

Audited Financial Statements

Town of Newcastle, Maine

June 30, 2015



Proven Expertise and Integrity

TOWN OF NEWCASTLE, MAINE

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JUNE 30, 2015

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Proven Expertise and Integrity
INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Newcastle
Newcastle, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Newcastle, Maine, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Newcastle, Maine as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 36 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 Newcastle, 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 20-A MRSA §6051, Sub-chapter 1(K) of the Maine Revised Statutes as amended, and is also 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
October 23, 2015

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

(UNAUDITED)

The following management's discussion and analysis of the Town of Newcastle, Maine's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2015. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the above mentioned financial statements have one column for the Town's one type of activity. The type of activity presented for the Town of Newcastle is:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, health and welfare, public works, education, and other unclassified.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Newcastle, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Newcastle are categorized as governmental funds.

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

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

The Town of Newcastle presents two columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other

funds are shown as nonmajor and are combined in the “All Nonmajor Funds” column on these statements.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position increased by \$469,904 from \$2,899,756 to \$3,369,660.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a balance of \$843,876.

Table 1
Town of Newcastle, Maine
Net Position
June 30,

	<u>2015</u>	<u>2014</u>
Assets:		
Current and Other Assets	\$ 1,102,778	\$ 882,251
Capital Assets	3,190,540	3,162,169
Total Assets	<u>4,293,318</u>	<u>4,044,420</u>
Liabilities:		
Current Liabilities	249,829	234,478
Long-term Debt Outstanding	605,063	843,757
Total Liabilities	<u>854,892</u>	<u>1,078,235</u>
Deferred Inflows of Resources:		
Prepaid taxes	68,766	66,429
Total Deferred Inflows of Resources	<u>68,766</u>	<u>66,429</u>
Net Position:		
Net Investment in Capital Assets	2,348,415	2,091,005
Restricted:		
General fund	44,617	43,561
Permanent funds	132,752	170,112
Unrestricted	843,876	595,078
Total Net Position	<u>\$ 3,369,660</u>	<u>\$ 2,899,756</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 7.81%, while total expenses increased by 5.32%. The increase in revenues was mainly due to property taxes. Expenses increased across nearly all the categories partially offset by decreases in health and welfare, public works and interest on long-term debt.

Table 2
Town of Newcastle, Maine
Change in Net Position
For the years ended June 30,

	<u>2015</u>	<u>2014</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 36,490	\$ 51,275
Operating grants & contributions	37,368	40,772
<i>General Revenues:</i>		
Property taxes	4,358,577	3,936,110
Excise taxes	328,943	312,616
Grants and contributions not restricted to specific programs	195,070	181,188
Miscellaneous	45,990	117,957
Total Revenues	<u>5,002,438</u>	<u>4,639,918</u>
Expenses		
General government	341,199	325,581
Public safety	208,848	204,690
Health and welfare	106,961	114,331
Public works	312,472	327,688
County tax	343,043	325,960
Education	2,904,986	2,793,077
Interest on long-term debt	37,113	47,753
Unclassified	277,912	164,647
Total Expenses	<u>4,532,534</u>	<u>4,303,727</u>
Change in Net Position	469,904	336,191
Net Position - July 1	<u>2,899,756</u>	<u>2,563,565</u>
Net Position - June 30	<u>\$ 3,369,660</u>	<u>\$ 2,899,756</u>

Financial Analysis of the Town's Fund Statements

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

Table 3
Town of Newcastle, Maine
Fund Balances - Governmental Funds
June 30,

	<u>2015</u>	<u>2014</u>
General Fund:		
Restricted	\$ 44,617	\$ 43,561
Committed	77,563	-
Unassigned	380,331	193,458
Total General Fund	<u>\$ 502,511</u>	<u>\$ 237,019</u>
Nonmajor Funds:		
Special Revenue Funds:		
Assigned	\$ 29,772	\$ 37,878
Capital Project Funds:		
Committed	62,691	127,640
Assigned	42,195	44,825
Permanent Funds:		
Restricted	132,752	170,112
Unassigned	-	(363)
Total Nonmajor Funds	<u>\$ 267,410</u>	<u>\$ 380,092</u>

The general fund total fund balance increased by \$265,492 from the prior fiscal period. The non-major fund balances decreased by \$112,682 from the prior fiscal period.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund. However, adjustments to the original budget include special town meetings and applied receipts.

The general fund actual revenues exceeded the budget by \$52,916. This was mainly a result of excise taxes, state revenue sharing and miscellaneous revenues being received over budget.

The general fund actual expenditures were under budget by \$193,839. All expenditure categories were under budget.

Capital Asset and Long-Term Debt Administration

Capital Assets

As of June 30, 2015, the net book value of capital assets recorded by the Town increased by \$28,371. This increase was due to capital additions of \$149,100 less current year depreciation expense of \$120,729.

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

	<u>2015</u>	<u>2014</u>
Land and improvements	\$ 131,165	\$ 131,165
Buildings and improvements	545,871	568,522
Equipment & vehicles	523,861	554,189
Infrastructure	<u>1,989,643</u>	<u>1,908,293</u>
Total	<u>\$ 3,190,540</u>	<u>\$ 3,162,169</u>

Debt

At June 30, 2015, the Town had notes outstanding in the amount of \$808,943 versus \$1,020,929 last year. Other obligations include capital leases payable. Refer to Note 5 of Notes to Financial Statements.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance is below a level sufficient to sustain government operations for a period of approximately two months, however the Town maintains reserves for future operations, capital and program needs. The Town is working to rebuild unassigned fund balance to a sufficient level.

