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TOWN OF ROXBURY, MAINE

ANNUAL FINANCIAL REPORT
with Independent Auditors Report

For the Year Ending December 31, 2018

TOWN OF ROXBURY, MAINE
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2018
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KEEL J. HOOD

Certified Public Accountant

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INDEPENDENT AUDITORS REPORT

Board of Selectmen
Town of Roxbury
Roxbury, Maine

February 22, 2019

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and the major fund of Town of Roxbury, Maine, as of and for the year ended December 31, 2018, 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Town of Roxbury, Maine as of December 31, 2018 and the respective changes in financial position, and where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion & Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. My opinion of the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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. I 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 for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtain during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 22, 2019, on my consideration of Town of Roxbury, Maine's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Statement 1

TOWN OF ROXBURY, MAINE
Statement of Net Positions
December 31, 2018

ASSETS	<u>Governmental Activities</u>
Current Assets:	
Cash	\$ 645,482
Receivables	
Taxes	28,963
Liens	9,664
Total Current Assets	<u>684,109</u>
Noncurrent Assets:	
Capital assets, net	2,268,303
Total Assets	<u>2,952,412</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	4,657
Bonds payable	114,286
Total Current Liabilities	<u>118,943</u>
Long-term liabilities	
Notes payable	228,571
Total Liabilities	<u>347,514</u>
NET POSITION	
Invested in capital assets, net of related debt	1,925,446
Restricted	4,432
Unrestricted	675,020
Total net position	<u>\$ 2,604,898</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF ROXBURY, MAINE
Statement of Activities
For the Year Ended December 31, 2018

Function/Programs	Program Revenues				Net (Expense) Revenues
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	
Governmental activities:	\$				
General government	120,467	4,606			(115,861)
Public safety	29,660	468			(29,192)
Public works	200,678		6,464		(194,214)
Health and sanitation	54,629		463		(54,166)
Leisure services	51,695				(51,695)
Education	904,956				(904,956)
Special assessments	167,116				(167,116)
Unclassified	82,992				(82,992)
Debt Services	8,240				(8,240)
Total governmental activities	1,620,433	5,074	6,927	0	(1,608,432)

		<u>Governmental Activities</u>
Net (expense) / revenue		
General revenues:		
Property taxes		1,471,110
Excise taxes		87,695
Interest and costs on taxes		2,866
Intergovernmental:		
State revenue sharing		6,662
Homestead exemption		15,094
Sale of assets		
Tree growth		33,270
Snowmobile reimbursement		50,256
Veterans exemption		520
BETE		538
Miscellaneous		9,588
Unrestricted interest		1,558
Total general revenues		<u>1,679,157</u>
Change in Net Position		70,725
Net Position - beginning		2,534,173
Net Position - ending	\$	<u><u>2,604,898</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF ROXBURY, MAINE
Balance Sheet
Governmental Funds
December 31, 2018

	General Fund	Total Governmental Funds
ASSETS		
Cash	\$ 645,482	\$ 645,482
Receivables		
Taxes	28,963	28,963
Liens	9,664	9,664
Total Assets	<u>684,109</u>	<u>684,109</u>
LIABILITIES		
Accounts payable	4,657	4,657
Total Liabilities	<u>4,657</u>	<u>4,657</u>
UNEARNED REVENUE		
Unearned property taxes	25,000	25,000
Total Liabilities and Unearned Revenue	<u>29,657</u>	<u>29,657</u>
FUND BALANCES		
Restricted	4,432	4,432
Committed for capital purchases	19,472	19,472
Assigned revenues	75,326	75,326
Assigned expenditures	305,401	305,401
Unassigned	249,821	249,821
Total Fund Equity	<u>654,452</u>	<u>654,452</u>
Total Liabilities and Fund Equity	<u>\$ 684,109</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are financial resources and, therefore, are not in the funds. 2,268,303

Other long-term assets are not available to pay for current-periods expenditures and therefore are deferred in the funds. 25,000

