

TOWN OF NEWCASTLE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - RISK MANAGEMENT (CONTINUED)

such, the Town makes quarterly payments into their account, based on rates developed by MMA's consulting actuary. Claims, if any, are paid out of the Town's own account. The Maine Department of Labor classifies MMA's UC Fund members as Direct Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town's behalf only when the Town has unemployment claims from present or former employees.

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

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2017. 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 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 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 14 - 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 2019 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 Town has also entered into a contract for cemetery maintenance services with Property Care Plus, Inc. This contract is effective until 2019. The Town has also entered into a contract for transfer station disposal services with Nobleboro/Jefferson Transfer

TOWN OF NEWCASTLE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - COMMITMENTS (CONTINUED)

Facility. This contract is effective until 2018. The Town has also entered into an employment contract with the Town Manager. This contract is effective until 2019. The annual contracts' costs are as follows:

Fiscal Years Ending June 30,	Sanding and Plowing		Assessor's Agent	Cemetery Maintenance	Transfer Facility	Town Manager	Total
	Roads	Town Buildings					
2018	\$ 241,946	\$ 41,920	\$ 17,940	\$ 11,000	\$ 47,259	\$ 69,755	\$ 429,820
2019	252,834	-	18,330	6,875	-	71,563	349,602

For the twelve months ended June 30, 2017, the Town paid a total of \$274,463 for both sand and snow removal service, a total of \$17,550 for the assessor's agent and total of \$11,000 for cemetery maintenance. In addition, for the twelve months ended June 30, 2017, the Town paid a total of \$47,258 for transfer station disposal services and a total of \$68,000 under the Town Manager's employment contract. All future contract amounts are subject to annual appropriation by the Town of Newcastle, Maine.

NOTE 15 - RESTATEMENTS

The beginning fund balance of the general fund and the net position of the governmental activities have been restated as of July 1, 2016. These balances were restated to correct various general fund accounts balances. The general fund and governmental activities were both reduced by \$2,741.

The beginning net position of the governmental activities has been restated as of July 1, 2016. This balance was restated to correct accrued compensated absences balances. The governmental activities were reduced by \$412.

The net restatement to the general fund and the governmental activities was (\$2,741) and (\$3,153), respectively.

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, 2017

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 889,292	\$ 889,292	\$ 889,292	\$ -
Resources (Inflows):				
Property taxes	4,602,105	4,602,105	4,585,420	(16,685)
Excise taxes	281,000	281,000	398,257	117,257
Intergovernmental:				
State revenue sharing	60,000	60,000	76,392	16,392
Homestead exemption	67,388	67,388	64,543	(2,845)
State education subsidy	-	53,762	53,762	-
Tree growth	30,000	30,000	35,478	5,478
Local road assistance	35,000	35,000	38,004	3,004
Other	3,253	34,783	35,561	778
Charges for services	25,870	25,870	38,256	12,386
Interest on taxes	10,000	10,000	20,843	10,843
Interest income	8,000	8,000	23,875	15,875
Miscellaneous revenues	-	-	21,188	21,188
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>6,011,908</u>	<u>6,097,200</u>	<u>6,280,871</u>	<u>183,671</u>
Charges to Appropriations (Outflows):				
General government	386,703	418,224	378,432	39,792
Public safety	275,744	275,744	245,674	30,070
Health and welfare	109,300	109,300	100,578	8,722
Public works	429,986	429,986	442,281	(12,295)
County tax	375,961	375,961	375,961	-
Education	3,056,776	3,375,529	3,117,143	258,386
Debt service:				
Principal	229,309	229,309	227,121	2,188
Interest	19,791	19,791	19,273	518
Unclassified	90,534	90,534	54,250	36,284
Transfers to other funds	102,750	120,841	120,841	-
Total Charges to Appropriations	<u>5,076,854</u>	<u>5,445,219</u>	<u>5,081,554</u>	<u>363,665</u>
Budgetary Fund Balance, June 30	<u>\$ 935,054</u>	<u>\$ 651,981</u>	<u>\$ 1,199,317</u>	<u>\$ 547,336</u>
Utilization of Restricted Fund Balance	\$ -	\$ 233,461	\$ -	\$ (233,461)
Utilization of Committed Fund Balance	-	49,612	-	(49,612)
Utilization of Unassigned Fund Balance	40,000	40,000	-	(40,000)
	<u>\$ 40,000</u>	<u>\$ 323,073</u>	<u>\$ -</u>	<u>\$ (323,073)</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 Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds
- Combining Balance Sheet – Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds
- Combining Balance Sheet – Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Permanent Funds
- 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, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government:					
Town admin/treasurer/tax coll.	\$ 63,000	\$ -	\$ 63,000	\$ 60,237	\$ 2,763
Town clerk/registrar	39,635	-	39,635	40,838	(1,203)
Code enforcement	10,000	-	10,000	9,288	712
Selectmen	15,000	-	15,000	15,000	-
Town office building	8,385	-	8,385	6,847	1,538
Election workers	600	-	600	1,079	(479)
Recording secretary	1,450	-	1,450	891	559
Planning board	26,000	31,521	57,521	28,393	29,128
Health officer	100	-	100	-	100
Insurance	33,260	-	33,260	33,173	87
Fringe benefits	53,900	-	53,900	51,543	2,357
Operations and services	73,562	-	73,562	73,662	(100)
Leases	3,180	-	3,180	3,107	73
Independent contractors	20,802	-	20,802	19,286	1,516
Other administration	37,829	-	37,829	35,088	2,741
	<u>386,703</u>	<u>31,521</u>	<u>418,224</u>	<u>378,432</u>	<u>39,792</u>
Health and welfare:					
Septic waste contract	2,300	-	2,300	2,300	-
Transfer station	102,000	-	102,000	96,899	5,101
General assistance	5,000	-	5,000	1,379	3,621
	<u>109,300</u>	<u>-</u>	<u>109,300</u>	<u>100,578</u>	<u>8,722</u>
Public works:					
Snow removal	287,154	-	287,154	274,588	12,566
Roads maintenance	142,832	-	142,832	167,693	(24,861)
	<u>429,986</u>	<u>-</u>	<u>429,986</u>	<u>442,281</u>	<u>(12,295)</u>