To further promote and ensure the financial well-being and fiscal stability of the Town, Newcastle adopted a Fund Balance Policy in October of 2008. The Town's management designed the policy around maintaining an appropriate level of Unassigned Fund Balance with the intent to reduce the need for borrowing, protect and enhance the Town's Bond Rating and to provide the funds necessary to meet the Town's near-term operating obligations. The policy requires that a surplus minimum be maintained equal to 1/12th or 8% of the Town's General Fund Budget, but not to exceed 15%. At June 30, 2015, the Town maintained balances below the minimum level. The

policy also includes a provision for the suggested utilization of excess funds on additional capital improvement needs and tax rate stabilization or reduction purposes.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at 4 Pump Street, P.O. Box 386, Newcastle, Maine 04553-0386.

TOWN OF NEWCASTLE, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 713,188
Investments	100,090
Accounts receivable (net of allowance for uncollectibles):	
Taxes	15,641
Liens	266,507
Other	7,352
Total current assets	<u>1,102,778</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	131,165
Infrastructure, buildings and vehicles net of accumulated depreciation	3,059,375
Total noncurrent assets	<u>3,190,540</u>
TOTAL ASSETS	<u><u>\$ 4,293,318</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 10,530
Accrued payroll liabilities	907
Due to other governments	1,330
Current portion of long-term obligations	237,062
Total current liabilities	<u>249,829</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes payable	590,805
Capital leases payable	14,258
Total noncurrent liabilities	<u>605,063</u>
TOTAL LIABILITIES	<u>854,892</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	68,766
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>68,766</u>
NET POSITION	
Net investment in capital assets	2,348,415
Restricted:	
General fund	44,617
Permanent funds	132,752
Unrestricted	843,876
TOTAL NET POSITION	<u>3,369,660</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 4,293,318</u></u>

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

TOWN OF NEWCASTLE, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Governmental activities:					
General government	\$ 341,199	\$ 35,760	\$ -	\$ -	\$ (305,439)
Public safety	208,848	730	-	-	(208,118)
Health and welfare	106,961	-	-	-	(106,961)
Public works	312,472	-	37,368	-	(275,104)
County tax	343,043	-	-	-	(343,043)
Education	2,904,986	-	-	-	(2,904,986)
Interest on long-term debt	37,113	-	-	-	(37,113)
Unclassified	277,912	-	-	-	(277,912)
Total government	<u>\$ 4,532,534</u>	<u>\$ 36,490</u>	<u>\$ 37,368</u>	<u>\$ -</u>	<u>(4,458,676)</u>

STATEMENT B (CONTINUED)
TOWN OF NEWCASTLE, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(4,458,676)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	4,358,577
Excise taxes	328,943
Grants and contributions not restricted to specific programs	195,070
Miscellaneous	<u>45,990</u>
Total general revenues	<u>4,928,580</u>
Change in net position	469,904
NET POSITION - JULY 1	<u>2,899,756</u>
NET POSITION - JUNE 30	<u><u>\$ 3,369,660</u></u>

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

TOWN OF NEWCASTLE, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	All Nonmajor Funds	Totals
ASSETS			
Cash and cash equivalents	\$ 630,355	\$ 82,833	\$ 713,188
Investments	-	100,090	100,090
Accounts receivable (net of allowance for uncollectibles):			
Taxes	15,641	-	15,641
Liens	266,507	-	266,507
Other	-	7,352	7,352
Due from other funds	14,147	91,282	105,429
TOTAL ASSETS	<u>\$ 926,650</u>	<u>\$ 281,557</u>	<u>\$ 1,208,207</u>
LIABILITIES			
Accounts payable	\$ 10,530	\$ -	\$ 10,530
Accrued payroll liabilities	907	-	907
Due to other governments	1,330	-	1,330
Due to other funds	91,282	14,147	105,429
TOTAL LIABILITIES	<u>104,049</u>	<u>14,147</u>	<u>118,196</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	68,766	-	68,766
Deferred tax revenues	251,324	-	251,324
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>320,090</u>	<u>-</u>	<u>320,090</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	44,617	132,752	177,369
Committed	77,563	62,691	140,254
Assigned	-	71,967	71,967
Unassigned	380,331	-	380,331
TOTAL FUND BALANCES	<u>502,511</u>	<u>267,410</u>	<u>769,921</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 926,650</u>	<u>\$ 281,557</u>	<u>\$ 1,208,207</u>

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

TOWN OF NEWCASTLE, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 769,921
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	3,190,540
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	251,324
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Notes payable	(808,943)
Capital leases payable	<u>(33,182)</u>
 Net position of governmental activities	 <u><u>\$ 3,369,660</u></u>

