

**Financial Statements**

**Town of New Portland, Maine**

**December 31, 2015**

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## Town of New Portland, Maine

December 31, 2015

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## Independent Auditors' Report

**To the Board of Selectmen  
Town of New Portland  
New Portland, Maine**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of New Portland, Maine, as of and for the year ended December 31, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 New Portland, Maine, as of December 31, 2015, and the respective changes in financial position 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 on page 4 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 New Portland, Maine's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relates 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 09, 2016, on our consideration of the Town of New Portland, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of New Portland, Maine's internal control over financial reporting and compliance.

*Randy Power + Company*  
Professional Association

**Portland, Maine  
February 09, 2016**

## **Management's Discussion and Analysis**

### **Town of New Portland, Maine**

As management of the Town of New Portland, Maine, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2015. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

#### **Financial Highlights**

- The Town's assets exceeded liabilities by \$1,208,033 as of December 31, 2015, compared to \$1,171,747 as of December 31, 2014.
- The Town's governmental funds General Fund Balance was \$513,344 as of December 31, 2015, compared to \$524,018 as of December 31, 2014.

#### **Overview of the Financial Statements**

The Management's Discussion and Analysis introduces the Town's basic financial statements. The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes in this report supplemental information to the basic financial statements.

#### **Government-wide Financial Statements**

The government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements provide information about the activities of the Town as a whole and present both a long-term and short-term view of the Town's finances. Financial reporting at this level is similar to the accounting used by most private-sector companies.

The Statement of Net Position includes all assets and liabilities, with the difference reported as net position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. Evaluation of the overall economic health requires other non-financial factors, such as changes in the Town's property tax base and the condition of the Town's roads, as well as many others.

The Statement of Activities reports the current year change in net position. This statement includes all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities are divided into two kinds of activities:

- **Governmental activities:** Most of the Town's basic services are reported here, including the police, fire, general administration, streets, and ambulance. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.

## Management's Discussion and Analysis - Continued

### Town of New Portland, Maine

- Business-type activities: if the Town charges a fee to customers to help it cover all or most of the cost of certain services it provides.

#### The Town as Trustee

#### Reporting the Town's Fiduciary Responsibilities

We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

#### THE TOWN AS A WHOLE

For the year ended December 31, 2015, net position changed as follows:

	<b>Governmental Activities</b>
Beginning net position	\$1,171,747
Increase in net position	<u>36,286</u>
Ending net position	<u>\$1,208,033</u>

#### Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense) revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Town's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

General government	Building and plumbing permits, clerk fees, marriage licenses, and interest on taxes.
Public works	State highway aid grant.
Health and sanitation	State general assistance reimbursements.

All other governmental revenues are reported as other revenues. It is important to note that all taxes are classified as general revenues even if restricted for a specific purpose.

## Management's Discussion and Analysis - Continued

### Town of New Portland, Maine

#### Fund Financial Statements

For governmental activities, these statements focus on how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

#### Financial Analysis of the Town as a Whole - Government-wide Financial Statements

The following schedule is a summary of net position for the years ended December 31, 2015 and December 31, 2014:

	<u>Governmental Activities</u>		
	<u>2015</u>	<u>2014</u>	<u>Change</u>
Current and other assets	\$ 772,564	\$ 807,933	\$ (35,369)
Capital assets	<u>899,751</u>	<u>589,254</u>	<u>310,497</u>
<b>Total Assets</b>	<b>1,672,315</b>	<b>1,397,187</b>	<b>275,128</b>
Long-term liabilities	454,443	218,922	235,521
Other liabilities	<u>9,839</u>	<u>6,518</u>	<u>3,321</u>
<b>Total Liabilities</b>	<b>464,282</b>	<b>225,440</b>	<b>238,842</b>
Net position:			
Net investment in capital assets			
net of related debt	445,308	370,332	74,976
Restricted	23,270	23,223	47
Unrestricted	<u>739,455</u>	<u>778,192</u>	<u>(38,737)</u>
	<u>\$ 1,208,033</u>	<u>\$ 1,171,747</u>	<u>\$ 36,286</u>



## Management's Discussion and Analysis - Continued

### Town of New Portland, Maine

The following schedule is a summary of the statement of activities for the years ended December 31, 2015 and December 31, 2014:

	<u>Governmental Activities</u>		
	<u>2015</u>	<u>2014</u>	<u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 20,664	\$ 56,585	\$ (35,921)
Operating grants and contributions	38,362	38,200	162
General revenues:			
Property taxes	1,220,586	1,202,852	17,734
Excise taxes	136,873	134,121	2,752
Intergovernmental	112,142	98,983	13,159
Interest	67	53	14
Miscellaneous	13,166	8,041	5,125
<b>Total Revenues</b>	<u>1,541,860</u>	<u>1,538,835</u>	<u>3,025</u>
Expenses:			
General			
General government	177,094	176,608	486
Public safety	115,875	101,278	14,597
Public works	331,529	446,192	(114,663)
Health and sanitation	44,783	55,105	(10,322)
Education	639,565	627,622	11,943
Unclassified	184,958	166,893	18,065
Interest on debt	11,770	5,741	6,029
<b>Total Expenses</b>	<u>1,505,574</u>	<u>1,579,439</u>	<u>(73,865)</u>
<b>Change in Net Position</b>	<u>\$ 36,286</u>	<u>\$ (40,604)</u>	<u>\$ 76,890</u>

Public works expenditures in 2014 were higher due to the slip line of culvert over Indian Stream.