TOWN OF NEWCASTLE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public safety:					
Fire chief	40,914	-	40,914	45,755	(4,841)
Officers' salary	3,460	-	3,460	2,820	640
Firemen / call pay	15,100	-	15,100	12,222	2,878
Fringe benefits	9,360	-	9,360	8,848	512
Phones	2,300	-	2,300	1,988	312
S.C.B.A.	4,290	-	4,290	4,293	(3)
Communications	7,000	-	7,000	7,487	(487)
Training	3,000	-	3,000	2,350	650
Dry hydrant	550	-	550	-	550
New equipment	5,000	-	5,000	4,816	184
Vehicle maintenance	5,500	-	5,500	10,168	(4,668)
Turn out gear	3,000	-	3,000	2,995	5
Admin	4,560	-	4,560	4,428	132
Vehicles/gas and oil	9,000	-	9,000	4,183	4,817
Animal control officer	500	-	500	102	398
Community room	77,053	-	77,053	67,656	9,397
Sheepscot fire station	19,165	-	19,165	5,964	13,201
Protection	65,992	-	65,992	59,599	6,393
	<u>275,744</u>	<u>-</u>	<u>275,744</u>	<u>245,674</u>	<u>30,070</u>
County tax	<u>375,961</u>	<u>-</u>	<u>375,961</u>	<u>375,961</u>	<u>-</u>
Education:					
Elementary education	1,988,311	-	1,988,311	1,988,311	-
Secondary education	1,062,063	318,753	1,380,816	1,122,430	258,386
Adult ed	6,402	-	6,402	6,402	-
	<u>3,056,776</u>	<u>318,753</u>	<u>3,375,529</u>	<u>3,117,143</u>	<u>258,386</u>

TOWN OF NEWCASTLE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt service:					
Principal	229,309	-	229,309	227,121	2,188
Interest	19,791	-	19,791	19,273	518
	<u>249,100</u>	<u>-</u>	<u>249,100</u>	<u>246,394</u>	<u>2,706</u>
Unclassified:					
Cemeteries	27,760	-	27,760	11,411	16,349
Parks	2,750	-	2,750	1,801	949
Not for profit and other orgs	34,387	-	34,387	34,387	-
Abatements	5,000	-	5,000	-	5,000
Overlay	20,637	-	20,637	6,651	13,986
	<u>90,534</u>	<u>-</u>	<u>90,534</u>	<u>54,250</u>	<u>36,284</u>
Transfers to other funds:					
Capital projects funds	102,750	18,091	120,841	120,841	-
	<u>102,750</u>	<u>18,091</u>	<u>120,841</u>	<u>120,841</u>	<u>-</u>
Total Expenditures	<u>\$ 5,076,854</u>	<u>\$ 368,365</u>	<u>\$ 5,445,219</u>	<u>\$ 5,081,554</u>	<u>\$ 363,665</u>