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

TOWN OF NEWCASTLE, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	All Nonmajor Funds	Totals
REVENUES			
Taxes:			
Property taxes	\$ 4,298,893	\$ -	\$ 4,298,893
Excise taxes	328,943	-	328,943
Intergovernmental	232,438	-	232,438
Charges for services	36,490	-	36,490
Miscellaneous revenues	45,250	740	45,990
TOTAL REVENUES	<u>4,942,014</u>	<u>740</u>	<u>4,942,754</u>
EXPENDITURES			
Current:			
General government	328,175	-	328,175
Public safety	167,962	-	167,962
Health and welfare	106,961	-	106,961
Public works	262,952	-	262,952
County tax	343,043	-	343,043
Education	2,904,986	-	2,904,986
Unclassified	65,354	212,312	277,666
Debt service:			
Principal	211,986	-	211,986
Interest	37,113	-	37,113
Capital outlay	-	149,100	149,100
TOTAL EXPENDITURES	<u>4,428,532</u>	<u>361,412</u>	<u>4,789,944</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>513,482</u>	<u>(360,672)</u>	<u>152,810</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	247,990	247,990
Transfers (out)	(247,990)	-	(247,990)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(247,990)</u>	<u>247,990</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	265,492	(112,682)	152,810
FUND BALANCES - JULY 1	<u>237,019</u>	<u>380,092</u>	<u>617,111</u>
FUND BALANCES - JUNE 30	<u>\$ 502,511</u>	<u>\$ 267,410</u>	<u>\$ 769,921</u>

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

TOWN OF NEWCASTLE, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 152,810</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocated those expenditures over the life of the assets:	
Capital asset purchases	149,100
Capital asset disposals	-
Depreciation expense	<u>(120,729)</u>
	<u>28,371</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>59,684</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
	<u>229,039</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 469,904</u></u>

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

TOWN OF NEWCASTLE, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Newcastle was incorporated under the laws of the State of Maine. The Town operates under the selectmen-town manager form of government and provides the following services: general government, public safety, health and sanitation, public works, education, and other unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

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

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).

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

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities of the entity as governmental.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, certain

TOWN OF NEWCASTLE, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

The following fund types are used by the Town:

1. Governmental Funds:

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

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

TOWN OF NEWCASTLE, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

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

Basis of Accounting

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

1. Accrual

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

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.

TOWN OF NEWCASTLE, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue Funds.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The Town's investment policy requires collateralization of accounts and deposits only when exceeding an amount equal to 25% of capital, surplus and undivided profits as defined in M.S.R.A 30-A § 5706.

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

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations.
- Prime bankers acceptances
- Prime commercial papers
- Repurchase agreements whose underlying collateral consist of the foregoing
- Money market mutual funds whose portfolios consist of the foregoing

It is the policy of the Town of Newcastle Maine to invest public funds in a manner in which will provide safety of principal with a market rate of return while meeting the

TOWN OF NEWCASTLE, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

daily cash flow demands of the town, and conforming to all state and local statutes governing the investment of public funds.

Interfund Receivables and Payables

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

Transactions Between Funds

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

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2015.

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.

TOWN OF NEWCASTLE, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

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

Long-term Obligations

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of notes payable and capital leases payable.

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.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

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

TOWN OF NEWCASTLE, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

Deferred Outflows and Inflows of Resources

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

TOWN OF NEWCASTLE, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the upcoming fiscal year was levied July 14, 2014 on the assessed value listed as of April 1, 2014, for all real and personal property located in the Town. Taxes were due on August 31, 2014 and March 31, 2015. Interest on unpaid taxes commenced on September 1, 2014 and April 1, 2015, at 6.0% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$55,248 for the year ended June 30, 2015.

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

Program Revenues

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

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at

TOWN OF NEWCASTLE, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS

The Town’s investment policies, which follow state statutes, require that all investments be made in public funds in a manner which will provide safety of principal with a market rate of return while meeting the cash flow demands of the Town and conforming to all state statutes and local ordinances governing the investment of public funds. These investment policies apply to all Town funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2015, the Town’s deposits of \$713,188 were comprised of bank deposits and cash equivalents of \$772,553. Of these bank deposits and cash equivalents, \$250,000 was insured by federal depository insurance and \$51,510 was insured by the Securities Investor Protection Corporation (SIPC) and consequently was not exposed to custodial credit risk. The remaining bank deposits of \$471,043 were collateralized with securities held by the financial institution in the Town’s name.

<u>Account Type</u>	<u>Bank Balance</u>
Municipal NOW accounts	\$ 689,720
Money market accounts	31,323
Cash and cash equivalents	51,510
	<u>\$ 772,553</u>

TOWN OF NEWCASTLE, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2015, the Town had the following investments and maturities:

<u>Account Type</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Less than 1 Year</u>	<u>1-5 Years</u>
Mutual Funds - Equity	\$ 6,048	\$ 6,048	\$ -	\$ -
Mutual Funds - Fixed income	79,252	79,252	-	-
Mortgage REIT	14,790	14,790	-	-
	<u>\$ 100,090</u>	<u>\$ 100,090</u>	<u>\$ -</u>	<u>\$ -</u>

In accordance with its investment policy, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. As such, the Town's investments of \$100,090 were fully covered by the Securities Investor Protection Corporation (SIPC).

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

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's investment policy seeks to limit investment maturities to less than four years when practicable as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

TOWN OF NEWCASTLE, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2015 consisted of the following individual fund receivables and payables.