## Management’s Discussion and Analysis - Continued

### Town of New Portland, Maine

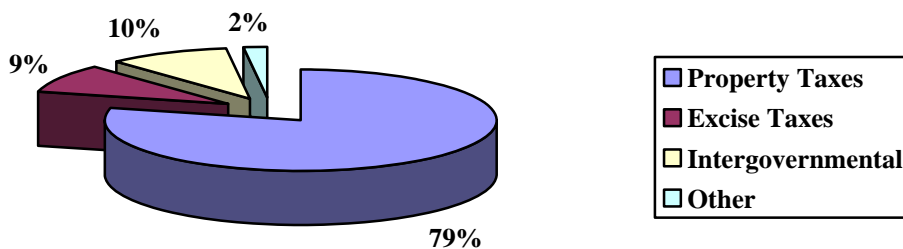
#### Financial Analysis of the Town's Funds - Fund Financial Statements

Our analysis of the Town’s major funds begins with the fund financial statements and provides detailed information about the most significant funds-not the Town as a whole. Some funds are required to be established by State law. However, many other funds are established to help control and manage money for particular purposes or to show the Town is meeting legal responsibilities for using certain taxes, grants, and other money. The Town reports governmental funds and a proprietary fund.

- Governmental funds - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship, or differences, between governmental activities, reported in the Statement of Net Position and the Statement of Activities, and governmental funds in reconciliation at the bottom of the fund financial statements.

The Town’s general fund operating revenues on a budgetary basis were as follows:

Revenue	FY 2015 Amount	Percent of Total	Increase (decrease) from FY 2014
Property Taxes	\$ 1,230,5862	79%	\$ 27,734
Excise Taxes	136,873	9%	2,752
Intergovernmental	150,504	10%	13,321
Other	35,580	2%	(29,046)
<b>Total Revenue</b>	<b>\$ 1,553,543</b>	<b>100%</b>	<b>\$ 14,761</b>

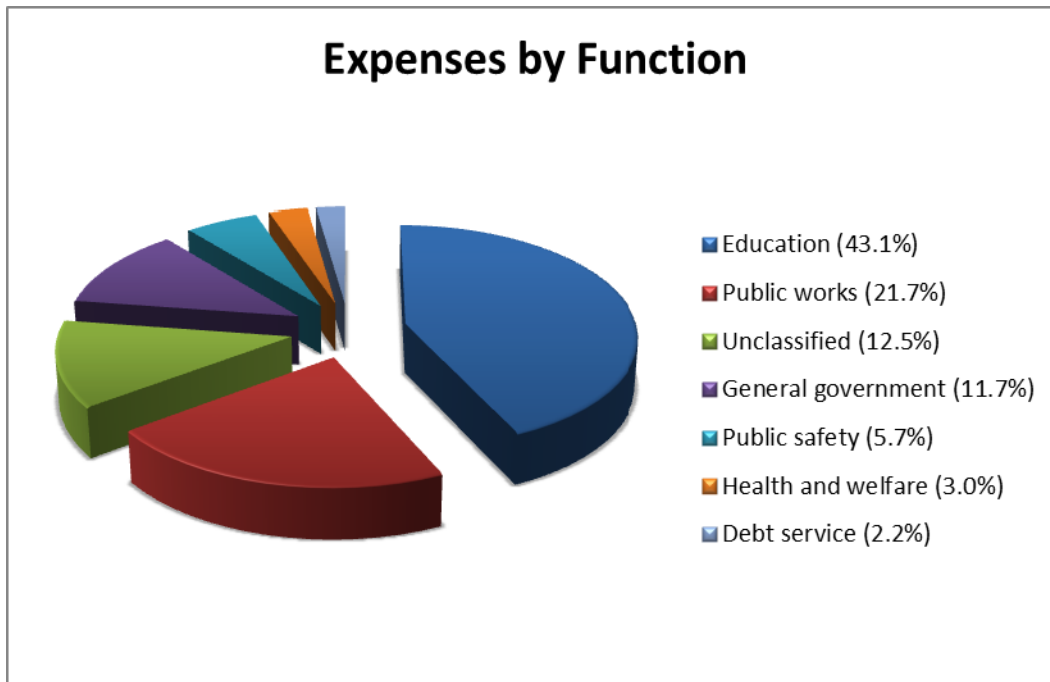


## Management’s Discussion and Analysis - Continued

### Town of New Portland, Maine

The Town’s general fund operating fund expenditures on a budgetary basis were as follows:

<b>Expenditures</b>	<b>FY 2015 Amount</b>	<b>Percent of Total</b>	<b>Increase (decrease) from FY 2014</b>
<b>Education</b>	\$ 639,565	43%	\$ 11,943
<b>Public works</b>	321,943	22%	(114,664)
<b>General government</b>	174,085	12%	(8)
<b>Unclassified</b>	184,958	12%	18,065
<b>Health and welfare</b>	44,783	3%	(10,322)
<b>Public safety</b>	83,987	6%	13,759
<b>Debt service</b>	<u>33,179</u>	<u>2%</u>	<u>13,623</u>
<b>Total Revenue</b>	<u>\$ 1,482,500</u>	<u>100%</u>	<u>\$ (67,604)</u>



## Management's Discussion and Analysis - Continued

### Town of New Portland, Maine

#### Capital Assets

As of December 31, 2015, the Town of New Portland's investment in capital assets for its governmental activities amounted to \$1,444,821 for 2015 and \$1,090,084 2014 years. This investment includes land, buildings, equipment, and vehicles. The most significant addition for 2015 was the new fire truck.