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

TOWN OF NEWCASTLE, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,792	\$ 35,333	\$ 18,232	\$ 56,357
Investments	-	17,103	145,768	162,871
Due from other funds	3,719	104,222	4,450	112,391
TOTAL ASSETS	\$ 6,511	\$ 156,658	\$ 168,450	\$ 331,619
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	67	383	450
TOTAL LIABILITIES	-	67	383	450
FUND BALANCES				
Nonspendable	-	-	110,038	110,038
Restricted	-	-	58,029	58,029
Committed	-	98,066	-	98,066
Assigned	6,511	58,525	-	65,036
Unassigned	-	-	-	-
TOTAL FUND BALANCES	6,511	156,591	168,067	331,169
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,511	\$ 156,658	\$ 168,450	\$ 331,619

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, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ -	\$ 1,657	\$ 13,465	\$ 15,122
Interest income	3	-	-	3
Other	3,205	60,946	2,000	66,151
TOTAL REVENUES	<u>3,208</u>	<u>62,603</u>	<u>15,465</u>	<u>81,276</u>
EXPENDITURES				
Capital outlay	-	270,574	-	270,574
Other	81	4,813	-	4,894
EXPENDITURES	<u>81</u>	<u>275,387</u>	<u>-</u>	<u>275,468</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,127</u>	<u>(212,784)</u>	<u>15,465</u>	<u>(194,192)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	172,109	-	172,109
Transfers (out)	(51,268)	-	-	(51,268)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(51,268)</u>	<u>172,109</u>	<u>-</u>	<u>120,841</u>
NET CHANGE IN FUND BALANCES	(48,141)	(40,675)	15,465	(73,351)
FUND BALANCES - JULY 1	<u>54,652</u>	<u>197,266</u>	<u>152,602</u>	<u>404,520</u>
FUND BALANCES - JUNE 30	<u>\$ 6,511</u>	<u>\$ 156,591</u>	<u>\$ 168,067</u>	<u>\$ 331,169</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, 2017

	<u>Interlocal Agreement</u>	<u>Joint Harbor Account</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 2,792	\$ 2,792
Due from other funds	-	3,719	3,719
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 6,511</u>	<u>\$ 6,511</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	6,511	6,511
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>6,511</u>	<u>6,511</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 6,511</u>	<u>\$ 6,511</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, 2017

	<u>Interlocal Agreement</u>	<u>Joint Harbor Account</u>	<u>Total</u>
REVENUES			
Interest income	\$ -	\$ 3	\$ 3
Other	-	3,205	3,205
TOTAL REVENUES	<u>-</u>	<u>3,208</u>	<u>3,208</u>
EXPENDITURES			
Other	-	81	81
TOTAL EXPENDITURES	<u>-</u>	<u>81</u>	<u>81</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>3,127</u>	<u>3,127</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	<u>(51,268)</u>	-	<u>(51,268)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(51,268)</u>	<u>-</u>	<u>(51,268)</u>
NET CHANGE IN FUND BALANCES	(51,268)	3,127	(48,141)
FUND BALANCES - JULY 1	<u>51,268</u>	<u>3,384</u>	<u>54,652</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ 6,511</u>	<u>\$ 6,511</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, 2017