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General fund	\$ 14,147	\$ 91,282
Special revenue funds	22,420	-
Capital project funds	62,691	4,648
Permanent funds	6,171	9,499
	<u>\$ 105,429</u>	<u>\$ 105,429</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2015:

	<u>Balance, 7/1/14</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, 6/30/15</u>
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 131,165	\$ -	\$ -	\$ 131,165
	<u>131,165</u>	<u>-</u>	<u>-</u>	<u>131,165</u>
Depreciated assets:				
Buildings and improvements	823,321	-	-	823,321
Equipment & vehicles	989,009	9,100	-	998,109
Infrastructure	3,626,766	140,000	-	3,766,766
	<u>5,439,096</u>	<u>149,100</u>	<u>-</u>	<u>5,588,196</u>
Less: accumulated depreciation	<u>(2,408,092)</u>	<u>(120,729)</u>	<u>-</u>	<u>(2,528,821)</u>
	<u>3,031,004</u>	<u>28,371</u>	<u>-</u>	<u>3,059,375</u>
Net capital assets	<u>\$ 3,162,169</u>	<u>\$ 28,371</u>	<u>\$ -</u>	<u>\$ 3,190,540</u>
<u>Current year depreciation:</u>				
General government				\$ 13,024
Public safety				40,886
Public works				66,573
Recreation				246
Total depreciation expense				<u>\$ 120,729</u>

TOWN OF NEWCASTLE, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 – LONG-TERM DEBT

The following is a summary of changes in the general long-term debt for the year ended June 30, 2015:

	Balance, 7/1/14	Additions	Deletions	Balance, 6/30/15	Current Portion
Notes payable	\$ 1,020,929	\$ -	\$ (211,986)	\$ 808,943	\$ 218,138
Capital leases payable	50,235	-	(17,053)	33,182	18,924
	<u>\$ 1,071,164</u>	<u>\$ -</u>	<u>\$ (229,039)</u>	<u>\$ 842,125</u>	<u>\$ 237,062</u>

The following is a summary of the outstanding bonds payable:

Note payable to Damariscotta Bank and Trust for the town office. Annual principal payments of \$19,800 plus interest at a rate of 4.24% per annum. Maturity in August of 2019.	\$ 95,508
Note payable to Damariscotta Bank and Trust for roads. Monthly principal and interest payments of \$16,418. Interest is charged at a rate of 3.970% per annum. Maturity in December of 2017.	466,701
Note payable to Damariscotta Bank and Trust for a fire truck. Monthly principal and interest payments of \$2,257. Interest is charged at a rate of 4.190% per annum. Maturity in January of 2027.	<u>246,734</u>
Total notes payable	<u>\$ 808,943</u>

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

	Principal	Interest	Total Debt Service
2016	\$ 218,138	\$ 28,890	\$ 247,028
2017	226,376	19,791	246,167
2018	134,483	11,257	145,740
2019	38,991	8,459	47,450
2020	36,312	7,646	43,958
2021-2025	113,885	21,530	135,415
2026-2030	40,758	1,482	42,240
	<u>\$ 808,943</u>	<u>\$ 99,055</u>	<u>\$ 907,998</u>

TOWN OF NEWCASTLE, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 – LONG TERM DEBT (CONTINUED)

The following is a summary of leases outstanding as of June 30, 2015:

\$12,495, 2011 capital lease for a copier. The lease is for five years with monthly payments of \$241 through December 2016. The effective interest rate is 6.00% per annum.

\$58,896, 2013 capital lease for a mini-excavator. The lease is for four years with monthly payments of \$1,302 through April 2017. The effective interest rate is 2.92% per annum.

The following is a summary of outstanding capital leases principal and interest requirements for the next five fiscal years ending June 30:

Year Ending June 30:		
2016	\$	18,511
2017		15,765
2018		-
2019		-
2020		-
Total minimum lease payments	\$	34,276
Less: amount representing interest		(1,094)
Present value of minimum lease payments	\$	33,182

NOTE 6 – RESTRICTED FUND BALANCES

At June 30, 2015, the Town had the following restricted fund balances:

General Fund:		
Education	\$	44,617
Nonmajor Permanent Funds (See Schedule H)		132,752
	\$	177,369

TOWN OF NEWCASTLE, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 - COMMITTED FUND BALANCES

At June 30, 2015, the Town had the following committed fund balances:

General Fund:	
Planning Board	\$ 60,000
Public Works	17,563
Nonmajor Capital Project Funds (See Schedule F)	<u>62,691</u>
	<u>\$ 140,254</u>

NOTE 8 - ASSIGNED FUND BALANCES

At June 30, 2015, the Town had the following assigned fund balances:

Nonmajor Special Revenue Funds (See Schedule D)	\$ 29,772
Nonmajor Capital Project Funds (See Schedule F)	<u>42,195</u>
	<u>\$ 71,967</u>

NOTE 9 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2015, the following appropriations were exceeded by actual expenditures:

	<u>Excess</u>
Protection (Article 9)	\$ 1,992
Town owned buildings (Article 13)	<u>1,952</u>
	<u>\$ 3,944</u>

NOTE 10 - OVERLAPPING DEBT

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

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of Lincoln	\$ 6,790,000	3.94%	<u>\$ 267,526</u>

TOWN OF NEWCASTLE, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 11 - 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 carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Maine Municipal Association.

