Recreation	223,752	2,895	-	226,647
Water	6,466,450	319,625	(12,469)	6,773,606
Town Wide	574,567	362,786	(227,755)	709,598
Total governmental fund capital assets	14,797,702	1,398,261	(522,570)	15,673,393
Less: Accumulated Depreciation	(5,227,319)	(463,256)	115,950	(5,574,625)
Net governmental fund capital assets	\$ 9,570,383	935,005	(406,620)	10,098,768

See accompanying notes to financial statements.