	Governmental Activities		Increase
	<u>2015</u>	<u>2014</u>	<u>(Decrease)</u>
Land	\$ 19,491	\$ 19,491	\$ -
Land improvements	47,458	47,458	-
Buildings and improvements	408,067	408,067	-
Vehicles and equipment	<u>969,805</u>	<u>615,068</u>	<u>354,737</u>
Totals at cost	\$ 1,444,821	\$ 1,090,084	\$ 354,737
Total accum depreciation	<u>545,070</u>	<u>500,830</u>	<u>44,240</u>
Net Capital Assets	<u>\$ 899,751</u>	<u>\$ 589,254</u>	<u>\$ 310,497</u>

#### Long Term Liabilities

At year-end, the Town had \$454,443 in outstanding bonds and notes payable balances compared to \$218,922 last year. The increase relates to the Town borrowing \$260,000 toward the purchase of the new fire truck. Principal payments on existing notes totaled \$24,479 during the year.

#### CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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, visit the Town Office in New Portland or call 628-4441.

## Statement of Net Position

### Town of New Portland, Maine

As of December 31, 2015

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 535,093
Taxes receivable	171,853
Tax liens receivable	58,541
Accounts receivable	7,077
Capital assets, net of accumulated depreciation	<u>899,751</u>
<b>Total Assets</b>	1,672,315
<b>Liabilities</b>	
Accounts payable	4
Accrued interest payable	4,539
Taxes paid in advance	5,296
Long-term liabilities:	
Portion due or payable within one year:	
Bond and notes payable	48,873
Portion due or payable after one year:	
Bond and notes payable	<u>405,570</u>
<b>Total Liabilities</b>	<u>464,282</u>
<b>Net Position</b>	
Net investment in capital assets	445,308
Restricted, expendable	21,570
Restricted, nonspendable	1,700
Unrestricted	<u>739,455</u>
<b>Total Net Position</b>	<u><u>\$ 1,208,033</u></u>

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

**Statement of Activities**

**Town of New Portland, Maine**

**For the Year Ended December 31, 2015**

Function/Programs	Expenses	Program Revenues		Net
		Charges for Services	Operating Grants and Contributions	(Expense) Revenue and Changes in Net Position
<b>Governmental Activities:</b>				<b>Governmental Activities</b>
General government	\$ 177,094	\$ 20,664	\$ -	\$ (156,430)
Public safety	115,875	-	66	(115,809)
Public works	331,529	-	38,200	(293,329)
Health and sanitation	44,783	-	96	(44,687)
Education	639,565	-	-	(639,565)
Unclassified	184,958	-	-	(184,958)
Interest on long-term debt	11,770	-	-	(11,770)
<b>Total Governmental Activities</b>	<b>\$ 1,505,574</b>	<b>\$ 20,664</b>	<b>\$ 38,362</b>	<b>(1,446,548)</b>

General revenues:

Taxes:

Property 1,220,586

Excise 136,873

Intergovernmental 112,142

Interest income 67

Gain on disposal of fixed asset 2,250

Miscellaneous 10,916

**Total General Revenues** 1,482,834

**Change in Net Position** 36,286

Net position at beginning of year 1,171,747

**Net Position at End of Year** \$ 1,208,033

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

## Balance Sheet - Governmental Funds

### Town of New Portland, Maine

As of December 31, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash	\$ 459,539	\$ 75,554	\$ 535,093
Taxes receivable	171,853	-	171,853
Tax liens receivable	58,541	-	58,541
Accounts receivable	7,077	-	7,077
Due from other funds	6,634	-	6,634
<b>Total Assets</b>	<u>\$ 703,644</u>	<u>\$ 75,554</u>	<u>\$ 779,198</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 4	\$ -	\$ 4
Taxes paid in advance	5,296	-	5,296
Due to other funds	-	6,634	6,634
<b>Total Liabilities</b>	<u>5,300</u>	<u>6,634</u>	<u>11,934</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	<u>185,000</u>	<u>-</u>	<u>185,000</u>
<b>Total Deferred Inflows of Resources</b>	<u>185,000</u>	<u>-</u>	<u>185,000</u>
<b>Fund Balances</b>			
Nonspendable:			
Permanent Fund	-	1,700	1,700
Restricted:			
Permanent Fund	-	21,570	21,570
Assigned:			
Special Revenue Fund	-	45,650	45,650
General Fund	130,978	-	130,978
Unassigned:			
General Fund	<u>382,366</u>	<u>-</u>	<u>382,366</u>
<b>Total Fund Balances</b>	<u>513,344</u>	<u>68,920</u>	<u>582,264</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 703,644</u>	<u>\$ 75,554</u>	<u>\$ 779,198</u>

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

**Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Position**

**Town of New Portland, Maine**

**As of December 31, 2015**

**Total Fund Balances - Governmental Funds** \$ 582,264

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 as assets in governmental  
funds. The cost of capital assets, net of accumulated depreciation is: 899,751

Property tax revenues are presented on the modified accrual basis  
of accounting in the governmental funds but in the Statement of  
Activities, property tax revenue is reported under the accrual method.  
The balance in unavailable revenue - property taxes in the  
governmental funds as a deferred inflow is: 185,000

Long-term liabilities are not due and payable in the current period  
and therefore are not reported as liabilities in the funds. Long-term  
and related liabilities at year-end consist of:

Bonds and note payable	\$ (454,443)	
Accrued interest payable	(4,539)	
	<u>(458,982)</u>	<u>(458,982)</u>