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

NOTE 12 - CONTINGENCIES

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

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

NOTE 13 – COMMITMENTS

The Town of Newcastle, Maine, has entered into two contracts for snow removal services with Hagar Enterprises. The first contract for Town roads is effective until 2016 and the second contract for Town buildings is effective until 2018. The Town has also entered into a contract with the assessor's agent. This contract is effective until 2019. The annual contracts' costs are as follows:

Fiscal Years Ending June 30,	Sanding and Plowing		Assessor's Agent	Total
	Roads	Town Buildings		
2016	\$ 213,109	\$ 39,514	\$ 17,160	\$ 269,783
2017	-	40,699	17,550	58,249
2018	-	41,920	17,940	59,860
2019	-	-	18,330	18,330

TOWN OF NEWCASTLE, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – COMMITMENTS (CONTINUED)

For the twelve months ended June 30, 2015, the Town paid a total of \$250,376 for both of these contracts for sand and snow removal service and a total of \$16,555 for the assessor's agent. All future contract amounts are subject to annual appropriation by the Town of Newcastle.

NOTE 14 – INTERLOCAL AGREEMENT

As of July 1, 2011, the Town entered into an agreement with the Town of Damariscotta for the purpose of sharing and co-employment of municipal employees to deliver municipal services and/or municipal functions which currently are provided by each town independently of one another. No separate legal or administrative entity has been created by the agreement. The agreement has an initial four-year term, with a renewal option available. Costs are allocated between the parties on a pro-rata basis for all services. The agreement becomes voidable if at any time a request for an appropriation of funds is defeated in a town meeting.

NOTE 15 – RELATED PARTY TRANSACTIONS

The Town's animal control officer owns a hardware store that the Town does business with. For the year ended June 30, 2015, payments to this vendor for hardware supplies totaled \$965.

NOTE 16 – COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

Required Supplementary Information

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

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

TOWN OF NEWCASTLE, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 237,019	\$ 237,019	\$ 237,019	\$ -
Resources (Inflows):				
Property taxes	4,342,880	4,342,880	4,298,893	(43,987)
Excise taxes	281,500	281,500	328,943	47,443
Intergovernmental :				
State revenue sharing	50,000	50,000	65,001	15,001
Homestead exemption	42,978	42,978	41,340	(1,638)
State education subsidy	-	20,387	20,387	-
Local road assistance	35,000	35,000	37,368	2,368
Other	34,727	66,393	68,342	1,949
Charges for services	26,960	26,960	36,490	9,530
Interest on taxes	17,000	17,000	14,028	(2,972)
Interest income	6,000	6,000	9,906	3,906
Miscellaneous revenues	-	-	21,316	21,316
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>5,074,064</u>	<u>5,126,117</u>	<u>5,179,033</u>	<u>52,916</u>
Charges to Appropriations (Outflows):				
General government	395,707	395,707	328,175	67,532
Public safety	168,513	168,513	167,962	551
Health and welfare	108,780	108,780	106,961	1,819
Public works	280,516	280,516	262,952	17,564
County tax	343,044	343,044	343,043	1
Education	2,866,925	2,962,539	2,904,986	57,553
Debt service:				
Principal	211,986	211,986	211,986	-
Interest	37,114	37,114	37,113	1
Unclassified	114,172	114,172	65,354	48,818
Transfers to other funds	247,990	247,990	247,990	-
Total Charges to Appropriations	<u>4,774,747</u>	<u>4,870,361</u>	<u>4,676,522</u>	<u>193,839</u>
Budgetary Fund Balance, June 30	<u>\$ 299,317</u>	<u>\$ 255,756</u>	<u>\$ 502,511</u>	<u>\$ 246,755</u>
Utilization of Restricted Fund Balance	<u>\$ -</u>	<u>\$ 43,561</u>	<u>\$ -</u>	<u>\$ (43,561)</u>

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

Other Supplementary Information

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

- Schedule of Departmental Operations – General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet – Nonmajor Special Revenue Funds
- Combining Schedule of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds
- Combining Balance Sheet – Nonmajor Capital Projects Funds
- Combining Schedule of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds
- Combining Balance Sheet – Nonmajor Permanent Funds
- Combining Schedule of Revenue, 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 NEWCASTLE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government:					
Town admin/treasurer/tax coll.	\$ 63,000	\$ -	\$ 63,000	\$ 64,207	\$ (1,207)
Town clerk/registrar	36,421	-	36,421	37,121	(700)
Deputies	21,645	-	21,645	22,240	(595)
Code enforcement	10,000	-	10,000	6,785	3,215
Selectmen	7,500	-	7,500	7,500	-
Assessing agent	16,770	-	16,770	16,555	215
Town owned buildings	27,294	-	27,294	29,246	(1,952)
Planning board	61,100	-	61,100	956	60,144
Election workers	600	-	600	739	(139)
Recording secretary	1,200	-	1,200	1,314	(114)
Insurance	31,715	-	31,715	30,134	1,581
Fringe benefits	39,980	-	39,980	35,605	4,375
Legal fees	22,000	-	22,000	26,109	(4,109)
Other administration	56,482	-	56,482	49,664	6,818
	<u>395,707</u>	<u>-</u>	<u>395,707</u>	<u>328,175</u>	<u>67,532</u>
Health and welfare:					
Septic waste contract	2,300	-	2,300	2,300	-
Transfer Station	101,480	-	101,480	103,943	(2,463)
General assistance	5,000	-	5,000	718	4,282
	<u>108,780</u>	<u>-</u>	<u>108,780</u>	<u>106,961</u>	<u>1,819</u>
Public works:					
Snow removal	245,516	-	245,516	251,130	(5,614)
Roads maintenance	35,000	-	35,000	11,822	23,178
	<u>280,516</u>	<u>-</u>	<u>280,516</u>	<u>262,952</u>	<u>17,564</u>