	Conservation Town Forest	Road Reserve	Alewives Reserve	Park Reserve	Public Works Equipment Reserve	Playground Reserve	Computer Reserve	Total
ASSETS								
Cash and cash equivalents	\$ 1,962	\$ -	\$ 33,371	\$ -	\$ -	\$ -	\$ -	\$ 35,333
Investments	17,103	-	-	-	-	-	-	17,103
Due from other funds	-	63,106	6,156	1,500	26,010	6,450	1,000	104,222
TOTAL ASSETS	<u>\$ 19,065</u>	<u>\$ 63,106</u>	<u>\$ 39,527</u>	<u>\$ 1,500</u>	<u>\$ 26,010</u>	<u>\$ 6,450</u>	<u>\$ 1,000</u>	<u>\$ 156,658</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	67	-	-	-	-	-	-	67
TOTAL LIABILITIES	<u>67</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	63,106	-	1,500	26,010	6,450	1,000	98,066
Assigned	18,998	-	39,527	-	-	-	-	58,525
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>18,998</u>	<u>63,106</u>	<u>39,527</u>	<u>1,500</u>	<u>26,010</u>	<u>6,450</u>	<u>1,000</u>	<u>156,591</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 19,065</u>	<u>\$ 63,106</u>	<u>\$ 39,527</u>	<u>\$ 1,500</u>	<u>\$ 26,010</u>	<u>\$ 6,450</u>	<u>\$ 1,000</u>	<u>\$ 156,658</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, 2017

	Conservation Town Forest	Road Reserve	Alewives Reserve	Park Reserve	Public Works Equipment Reserve	Playground Reserve	Computer Reserve	Total
REVENUES								
Investment income, net of unrealized gains/(losses)	\$ 1,580	\$ -	\$ 77	\$ -	\$ -	\$ -	\$ -	\$ 1,657
Other	-	49,450	10,946	-	-	550	-	60,946
TOTAL REVENUES	1,580	49,450	11,023	-	-	550	-	62,603
EXPENDITURES								
Capital outlay	-	270,574	-	-	-	-	-	270,574
Other	-	-	4,813	-	-	-	-	4,813
TOTAL EXPENDITURES	-	270,574	4,813	-	-	-	-	275,387
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,580	(221,124)	6,210	-	-	550	-	(212,784)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	169,359	-	250	-	1,500	1,000	172,109
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	169,359	-	250	-	1,500	1,000	172,109
NET CHANGE IN FUND BALANCES	1,580	(51,765)	6,210	250	-	2,050	1,000	(40,675)
FUND BALANCES - JULY 1	17,418	114,871	33,317	1,250	26,010	4,400	-	197,266
FUND BALANCES - JUNE 30	\$ 18,998	\$ 63,106	\$ 39,527	\$ 1,500	\$ 26,010	\$ 6,450	\$ 1,000	\$ 156,591

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, 2017

	C & M Hatch	Sheepscot	Glidden	Pine Knoll	Whitehouse	Hussey Cemetery	Worthy Poor	Cemetery Trust	Total
ASSETS									
Cash and cash equivalents	\$ 302	\$ 5,013	\$ 2,568	\$ 4,310	\$ 70	\$ 315	\$ 4,147	\$ 1,507	\$ 18,232
Investments	2,634	43,689	22,386	37,565	607	2,742	36,145	-	145,768
Due from other funds	-	2,622	1,674	154	-	-	-	-	4,450
TOTAL ASSETS	\$ 2,936	\$ 51,324	\$ 26,628	\$ 42,029	\$ 677	\$ 3,057	\$ 40,292	\$ 1,507	\$ 168,450
LIABILITIES									
Due to other funds	\$ 153	\$ -	\$ -	\$ -	\$ 40	\$ 161	\$ 29	\$ -	\$ 383
TOTAL LIABILITIES	153	-	-	-	40	161	29	-	383
FUND BALANCES									
Nonspendable	2,001	25,447	22,624	33,873	554	2,500	23,039	-	110,038
Restricted	782	25,877	4,004	8,156	83	396	17,224	1,507	58,029
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	2,783	51,324	26,628	42,029	637	2,896	40,263	1,507	168,067
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,936	\$ 51,324	\$ 26,628	\$ 42,029	\$ 677	\$ 3,057	\$ 40,292	\$ 1,507	\$ 168,450