**Total Net Position - Governmental Activities** \$ 1,208,033

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



**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds**

**Town of New Portland, Maine**

**For the Year Ended December 31, 2015**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Taxes			
Property	\$ 1,230,586	\$ -	\$ 1,230,586
Excise	136,873	-	136,873
Intergovernmental	150,504	-	150,504
Miscellaneous	<u>35,580</u>	<u>67</u>	<u>35,647</u>
<b>Total Revenues</b>	1,553,543	67	1,553,610
<b>Expenditures</b>			
Current			
General government	174,085	-	174,085
Public safety	83,987	-	83,987
Public works	321,943	-	321,943
Health and welfare	44,783	-	44,783
Education	639,565	-	639,565
Unclassified	184,958	-	184,958
Debt service - principal	24,479	-	24,479
- interest	8,700	-	8,700
Capital outlay	<u>356,730</u>	<u>-</u>	<u>356,730</u>
<b>Total Expenditures</b>	<u>1,839,230</u>	<u>-</u>	<u>1,839,230</u>
<b>Revenues Over (Under) Expenditures</b>	(285,687)	67	(285,620)
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	58,468	43,455	101,923
Operating transfers out	(43,455)	(58,468)	(101,923)
Proceeds from long-term borrowing	<u>260,000</u>	<u>-</u>	<u>260,000</u>
<b>Total Other Financing Sources (Uses)</b>	<u>275,013</u>	<u>(15,013)</u>	<u>260,000</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(10,674)	(14,946)	(25,620)
Fund balances at beginning of year	<u>524,018</u>	<u>83,866</u>	<u>607,884</u>
<b>Fund Balances at End of Year</b>	<u>\$ 513,344</u>	<u>\$ 68,920</u>	<u>\$ 582,264</u>

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

# Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

## Town of New Portland, Maine

As of December 31, 2015

**Net Change in Fund Balances - Total Governmental Funds** \$ (25,620)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report the sale of capital assets as revenues. However, in the Statement of Activities, the sale of those assets is recognized as a gain or loss, depending on the sale and accumulated depreciation amounts.

Proceeds from sale of assets	\$ (4,000)	
Gain on disposition of capital assets	<u>2,250</u>	(1,750)

Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense differed from capital asset additions in the current period:

Capital asset additions	365,237	
Depreciation expense	<u>(52,990)</u>	312,247

Property tax revenues are presented on the modified accrual basis of accounting in the governmental funds but in the Statement of Activities, property tax revenue is reported under the accrual method. The current year change in unavailable revenue - property tax revenue reported in the governmental funds and not in the Statement of Activities is: (10,000)

Bond proceeds and entering into capital lease obligations provide current resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which repayments differed from proceeds from borrowing in the current period:

Proceeds from borrowing	(260,000)	
Principal portion of debt payments	<u>24,479</u>	(235,521)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in accrued interest payable	<u>(3,070)</u>	
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**Change in Net Position of Governmental Activities** **\$ 36,286**

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

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - General Fund (Budgetary Basis)**

**Town of New Portland, Maine**

**For the Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Taxes				
Property	\$ 1,205,609	\$ 1,205,609	\$ 1,230,586	\$ 24,977
Excise	118,000	118,000	136,873	18,873
Intergovernmental	106,809	106,809	113,524	6,715
Miscellaneous	581	581	35,456	34,875
<b>Total Revenues</b>	<u>1,430,999</u>	<u>1,430,999</u>	<u>1,516,439</u>	<u>85,440</u>
<b>Expenditures</b>				
Current				
General government	167,899	167,899	174,085	(6,186)
Public safety	78,487	78,487	79,739	(1,252)
Public works	334,088	334,088	321,943	12,145
Health and welfare	44,079	44,079	44,783	(704)
Education	639,565	639,565	639,565	-
Unclassified	181,020	181,020	182,555	(1,535)
Debt service - principal	24,479	24,479	24,479	-
- interest	10,700	10,700	8,700	2,000
Capital outlay	-	360,000	356,730	3,270
<b>Total Expenditures</b>	<u>1,480,317</u>	<u>1,840,317</u>	<u>1,832,579</u>	<u>7,738</u>
<b>Revenues Over (Under) Expenditures</b>	(49,318)	(409,318)	(316,140)	93,178
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	39,800	114,800	121,668	6,868
Operating transfers out	(66,472)	(66,472)	(66,472)	-
Proceeds from long-term borrowing	-	260,000	260,000	-
Utilization of assigned balances	37,647	37,647	-	(37,647)
Utilization of unassigned balances	53,000	78,000	-	(78,000)
<b>Total Other Financing Sources (Uses)</b>	<u>63,975</u>	<u>423,975</u>	<u>315,196</u>	<u>(108,779)</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	\$ 14,657	\$ 14,657	(944)	\$ (15,601)
Fund balance at beginning of year (budgetary basis)			<u>414,010</u>	
<b>Balance at End of Year (Budgetary Basis)</b>			<u>\$ 413,066</u>	

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

## Notes to Financial Statements

# Town of New Portland, Maine

### Note A - Summary of Significant Accounting Policies

The Town of New Portland, Maine was incorporated in 1808 and operates under a Selectmen -Town Manager form of government. The accounting policies of the Town of New Portland conform to generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. The more significant accounting policies established in GAAP and used by the Town are discussed below.

#### **Principles Determining Scope of Reporting Entity**

The basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in GAAP include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization's board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is fiscal dependency by the organization on the Town

Based on the aforementioned criteria, the Town of New Portland has no component units.

#### **Basis of Presentation**

##### **Government-wide Financial Statements**

The statement of net assets and statement of activities report information about the reporting government as a whole. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

## Notes to Financial Statements - Continued

### Town of New Portland, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

##### Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

##### Governmental Activities

Governmental funds are identified as either general, special revenue, capital projects, or permanent funds based upon the following guidelines.