TOWN OF NEWCASTLE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public safety:					
Fire chief	38,740	-	38,740	39,487	(747)
Officers' salary	2,960	-	2,960	3,052	(92)
Firemen / call pay	14,580	-	14,580	13,691	889
Fringe benefits	8,000	-	8,000	8,346	(346)
Phones	2,700	-	2,700	2,557	143
S.C.B.A.	4,290	-	4,290	3,354	936
Communications	2,200	-	2,200	2,564	(364)
Training	3,000	-	3,000	2,915	85
Dry hydrant	550	-	550	-	550
New equipment	4,500	-	4,500	5,111	(611)
Vehicle maintenance	5,500	-	5,500	7,068	(1,568)
Turn out gear	3,000	-	3,000	2,835	165
Admin	4,560	-	4,560	5,409	(849)
Vehicles/gas and oil	9,000	-	9,000	7,111	1,889
Animal control officer	5,000	-	5,000	5,000	-
Protection	4,625	-	4,625	4,161	464
Hydrants	46,968	-	46,968	46,974	(6)
Street lights	7,390	-	7,390	7,377	13
Emergency managment	850	-	850	850	-
Health officer	100	-	100	100	-
	<u>168,513</u>	<u>-</u>	<u>168,513</u>	<u>167,962</u>	<u>551</u>
County tax	<u>343,044</u>	<u>-</u>	<u>343,044</u>	<u>343,043</u>	<u>1</u>
Education:					
Elementary education	1,868,441	-	1,868,441	1,868,441	-
Secondary education	992,082	95,614	1,087,696	1,030,143	57,553
Adult ed	6,402	-	6,402	6,402	-
	<u>2,866,925</u>	<u>95,614</u>	<u>2,962,539</u>	<u>2,904,986</u>	<u>57,553</u>

TOWN OF NEWCASTLE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt Service:					
Principal	211,986	-	211,986	211,986	-
Interest	37,114	-	37,114	37,113	1
	<u>249,100</u>	<u>-</u>	<u>249,100</u>	<u>249,099</u>	<u>1</u>
Unclassified:					
Cemeteries	16,960	-	16,960	15,233	1,727
Park	850	-	850	427	423
Not for profit and other orgs	36,114	-	36,114	36,114	-
Abatements	5,000	-	5,000	-	5,000
Overlay	55,248	-	55,248	13,580	41,668
	<u>114,172</u>	<u>-</u>	<u>114,172</u>	<u>65,354</u>	<u>48,818</u>
Transfers:					
Special revenue funds	106,140	-	106,140	106,140	-
Capital project funds	141,850	-	141,850	141,850	-
	<u>247,990</u>	<u>-</u>	<u>247,990</u>	<u>247,990</u>	<u>-</u>
Total Expenditures	<u>\$ 4,774,747</u>	<u>\$ 95,614</u>	<u>\$ 4,870,361</u>	<u>\$ 4,676,522</u>	<u>\$ 193,839</u>

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

TOWN OF NEWCASTLE, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 38,106	\$ 44,727	\$ 82,833
Investments	-	8,737	91,353	100,090
Accounts receivable (net of allowance for uncollectibles)	7,352	-	-	7,352
Due from other funds	22,420	62,691	6,171	91,282
TOTAL ASSETS	<u>\$ 29,772</u>	<u>\$ 109,534</u>	<u>\$ 142,251</u>	<u>\$ 281,557</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	4,648	9,499	14,147
TOTAL LIABILITIES	<u>-</u>	<u>4,648</u>	<u>9,499</u>	<u>14,147</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	132,752	132,752
Committed	-	62,691	-	62,691
Assigned	29,772	42,195	-	71,967
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>29,772</u>	<u>104,886</u>	<u>132,752</u>	<u>267,410</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 29,772</u>	<u>\$ 109,534</u>	<u>\$ 142,251</u>	<u>\$ 281,557</u>

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

TOWN OF NEWCASTLE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ -	\$ (587)	\$ (7,715)	\$ (8,302)
Interest income	11	-	-	11
Other	5,581	950	2,500	9,031
TOTAL REVENUES	<u>5,592</u>	<u>363</u>	<u>(5,215)</u>	<u>740</u>
EXPENDITURES				
Capital outlay	9,100	140,000	-	149,100
Other	110,738	69,792	31,782	212,312
EXPENDITURES	<u>119,838</u>	<u>209,792</u>	<u>31,782</u>	<u>361,412</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(114,246)</u>	<u>(209,429)</u>	<u>(36,997)</u>	<u>(360,672)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	106,140	141,850	-	247,990
Transfers (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>106,140</u>	<u>141,850</u>	<u>-</u>	<u>247,990</u>
NET CHANGE IN FUND BALANCES	(8,106)	(67,579)	(36,997)	(112,682)
FUND BALANCES - JULY 1	<u>37,878</u>	<u>172,465</u>	<u>169,749</u>	<u>380,092</u>
FUND BALANCES - JUNE 30	<u>\$ 29,772</u>	<u>\$ 104,886</u>	<u>\$ 132,752</u>	<u>\$ 267,410</u>