Long-term liabilities, including bonds payable are Not due and payable in the current period and Therefore are not reported in the funds.
Bonds payable (342,857)

Net position of governmental activities \$ 2,604,898

TOWN OF ROXBURY, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General <u>Fund</u>	Total Governmental <u>Funds</u>
Revenues:		
Taxes	\$ 1,561,671	\$ 1,561,671
Intergovernmental	113,268	113,268
Interest	1,558	1,558
Charges for services	5,074	5,074
Miscellaneous	9,588	9,588
Total Revenues	1,691,159	1,691,159
Expenditures:		
Current:		
General government	109,134	109,134
Public safety	29,660	29,660
Public works	171,066	171,066
Health and sanitation	54,629	54,629
Leisure services	51,695	51,695
Education	904,956	904,956
Special assessments	167,116	167,116
Debt Services	122,526	122,526
Unclassified	82,992	82,992
Total Expenditures	1,693,774	1,693,774
Excess of Revenues Over (Under) Expenditures	(2,615)	(2,615)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(2,615)	(2,615)
Fund Balances - Beginning	657,067	657,067
Fund Balances - Ending	\$ 654,452	\$ 654,452

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF ROXBURY, MAINE
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances
 of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended December 31, 2018

Net change in fund balances - total governmental funds	\$	(2,615)	
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures. While governmental activities report depreciation expense to allocate those expenditures over the life of the assets:			
Depreciation expense		(40,946)	
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces the long term liabilities in the Statement of Position			
Capital bond obligation principal payments		114,286	
Change in Net position of Governmental Activities	\$	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: right;">70,725</td> </tr> </table>	70,725
70,725			

TOWN OF ROXBURY, MAINE
Notes to Combined Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies

The Town of Roxbury was incorporated in 1835. The Town operates under the Board of Selectmen/Town Meeting form of government.

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

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit is made by applying the criteria set forth in GAAP which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there were no potential component units required to be included in this report.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

1. Summary of Significant Accounting Policies, continued

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 has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided 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 instead as general revenues.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Licenses, permits, fees, excise taxes and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Interest income and charges for services are recorded as revenues when earned, since they are measurable and available.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

1. Summary of Significant Accounting Policies, continued

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

The Town reports the following major governmental fund:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Town reports the following fund types:

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Private-purpose trust funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are

1. Summary of Significant Accounting Policies, continued

recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives ranging from 3 to 50 years.

E. Fund Equity

Restricted fund balance is amounts restricted by the donor/grantor and are required to be spent for specific purposes. Committed fund balance indicates that a portion of the fund balance is constrained for a specific future use, and is indicated by the title of each purpose listed in the balance sheet. Committed fund balances are voted on at Town Meetings. Assigned fund balances indicate amounts which the Board of Selectmen has voted to carry forward.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Budgetary Accounting

A budget is formally adopted for the General Fund, only, through the passage of a Town warrant, and is prepared on a basis consistent with generally accepted accounting principles. In the General Fund, the level of control (level at which expenditures may not exceed budget and applied revenues) is the accounts within each department. Unexpended appropriations and unexpended revenues are lapsed at the close of the year. Once adopted, the budget can only be amended by the townspeople at a special Town meeting.

3. Deposits

At year end, the Town's carrying amount of deposits was \$645,482 bank balances for all accounts was \$744,598. Custodial credit risk is the risk that, in the event of a bank failure the District's deposits might not be recovered. As of December 31, 2018, \$463,096 of the Town's deposits were not insured or collateralized.

4. Property Tax

Property taxes for the year were committed on July 24, 2018, on the assessed value listed as of April 1, 2018, for all taxable real and personal property located in the Town. Payment of taxes was due on August 11, 2018 with interest at 7.00% on all tax bills unpaid as of October 31, 2018.