The *General Fund* is the operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* are used to account for the proceeds of specific sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

*Capital Projects Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

*Permanent Funds* are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization as stipulated by the specific trust instrument.

##### Government-wide Fund Net Position

Government-wide net position is divided into three components:

*Net investment in capital assets* - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

*Restricted net position* - consist of net assets that are restricted by the Town's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

*Unrestricted* - All other net assets are reported in this category.

## Notes to Financial Statements - Continued

### Town of New Portland, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

##### Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

*Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

*Restricted* – resources with constraints placed on use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – resources which are subject to limitations the government imposes upon itself at its highest level of design making, and that remain binding unless removed in the same manner.

*Assigned* – resources neither restricted or committed for which a government has a stated intended use as established by Town Selectmen or a body or official to which the Town Selectmen has delegated authority to assign amounts for specific purposes.

*Unassigned* – resources which cannot be properly classified in one of the other four categories. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

##### Use of Restricted Resources

The Town has no formal fund balance policy. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

##### 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 is related to the timing of the measurements made, regardless of the measurement focus applied.

##### Accrual

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

## Notes to Financial Statements - Continued

### Town of New Portland, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

##### Modified Accrual

Governmental funds 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 within 60 days after year end. 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 is recognized when due.

##### Cash and Cash Equivalents

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.

##### Investments

The Town follows GASBS No. 31, Accounting and Reporting of Certain Investments and External Investment Pools. Under GASBS No. 31, certain investments held by governments are reported at their fair value in the balance sheet. Unrealized gains and losses are included in the statement of revenues, expenditures and changes in fund balance.

##### Inventories

Inventories of supplies are considered to be expenditures at the time of purchase.

##### Capital Assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$1,000 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. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line method. Estimated useful lives are as follows: land improvements, 20 years; buildings and improvements, 20 to 50 years; infrastructure, 40 to 50 years; and vehicles and equipment, 5 to 30 years.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

## Notes to Financial Statements - Continued

### Town of New Portland, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

##### **Vacation and Sick Leave**

Under the terms of personnel policies, vacation and sick leave are granted in varying amounts. Accumulated unused sick leave is not payable upon separation and therefore is not included as part of compensated absences. The Town accrues unpaid vacation when earned (or estimated to be earned) by the employee. No liability is recorded for accrued compensated absences at December 31, 2015, the inclusion of which would not be material to the financial statements.

##### **Budget**

The Town of New Portland'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:

- Early in the second half of the last fiscal year the Town prepared a budget for this fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
- A meeting of the inhabitants of the Town of New Portland, Maine was then called for the purpose of adopting the proposed budget after public notice of the meeting was given.
- The budget was adopted subsequent to passage by the inhabitants of the Town.

The Town does not adopt budgets for special revenue funds.

##### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### **Interfund Activity**

Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund loan receivables and payables as appropriate and are subject to elimination upon consolidation in the government-wide presentation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. Since not all funds maintain a separate cash account, cash is pooled in the General Fund cash account and activity for individual funds are recorded through the General Fund and each respective individual fund through the recognition of a "due to/due from" as appropriate. The due to/from other funds balances are subject to elimination upon consolidation in the government-wide presentation. All interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.



## Notes to Financial Statements - Continued

### Town of New Portland, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

##### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### Deferred Inflow of Resources

In addition to liabilities, the governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement section represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government only has one type of item, unavailable revenue from property taxes, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

##### Revenue Recognition - Property Taxes

The Town's property tax for the current year was levied August 12, 2015, on the assessed value listed as of April 1, 2015, for all real and personal property located in the Town. Taxes were due September 30, 2015. Interest on unpaid taxes commenced on October 1, 2015, at 7% per annum.

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

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 \$14,657 (1.2%) for the year ended December 31, 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.

## Notes to Financial Statements - Continued

### Town of New Portland, Maine

#### Note B - Cash

The Town conducts all its banking transactions with its depository bank.

#### Custodial Credit Risk - Deposits

At December 31, 2015, the carrying amount of the Town's deposits was \$535,093 and the bank balance was \$551,943. The difference between these balances relates to deposits in transit, outstanding checks and cash on hand at year-end.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy on custodial credit risk. At December 31, 2015, \$226,389 of the Town's bank balance of \$551,943 was exposed to credit risk as follows:

Collateralized with securities held by the pledging financial institution	<u>\$ 226,389</u>
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#### Note C - Capital Assets

A summary of capital assets transactions for the year ended December 31, 2015, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Non-Depreciable Assets:				
Land	\$ 19,491	\$ -	\$ -	\$ 19,491
Depreciable Assets:				
Land improvements	47,458	-	-	47,458
Buildings and improvements	408,067	-	-	408,067
Vehicles and equipment	<u>615,068</u>	<u>365,237</u>	<u>10,500</u>	<u>969,805</u>
<b>Totals at Historical Cost</b>	1,090,084	365,237	10,500	1,444,821
Less accumulated depreciation:				
Land improvements	16,578	2,868	-	19,446
Buildings and improvements	136,125	10,202	-	146,327
Vehicles and equipment	<u>348,127</u>	<u>39,920</u>	<u>8,750</u>	<u>379,297</u>
Total accumulated depreciation	<u>500,830</u>	<u>52,990</u>	<u>8,750</u>	<u>545,070</u>
<b>Capital Assets, Net</b>	<u>\$ 589,254</u>	<u>\$ 312,247</u>	<u>\$ 1,750</u>	<u>\$ 899,751</u>