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, 2017

	C & M Hatch	Sheepscot	Glidden	Pine Knoll	Whitehouse	Hussey Cemetery	Worthy Poor	Cemetery Trust	Total
REVENUES									
Investment income, net of unrealized gains/(losses)	\$ 244	\$ 4,035	\$ 2,067	\$ 3,469	\$ 56	\$ 253	\$ 3,339	\$ 2	\$ 13,465
Other	-	-	2,000	-	-	-	-	-	2,000
TOTAL REVENUES	<u>244</u>	<u>4,035</u>	<u>4,067</u>	<u>3,469</u>	<u>56</u>	<u>253</u>	<u>3,339</u>	<u>2</u>	<u>15,465</u>
EXPENDITURES									
Other	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>244</u>	<u>4,035</u>	<u>4,067</u>	<u>3,469</u>	<u>56</u>	<u>253</u>	<u>3,339</u>	<u>2</u>	<u>15,465</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	244	4,035	4,067	3,469	56	253	3,339	2	15,465
FUND BALANCES - JULY 1	<u>2,539</u>	<u>47,289</u>	<u>22,561</u>	<u>38,560</u>	<u>581</u>	<u>2,643</u>	<u>36,924</u>	<u>1,505</u>	<u>152,602</u>
FUND BALANCES - JUNE 30	<u>\$ 2,783</u>	<u>\$ 51,324</u>	<u>\$ 26,628</u>	<u>\$ 42,029</u>	<u>\$ 637</u>	<u>\$ 2,896</u>	<u>\$ 40,263</u>	<u>\$ 1,507</u>	<u>\$ 168,067</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, 2017

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ 97,965	\$ 341,651	\$ 47,720	\$ -	\$ 487,336
Public safety	33,200	472,896	890,052	-	1,396,148
Public works	-	-	9,100	3,766,766	3,775,866
Recreation	-	8,774	-	-	8,774
Total General Capital Assets	131,165	823,321	946,872	3,766,766	5,668,124
Less: Accumulated Depreciation	-	(322,525)	(512,234)	(1,886,219)	(2,720,978)
Net General Capital Assets	\$ 131,165	\$ 500,796	\$ 434,638	\$ 1,880,547	\$ 2,947,146

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, 2017

	General Capital Assets 7/1/16	Additions	Deletions	General Capital Assets 6/30/17
General government	\$ 487,336	\$ -	\$ -	\$ 487,336
Public safety	1,396,148	-	-	1,396,148
Public works	3,854,762	-	(78,896)	3,775,866
Recreation	8,774	-	-	8,774
Total General Capital Assets	5,747,020	-	(78,896)	5,668,124
Less: Accumulated Depreciation	<u>(2,646,559)</u>	<u>(98,199)</u>	<u>23,780</u>	<u>(2,720,978)</u>
Net General Capital Assets	<u>\$ 3,100,461</u>	<u>\$ (98,199)</u>	<u>\$ (55,116)</u>	<u>\$ 2,947,146</u>

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



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Selectmen
Town of Newcastle
Newcastle, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Newcastle, Maine as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Newcastle, Maine's basic financial statements, and have issued our report thereon dated March 2, 2018.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Newcastle, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
March 2, 2018

TOWN OF NEWCASTLE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Education				
Passed through State of Maine - Department of Education and Cultural Services:				
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	013.3046.12.10	\$ -	\$ 11,348
Subtotal Special Education Cluster (IDEA)			<u>-</u>	<u>11,348</u>
Total U.S. Department of Education			<u>-</u>	<u>11,348</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ -</u>	<u>\$ 11,348</u>

DISCLOSURES:

This Town is not required to have a federal 2 C.F.R. Part 200 Uniform Guidance Audit.

TOWN OF NEWCASTLE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Newcastle, Maine under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Newcastle, Maine, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Newcastle, Maine.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Town of Newcastle, Maine has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



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INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

Board of Selectmen
Town of Newcastle
Newcastle, Maine

We have audited the financial statements of Town of Newcastle, Maine for the year ended June 30, 2017 and have issued our report thereon dated March 2, 2018. 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 Maine Department of Education for accuracy. In addition, we have reviewed the Town of Newcastle, Maine'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, Maine 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, Maine was in noncompliance with, or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Town of Newcastle, Maine 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 Maine Department of Education.

This report is intended solely for the information of the Board of Selectmen, School Board, management and the Maine 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
March 2, 2018

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NEWCASTLE SCHOOL DEPARTMENT

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA
 SUBMITTED TO THE MEDMS FINANCIAL SYSTEM
 FOR YEAR ENDED JUNE 30, 2017

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Fund (3000)	Total
June 30 Balance Per MEDMS Financial System	\$ 257,182	\$ 3,173	\$ -	\$ 260,355
Revenue Adjustments:				
Expenditure Adjustments:				
Other adjustments:				
Beginning balance adjustment	(406)	(1,563)	-	(1,969)
Audited GAAP Basis Fund Balance June 30	<u>\$ 256,776</u>	<u>\$ 1,610</u>	<u>\$ -</u>	<u>\$ 258,386</u>