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

Special Revenue Funds

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

TOWN OF NEWCASTLE, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	<u>Interlocal Agreement</u>	<u>Joint Shellfish Account</u>	<u>Joint Harbor Account</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	7,352	-	-	7,352
Due from other funds	21,915	-	505	22,420
TOTAL ASSETS	<u>\$ 29,267</u>	<u>\$ -</u>	<u>\$ 505</u>	<u>\$ 29,772</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	29,267	-	505	29,772
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>29,267</u>	<u>-</u>	<u>505</u>	<u>29,772</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 29,267</u>	<u>\$ -</u>	<u>\$ 505</u>	<u>\$ 29,772</u>

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

TOWN OF NEWCASTLE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Interlocal Agreement</u>	<u>Joint Shellfish Account</u>	<u>Joint Harbor Account</u>	<u>Totals</u>
REVENUES				
Interest income	\$ -	\$ 11	\$ -	\$ 11
Other	101	4,975	505	5,581
TOTAL REVENUES	<u>101</u>	<u>4,986</u>	<u>505</u>	<u>5,592</u>
EXPENDITURES				
Capital outlay	9,100	-	-	9,100
Other	93,551	17,187	-	110,738
TOTAL EXPENDITURES	<u>102,651</u>	<u>17,187</u>	<u>-</u>	<u>119,838</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(102,550)</u>	<u>(12,201)</u>	<u>505</u>	<u>(114,246)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	106,140	-	-	106,140
Transfers (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>106,140</u>	<u>-</u>	<u>-</u>	<u>106,140</u>
NET CHANGE IN FUND BALANCES	3,590	(12,201)	505	(8,106)
FUND BALANCES - JULY 1	<u>25,677</u>	<u>12,201</u>	<u>-</u>	<u>37,878</u>
FUND BALANCES - JUNE 30	<u>\$ 29,267</u>	<u>\$ -</u>	<u>\$ 505</u>	<u>\$ 29,772</u>

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

Capital Projects Funds

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

TOWN OF NEWCASTLE, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2015

	Conservation Town Forest	Road Reserve	Alewives Reserve	Park Reserve	Public Works Equipment Reserve	Playground Reserve	Totals
ASSETS							
Cash and cash equivalents	\$ 6,783	\$ -	\$ 31,323	\$ -	\$ -	\$ -	\$ 38,106
Investments	8,737	-	-	-	-	-	8,737
Due from other funds	-	44,541	-	900	15,000	2,250	62,691
TOTAL ASSETS	<u>\$ 15,520</u>	<u>\$ 44,541</u>	<u>\$ 31,323</u>	<u>\$ 900</u>	<u>\$ 15,000</u>	<u>\$ 2,250</u>	<u>\$ 109,534</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	4,648	-	-	-	4,648
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>4,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,648</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	44,541	-	900	15,000	2,250	62,691
Assigned	15,520	-	26,675	-	-	-	42,195
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>15,520</u>	<u>44,541</u>	<u>26,675</u>	<u>900</u>	<u>15,000</u>	<u>2,250</u>	<u>104,886</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,520</u>	<u>\$ 44,541</u>	<u>\$ 31,323</u>	<u>\$ 900</u>	<u>\$ 15,000</u>	<u>\$ 2,250</u>	<u>\$ 109,534</u>

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

TOWN OF NEWCASTLE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Conservation Town Forest	Road Reserve	Alewives Reserve	Park Reserve	Public Works Equipment Reserve	Playground Reserve	Totals
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ (663)	\$ -	\$ 76	\$ -	\$ -	\$ -	\$ (587)
Other	-	-	-	200	-	750	950
TOTAL REVENUES	(663)	-	76	200	-	750	363
EXPENDITURES							
Capital outlay	-	140,000	-	-	-	-	140,000
Other	-	67,749	2,043	-	-	-	69,792
TOTAL EXPENDITURES	-	207,749	2,043	-	-	-	209,792
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(663)	(207,749)	(1,967)	200	-	750	(209,429)
OTHER FINANCING SOURCES (USES)							
Transfers In	-	125,000	-	350	15,000	1,500	141,850
Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	125,000	-	350	15,000	1,500	141,850
NET CHANGE IN FUND BALANCES	(663)	(82,749)	(1,967)	550	15,000	2,250	(67,579)
FUND BALANCES - JULY 1	16,183	127,290	28,642	350	-	-	172,465
FUND BALANCES - JUNE 30	\$ 15,520	\$ 44,541	\$ 26,675	\$ 900	\$ 15,000	\$ 2,250	\$ 104,886

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

Permanent Funds

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

TOWN OF NEWCASTLE, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS

JUNE 30, 2015

	C & M Hatch	Sheepscot	Glidden	Pine Knoll	Whitehouse	Lincoln	Hussey Cemetery	Worthy Poor	Totals
ASSETS									
Cash and cash equivalents	\$ 637	\$ 11,497	\$ 4,041	\$ 8,560	\$ 144	\$ -	\$ 650	\$ 19,198	\$ 44,727
Investments	1,813	32,716	11,498	24,358	410	-	1,850	18,708	91,353
Due from other funds	-	-	4,848	1,323	-	-	-	-	6,171
TOTAL ASSETS	\$ 2,450	\$ 44,213	\$ 20,387	\$ 34,241	\$ 554	\$ -	\$ 2,500	\$ 37,906	\$ 142,251
LIABILITIES									
Due to other funds	\$ 48	\$ 4,363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,088	\$ 9,499
TOTAL LIABILITIES	48	4,363	-	-	-	-	-	5,088	9,499
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	2,402	39,850	20,387	34,241	554	-	2,500	32,818	132,752
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	2,402	39,850	20,387	34,241	554	-	2,500	32,818	132,752
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,450	\$ 44,213	\$ 20,387	\$ 34,241	\$ 554	\$ -	\$ 2,500	\$ 37,906	\$ 142,251