## Notes to Financial Statements - Continued

### Town of New Portland, Maine

#### Note C - Capital Assets - Continued

Depreciation expense was charged to the following functions:

##### Governmental activities:

General government	\$ 3,009
Public safety	40,395
Public works	<u>9,586</u>
Total governmental activities depreciation expense	<u>\$ 52,990</u>

#### Note D - Interfund Transfers

Interfund transfers for the year ended December 31, 2015 consisted of the following amounts:

<b>Governmental Activities</b>	Transfers <u>In</u>	Transfers <u>Out</u>	Net <u>Transfers</u>
<u>General Fund:</u>			
<i>Other Governmental Funds:</i>			
Special Revenues	\$ 58,468	\$ (43,455)	\$ 15,013
<u>Other Governmental Funds:</u>			
<i>Special Revenues:</i>			
General Fund	<u>43,455</u>	<u>(58,468)</u>	<u>\$ (15,013)</u>
<b>Total Interfund Transfers</b>	<u>\$ 101,923</u>	<u>\$ (101,923)</u>	<u>\$ -</u>

Transfers are used to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## Notes to Financial Statements - Continued

### Town of New Portland, Maine

#### Note E - Long-Term Debt

Long-term liability activity for the year ended December 31, 2015, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Amounts Due within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds and note payable	\$ 218,922	\$ 260,000	\$ 24,479	\$ 454,443	\$ 48,873

At December 31, 2015 long-term debt consisted of the following individual issues:

Bond payable to Rural Development due in annual installments of \$5,993 including interest at 4.5% through October 2030. \$ 64,327

Note payable to a bank due in annual installments of \$11,771 including interest at 2.75% through September 2016. 11,500

Note payable to a bank in annual installments of \$15,415 including interest at 3.25% through October 2024. 118,616

Bond payable to a bank in annual installments of \$30,406 including interest at 2.95% through September 2025. 260,000  
\$ 454,443

The annual requirements to amortize long-term debt are as follows:

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 48,873	\$ 14,762	\$ 63,635
2017	38,580	13,235	51,815
2018	39,803	12,011	51,814
2019	41,067	10,747	51,814
2020	42,359	9,456	51,815
2021-2025	217,506	26,126	243,632
2026-2030	<u>26,255</u>	<u>3,642</u>	<u>29,897</u>
Total	<u>\$ 454,443</u>	<u>\$ 89,979</u>	<u>\$ 544,422</u>

## Notes to Financial Statements - Continued

### Town of New Portland, Maine

#### Note F - Assigned Fund Balance

At December 31, 2015, the assigned general fund balance consisted of the following:

General Carryforwards:

Planning board	\$	6,729
Summer roads		12,478
Cemetery maintenance		2,370
Fire department		5,715
Animal control		1,407
TAN interest		2,000

Other Reserves:

Legal fees contingency		9,445
Fire certification		9,397
Tarring		31,282
Grant matching		21,552
Recreation		2,750
Fire truck		78
Road projects		9,000
Road grant		16,771
Building fund		4
		<u>4</u>
	\$	<u>130,978</u>

#### Note G - Expenditures Over Appropriations

The following appropriations were exceeded by actual expenditures:

<u>Appropriations</u>		<u>Excess</u>
Officers' salaries	\$	2,029
Town office/charges		11,952
Insurance		712
Winter roads		333
Abatements		3,905

## Notes to Financial Statements - Continued

### Town of New Portland, Maine

#### Note H - Budget to GAAP Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Budgetary Basis:

Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$	(944)
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*Sources/inflows of resources - reconciling items:*

The Town budgets certain other revenues outside of its general fund that are recognized in the general fund under generally accepted accounting principles		37,104
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Transfers from other funds are inflows of budgetary resources but are not transfers for financial reporting purposes		(63,200)
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*Uses/outflows of resources - reconciling items*

The Town budgets certain expenditures outside of its general fund that are recognized in the general fund under generally accepted accounting principles		(6,651)
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Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes		<u>23,017</u>
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Generally Accepted Accounting Principles Basis:

Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$	<u>(10,674)</u>
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#### Note I - Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently, the Town participates in several public entity and self-insured risk pools sponsored by the Maine Municipal Association.

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at December 31, 2015.

## Notes to Financial Statements - Continued

### Town of New Portland, Maine

#### Note J - Commitment

The Town has entered into a contract for snow removal and sanding of town roads. The following schedule summarizes the annual obligations under the contract:

<u>Year Ending December 31,</u>	
2016	\$ 225,000
2017	225,000
2018	123,000

**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Other Governmental Funds**

**Town of New Portland, Maine**

**As of December 31, 2015**

	Special Revenue	Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash	\$ 52,284	\$ 23,270	\$ 75,554
Due from other funds	-	-	-
<b>Total Assets</b>	<u>\$ 52,284</u>	<u>\$ 23,270</u>	<u>\$ 75,554</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Due to other funds	\$ 6,634	-	\$ 6,634
<b>Total Liabilities</b>	6,634	-	6,634
<b>Fund Balances</b>			
Nonspendable	-	1,700	1,700
Restricted	-	21,570	21,570
Assigned	45,650	-	45,650
<b>Total Fund Balances</b>	<u>45,650</u>	<u>23,270</u>	<u>68,920</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 52,284</u>	<u>\$ 23,270</u>	<u>\$ 75,554</u>

See accompanying independent auditors' report.