1. Summary of Significant Accounting Policies, continued

Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. The assessed value for the list of April 1, 2018 upon which the levy for the year ended December 31, 2018, was based, was \$161,321,464. This assessed value was 100% of the estimated market value.

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

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

5. Operating Property

Operating and nonoperating property are recorded at cost or, in the case of contributed property, at the fair market value at the date of acquisition. The Town of Roxbury has elected to not retroactively record infrastructure (roads) constructed prior to 1979. Depreciation is computed on the straight line method based upon the estimated useful lives of the assets as follows:

Governmental Activities:	Balance January 1 <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31 <u>2018</u>
Assets not being depreciated				
Land	\$ 24,985	\$	\$	\$ 24,985
Assets being depreciated				
Buildings	353,253			353,253
Vehicles	213,868			213,868
Infrastructure	6,578,233			6,578,233
	<u>7,170,339</u>	<u>0</u>	<u>0</u>	<u>7,170,339</u>
Less accumulated depreciation				
Buildings	135,212	11,333		146,545
Vehicles	228,344			228,344
Infrastructure	4,497,534	29,613		4,527,147
	<u>4,861,090</u>	<u>40,946</u>	<u>0</u>	<u>4,902,036</u>
Capital Assets, net	\$ <u>2,309,249</u>	\$ <u>(40,946)</u>	<u>0</u>	\$ <u>2,268,303</u>
 Depreciation Expense:				
General government	\$ 11,333			
Public works	29,613			
	<u>\$ 40,946</u>			

6. Long-term Debt

The following is a summary of long-term debt transactions of the Town for the year December 31, 2018:

<u>Long-term debt payable at January 1, 2018</u>	\$ 457,143
Debt Retired	114,286
Long-term debt payable at December 31, 2018	<u>\$ 342,857</u>
Interest Paid	<u>8,240</u>

1. Summary of Significant Accounting Policies, continued

Long-term debt payable at December 31, 2018 is comprised of the following:

	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
<u>General Long-term Debt</u>			
Road bonds	varied	2021	\$ 342,857
			<u>\$ 342,857</u>

The annual requirement to amortize all long-term debt outstanding as of December 31, 2018 are as follows:

	<u>Year</u>		<u>Bonds and Notes</u>	
	<u>Principal</u>	<u>Interest</u>		
2018	\$ 114,286	\$ 6,720		
2019	114,286	4,846		
2020	114,285	2,571		
Total	<u>\$ 342,857</u>	<u>\$ 14,137</u>		

7. Assigned Revenues

The Town has set aside certain revenue balances for use in budgeting in future years. These accounts were as follows at December 31, 2018:

State revenue sharing	\$ 24,241
Local roads assistance	7,036
Tree growth	42,454
Building permits	1,595
Total	<u>\$ 75,326</u>

8. Unassigned General Fund Fund Equity

The unassigned General Fund fund equity reflected a change for the current year as follows:

Balance - January 1, 2018	\$ 266,226
Increase (Decrease):	
Actual over (under) budgeted revenues	76,911
Actual under budgeted expenditures	(19,896)
Carried balances and use of fund equity	<u>(73,420)</u>
Net Increase (Decrease)	(16,405)
Balance - December 31, 2018	<u>\$ 249,821</u>

9. Committed

Historically, the townspeople vote to raise certain balances in anticipation of expenditure for capital items in future years. This is usually in lieu of additional appropriations in any particular account. At December 31, 2018, the following reserve balances were carried forward:

Fire equipment reserve	\$ 19,472
Totals	<u>\$ 19,472</u>

1. Summary of Significant Accounting Policies, continued

10. Assigned Expenditures

The Town has set aside certain budgetary balances for accumulation until expenditure in future years. These accounts were as follows at December 31, 2018:

Comprehensive plan	\$	20,000
Payroll taxes		1,072
Building loan		4,937
Town lines		446
Town building repairs		19,628
Town building maintenance		5,549
Animal control		1,100
Unemployment		1,197
Revaluation		14,912
Education		46,704
Summer roads		5,875
Speed control		500
General assistance		2,276
Beach clean up		61
Spring clean up		195
Dry hydrant		5,042
Rubbish		95
Winter roads		14,434
Retaining wall		20,666
Salt Shed		82,885
Capital improvements		29,350
Cemetery maintenance		587
Watershed management		18
Ellis Pond watershed		5,284
Emergency management		5,085
E911		539
Plumbing inspector		514
Boat launch		335
George Worthley Park		267
NORSWB		55
Backup generator		13,000
Fire protection		2,793
Total	\$	<u>305,401</u>

11. Risk Management

The Town of Roxbury is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage for part of its risk management. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. The Town's management estimates that the amount of actual or potential claims against the Town as of December 31, 2018, will not materially affect the financial condition of the Town.

12. Economic Dependency

The Town of Roxbury, Maine is economically dependent on River Hill Wind LLC. For the year ended December 31, 2018 Record Hill Wind LLC paid \$820,783 or 56% of the total tax commitment.

1. Summary of Significant Accounting Policies, continued

13. Subsequent Events

The Town's management has concluded that no events that occurred prior to December 31, 2018 and before February 22, 2019 require disclosure as subsequent events.

14. Short Term Debt

The Town of Roxbury, Maine borrowed \$200,150 in tax anticipation notes on June 5, 2018 at 3.85%. The Town paid \$202,612 including interest of \$2,462 on October 1, 2018.

TOWN OF ROXBURY, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable Unfavorable</u>
Revenues:				
Taxes	\$ 1,545,986	\$ 1,545,986	\$ 1,561,671	\$ 15,685
Intergovernmental	57,827	57,827	113,268	55,441
Interest			1,558	1,558
Charges for services			5,074	5,074
Miscellaneous			9,588	9,588
Total Revenues	<u>1,603,813</u>	<u>1,603,813</u>	<u>1,691,159</u>	<u>87,346</u>
Expenditures:				
Current:				
General government	187,942	187,942	109,134	78,808
Public safety	73,630	73,630	29,660	43,970
Public works	274,262	274,262	171,066	103,196
Health and sanitation	57,114	57,114	54,629	2,485
Leisure services	21,975	21,975	51,695	(29,720)
Education	951,660	951,660	904,956	46,704
Special assessments	191,851	191,851	167,116	24,735
Cemeteries	127,462	127,462	122,526	4,936
Transfer out	91,460	91,460	82,992	8,468
Total Expenditures	<u>1,977,356</u>	<u>1,977,356</u>	<u>1,693,774</u>	<u>283,582</u>
Excess of Revenues Over (Under) Expenditures	<u>(373,543)</u>	<u>(373,543)</u>	<u>(2,615)</u>	<u>370,928</u>
 Fund Balances - Beginning	 657,067	 657,067	 657,067	 0
Fund Balances - Ending	<u>\$ 283,524</u>	<u>\$ 283,524</u>	<u>\$ 654,452</u>	<u>\$ 370,928</u>

The accompanying notes to the financial statements are an integral part of this statement.

KEEL J. HOOD
Certified Public Accountant
PO Box 302 - Fairfield, Maine 04937 - (207)453-2006

INDEPENDENT AUDITOR'S 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

February 22, 2019

Board of Selectmen
Town of Roxbury, Maine
Roxbury, Maine

I 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, the major fund, and the aggregate remaining fund information of Town of Roxbury, Maine as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Town of Roxbury, Maine's basic financial statements, and have issued my report thereon dated February 22, 2019.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Town of Roxbury, 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Roxbury, Maine's internal control. Accordingly, I do not express an opinion on the effectiveness of Town of Roxbury, 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Town of Roxbury, Maine's financial statements are free from material misstatement, I 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 my audits, and accordingly, I do not express such an opinion. The results of my 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 my 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.

A handwritten signature in cursive script that reads "Paul Wood, CPA".

February 22, 2019