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

TOWN OF NEWCASTLE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	C & M Hatch	Sheepscot	Glidden	Pine Knoll	Whitehouse	Lincoln	Hussey Cemetery	Worthy Poor	Totals
REVENUES									
Investment income, net of unrealized gains/(losses)	\$ (172)	\$ (2,665)	\$ (1,098)	\$ (2,326)	\$ 917	\$ (1,122)	\$ -	\$ (1,249)	\$ (7,715)
Other	-	-	-	-	-	-	2,500	-	2,500
TOTAL REVENUES	<u>(172)</u>	<u>(2,665)</u>	<u>(1,098)</u>	<u>(2,326)</u>	<u>917</u>	<u>(1,122)</u>	<u>2,500</u>	<u>(1,249)</u>	<u>(5,215)</u>
EXPENDITURES									
Other	-	-	-	-	-	31,782	-	-	31,782
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,782</u>	<u>-</u>	<u>-</u>	<u>31,782</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(172)</u>	<u>(2,665)</u>	<u>(1,098)</u>	<u>(2,326)</u>	<u>917</u>	<u>(32,904)</u>	<u>2,500</u>	<u>(1,249)</u>	<u>(36,997)</u>
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(172)	(2,665)	(1,098)	(2,326)	917	(32,904)	2,500	(1,249)	(36,997)
FUND BALANCES - JULY 1	<u>2,574</u>	<u>42,515</u>	<u>21,485</u>	<u>36,567</u>	<u>(363)</u>	<u>32,904</u>	<u>-</u>	<u>34,067</u>	<u>169,749</u>
FUND BALANCES - JUNE 30	<u>\$ 2,402</u>	<u>\$ 39,850</u>	<u>\$ 20,387</u>	<u>\$ 34,241</u>	<u>\$ 554</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 32,818</u>	<u>\$ 132,752</u>

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

General Capital Assets

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

TOWN OF NEWCASTLE, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2015

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
General government	\$ 97,965	\$ 341,651	\$ 47,720	\$ -	\$ 487,336
Public safety	33,200	472,896	862,393	-	1,368,489
Public works	-	-	87,996	3,766,766	3,854,762
Recreation	-	8,774	-	-	8,774
Total General Capital Assets	131,165	823,321	998,109	3,766,766	5,719,361
Less: Accumulated Depreciation	-	(277,450)	(474,248)	(1,777,123)	(2,528,821)
Net General Capital Assets	\$ 131,165	\$ 545,871	\$ 523,861	\$ 1,989,643	\$ 3,190,540

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

TOWN OF NEWCASTLE, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2015

	General Capital Assets 7/1/14	Additions	Deletions	General Capital Assets 6/30/15
General government	\$ 487,336	\$ -	\$ -	\$ 487,336
Public safety	1,368,489	-	-	1,368,489
Public works	3,705,662	149,100	-	3,854,762
Recreation	8,774	-	-	8,774
Total General Capital Assets	5,570,261	149,100	-	5,719,361
Less: Accumulated Depreciation	<u>(2,408,092)</u>	<u>(120,729)</u>	<u>-</u>	<u>(2,528,821)</u>
Net General Capital Assets	<u>\$ 3,162,169</u>	<u>\$ 28,371</u>	<u>\$ -</u>	<u>\$ 3,190,540</u>

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

TOWN OF NEWCASTLE, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Thru Grantor Number	Federal Expenditures
U.S. Department of Education Passed through State of Maine-Department of Education and Cultural Services: IDEA Special Education - Grants to States (IDEA Part B)	84.027	013-05A-3046-12	\$ 21,278
Total Department of Education			<u>21,278</u>
 TOTAL FEDERAL ASSISTANCE			 <u><u>\$ 21,278</u></u>

DISCLOSURES:

This Town is not required to have a federal A-133 Audit.

TOWN OF NEWCASTLE, MAINE

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Town of Newcastle, Maine. All federal financial assistance received is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

Board of Selectmen
Town of Newcastle
Newcastle, Maine

We have audited the financial statements of Town of Newcastle for the year ended June 30, 2015 and have issued our report thereon dated October 23, 2015. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place, and have reviewed the annual financial report that was submitted to the Unit for accuracy. In addition we have reviewed the Unit's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, the Town of Newcastle complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Newcastle was in noncompliance with, or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Town and have attached the following schedule as it relates to the reconciliation of audit adjustments to the initial annual financial data submitted to the MEDMS financial system maintained at the Department.

This report is intended solely for the information of the Board of Selectmen, School Board, management and the Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & Company

Buxton, Maine
October 23, 2015

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NEWCASTLE SCHOOL DEPARTMENT
RECONCILIATION OF MEDMS ANNUAL REPORT TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Fund (3000)	Totals
June 30 balance per MEDMS financial system	\$ 43,007	\$ 813	\$ -	\$ 43,820
Revenue Adjustments:				
Transition Grant	-	797	-	797
Expenditure Adjustments:				
Other adjustments:				
Audited GAAP Basis Fund balance June 30	<u>\$ 43,007</u>	<u>\$ 1,610</u>	<u>\$ -</u>	<u>\$ 44,617</u>