**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds - Other Governmental Funds**

**Town of New Portland, Maine**

**For the Year Ended December 31, 2015**

	Special Revenue (TIF Fund)	Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Intergovernmental	\$ -	\$ -	\$ -
Investment income	20	47	67
Miscellaneous	-	-	-
<b>Total Revenues</b>	<u>20</u>	<u>47</u>	<u>67</u>
<b>Expenditures</b>			
Current	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues Over (Under) Expenditures</b>	20	47	67
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	43,455	-	43,455
Operating transfers out	(58,468)	-	(58,468)
<b>Total Other Sources (Uses)</b>	<u>(15,013)</u>	<u>-</u>	<u>(15,013)</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(14,993)	47	(14,946)
Fund balances at beginning of year	<u>60,643</u>	<u>23,223</u>	<u>83,866</u>
<b>Fund Balances at End of Year</b>	<u>\$ 45,650</u>	<u>\$ 23,270</u>	<u>\$ 68,920</u>

See accompanying independent auditors' report.

## Combining Schedule of Revenues, Expenses and Changes in Other Town Reserves

### Town of New Portland, Maine

For the Year Ended December 31, 2015

	Legal Fees Contingency	Fire Certification	Tarring	Grant Matching	Recreation	Fire Truck	Road Projects	Road Grant	Building Fund	Total
<b>Revenues</b>										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,980	\$ -	\$ 36,980
Other	-	-	-	-	-	-	-	-	-	-
Interest	11	8	25	25	3	21	-	30	-	123
<b>Total Revenues</b>	11	8	25	25	3	21	-	37,010	-	37,103
<b>Expenditures</b>	2,177	4,248	-	-	226	-	-	-	-	6,651
<b>Revenues Over (Under) Expenditures</b>	(2,166)	(4,240)	25	25	(223)	21	-	37,010	-	30,452
<b>Other Financing Sources (Uses)</b>										
Operating transfers in	1,500	6,517	10,000	-	-	5,000	-	-	-	23,017
Operating transfers out	-	-	-	-	-	(25,000)	-	(38,200)	-	(63,200)
<b>Total Other Financing Sources (Uses)</b>	1,500	6,517	10,000	-	-	(20,000)	-	(38,200)	-	(40,183)
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(666)	2,277	10,025	25	(223)	(19,979)	-	(1,190)	-	(9,731)
Reserve balances at beginning of year	10,111	7,120	21,257	21,527	2,973	20,057	9,000	17,961	4	110,010
<b>Reserve Balances at End of Year</b>	\$ 9,445	\$ 9,397	\$ 31,282	\$ 21,552	\$ 2,750	\$ 78	\$ 9,000	\$ 16,771	\$ 4	\$ 100,279

See accompanying independent auditors' report.

**Combining Balance Sheet  
Permanent Funds - Trust Funds**

**Town of New Portland, Maine**

**As of December 31, 2015**

	<u>Cemetery Funds</u>	<u>Ministerial School Fund</u>	<u>Williams Charity</u>	<u>Total</u>
<b>Assets</b>				
Cash	\$ 8,261	\$ 1,023	\$ 13,986	\$ 23,270
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 8,261</u>	<u>\$ 1,023</u>	<u>\$ 13,986</u>	<u>\$ 23,270</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Nonspendable	1,700	-	-	1,700
Restricted	<u>6,561</u>	<u>1,023</u>	<u>13,986</u>	<u>21,570</u>
<b>Total Fund Balances</b>	<u>8,261</u>	<u>1,023</u>	<u>13,986</u>	<u>23,270</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 8,261</u>	<u>\$ 1,023</u>	<u>\$ 13,986</u>	<u>\$ 23,270</u>

See accompanying independent auditors' report.

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Permanent Fund - Trust Funds**

**Town of New Portland, Maine**

**For the Year Ended December 31, 2015**

	<u>Cemetery Funds</u>	<u>Ministerial School Fund</u>	<u>Williams Charity</u>	<u>Total</u>
<b>Revenues</b>				
Principal additions	\$ -	\$ -	\$ -	\$ -
Interest	<u>17</u>	<u>2</u>	<u>28</u>	<u>47</u>
<b>Total Revenues</b>	17	2	28	47
<b>Expenditures</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues Over Expenditures</b>	17	2	28	47
Fund balances at beginning of year	<u>8,244</u>	<u>1,021</u>	<u>13,958</u>	<u>23,223</u>
<b>Fund Balances at End of Year</b>	<u><u>\$ 8,261</u></u>	<u><u>\$ 1,023</u></u>	<u><u>\$ 13,986</u></u>	<u><u>\$ 23,270</u></u>

See accompanying independent auditors' report.

## Schedule of Departmental Expenditures (1 of 2)

### Town of New Portland, Maine

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Expenditures</b>				
General Government:				
Officers' salaries	\$ 86,882	\$ 86,882	\$ 88,911	\$ (2,029)
Town charges	11,000	11,000	18,062	(7,062)
Town office	11,205	11,205	16,096	(4,891)
Social security	10,000	10,000	9,091	909
Insurance	19,000	19,000	19,712	(712)
Tax assessing	4,054	4,054	2,671	1,383
Tax software	6,063	6,063	6,063	-
MMA	1,666	1,666	1,667	(1)
Planning board	6,729	6,729	800	5,929
Newsletter	3,800	3,800	4,012	(212)
Audit	7,500	7,500	7,000	500
Miscellaneous	-	-	-	-
<b>Total General Government</b>	<u>167,899</u>	<u>167,899</u>	<u>174,085</u>	<u>(6,186)</u>
Public Safety:				
Fire department	47,935	47,935	48,854	(919)
Street lights	5,000	5,000	5,217	(217)
Animal control	2,407	2,407	2,345	62
Ambulance/rescue	23,145	23,145	23,323	(178)
<b>Total Public Safety</b>	<u>78,487</u>	<u>78,487</u>	<u>79,739</u>	<u>(1,252)</u>
Health and Welfare:				
Transfer station	42,195	42,195	42,790	(595)
General assistance	1,884	1,884	1,993	(109)
<b>Total Health and Welfare</b>	<u>44,079</u>	<u>44,079</u>	<u>44,783</u>	<u>(704)</u>

See accompanying independent auditors' report.

## Schedule of Departmental Expenditures (2 of 2)

### Town of New Portland, Maine

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Public Works:				
Summer roads	129,088	129,088	116,610	12,478
Winter roads	205,000	205,000	205,333	(333)
<b>Total Public Works</b>	<u>334,088</u>	<u>334,088</u>	<u>321,943</u>	<u>12,145</u>
Education:				
MSAD 74	639,565	639,565	639,565	-
Capital Outlay:				
Fire Truck	-	360,000	356,730	3,270
Debt Service:				
Principal	24,479	24,479	24,479	-
Interest	10,700	10,700	8,700	2,000
<b>Total Debt Service</b>	<u>35,179</u>	<u>35,179</u>	<u>33,179</u>	<u>2,000</u>
Unclassified:				
County tax	161,544	161,544	161,544	-
KVCOG	1,130	1,130	1,130	-
Cemetery headstone maintenance	3,000	3,000	-	3,000
Cemetery maintenance	7,845	7,845	8,475	(630)
Library	6,000	6,000	6,000	-
Abatements	1	1	3,906	(3,905)
Food cupboard	1,500	1,500	1,500	-
Administration	-	-	-	-
Christmas lights	-	-	-	-
<b>Total Unclassified</b>	<u>181,020</u>	<u>181,020</u>	<u>182,555</u>	<u>(1,535)</u>
<b>Total Departmental Expenditures</b>	<u>\$ 1,480,317</u>	<u>\$ 1,840,317</u>	<u>\$ 1,832,579</u>	<u>\$ 7,738</u>

See accompanying independent auditors' report.

# Schedule of Valuation, Assessment and Collection of Taxes

## Town of New Portland, Maine

For the Year Ended December 31, 2015

### Valuation

Real estate	\$	70,787,300
Personal property		<u>130,900</u>
<b>Total Valuation</b>	<b>\$</b>	<b><u>70,918,200</u></b>

### Assessment

Valuation x Rate	\$70,918,200 x .017	\$	1,205,609
Supplemental taxes			<u>14,977</u>
<b>Total Assessment Charged to Collector</b>		<b>\$</b>	<b>1,220,586</b>

### Collection and Credits

Cash collections		1,045,089
Tax abatements		<u>3,906</u>
<b>Total Collection and Credits</b>		<b><u>1,048,995</u></b>

**2015 Taxes Receivable - December 31, 2015** **\$ 171,591**

See accompanying independent auditors' report.

**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***

**To the Board of Selectmen  
Town of New Portland  
New Portland, 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 New Portland, Maine, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town of New Portland, Maine's basic financial statements and have issued our report thereon dated February 09, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of New Portland, 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 New Portland, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of New Portland, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described as follows, that we consider to be significant deficiencies:



## **2015-001 Segregation of Duties**

**Condition and Context:** The size of the Town's financial staff precludes certain internal controls that would be preferred if the staff were large enough to provide an optimum segregation of duties.

**Criteria:** Controls are most effective when two or more individuals are assigned the responsibility of authorizing transactions, recording transactions, and maintaining the custody of assets. Basic internal accounting controls are strongest when different accounting related functions can be separated among different accounting personnel.

**Cause:** The size of the Town's budget is limited and therefore limits availability of personnel available to perform accounting related functions. Currently, one person performs two or more of these functions in the normal course of performing their duties.

**Effect:** Errors, omissions, and irregularities may be present and go undetected by management.

**Recommendation:** We recommend the Board remain actively involved in the financial affairs of the Town to provide oversight and independent review functions. A segregation of duties concern will exist as long as the size of the Town's financial staff and the assignment of duties remains the same.

**Management Response:** The Town has a limited budget and its Board understands the need for strong controls. The Board is actively involved in the financial affairs and will remain so as it is unlikely to have the resources necessary to provide an ideal segregation of duties.

## **2015-002 Control Documentation**

**Condition and Context:** During the work performed on understanding internal control, which is part of an audit of the financial statements, we noted the Town does not have a complete written documentation of its internal financial control procedures.

**Criteria:** Without proper documentation, controls necessary to meet control objectives may not be performed or monitored properly.

**Cause:** We realize the Town's Board conducts and oversees all aspects of the financial control processes and understands the need for such documentation but has not completed such documentation.

**Effect:** Documented controls aid in the consistent application of desired procedures. Accounting and financial personnel should be able to refer to one written source for the proper handling of all transactions.

**Recommendation:** We recommend documenting control procedures with respect to internal financial processes. We also recommend periodic evaluation and monitoring of the procedure.

**Management Response:** The Town's Board understands the need for documenting its financial controls and will work toward creating such documentation.

## **Compliance and Other Matters**

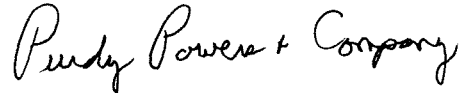
As part of obtaining reasonable assurance about whether the Town of New Portland, Maine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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*.

## **Town of New Portland's Response to Findings**

The Town of New Portland's response to the findings identified in our audit is included with the findings descriptions on the previous page. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

This 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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Professional Association

**Portland, Maine**  
**February 09, 2016**