

Audited Financial Statements  
and Other Information

County of Oxford, Maine –  
Unorganized Territories

June 30, 2014



*Proven Expertise and Integrity*

COUNTY OF OXFORD, MAINE – UNORGANIZED TERRITORIES

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JUNE 30, 2014

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## INDEPENDENT AUDITORS' REPORT

County Commissioners  
County of Oxford, Maine – Unorganized Territories  
South Paris, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the County of Oxford, Maine - Unorganized Territories, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Unorganized Territories' basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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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, except for the items mentioned in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the County of Oxford, Maine - Unorganized Territories as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the statement of revenues, expenditures and changes in fund balance, budget and actual - general fund on page 6 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.

Management has omitted a management's discussion and analysis, capital assets, depreciation on capital assets, debt, and other disclosures 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 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. These financial statements have been prepared for the purposes of the State of Maine. Our opinion on the basic financial statements is not affected by this missing information.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Oxford, Maine - Unorganized Territories' basic financial statements. The schedule of departmental operations is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of departmental operations is the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of departmental operations is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*RHR Smith & Company*

Buxton, Maine  
January 23, 2015

STATEMENT A

COUNTY OF OXFORD, MAINE – UNORGANIZED TERRITORIES

COMBINED BALANCE SHEET – ALL FUND TYPES  
JUNE 30, 2014

	Governmental Fund	Totals (Memorandum Only)	
	General	2014	2013
<b>ASSETS</b>			
Cash and cash equivalents	\$ 89,228	\$ 89,228	\$ 215,598
Due from other governments	-	-	35,116
<b>TOTAL ASSETS</b>	<b>\$ 89,228</b>	<b>\$ 89,228</b>	<b>\$ 250,714</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 183,501	\$ 183,501	\$ 15,402
<b>TOTAL LIABILITIES</b>	<b>183,501</b>	<b>183,501</b>	<b>15,402</b>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	25,346
Unassigned	(94,273)	(94,273)	209,966
<b>TOTAL FUND BALANCES</b>	<b>(94,273)</b>	<b>(94,273)</b>	<b>235,312</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 89,228</b>	<b>\$ 89,228</b>	<b>\$ 250,714</b>

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

STATEMENT B

COUNTY OF OXFORD, MAINE – UNORGANIZED TERRITORIES

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Governmental</u> <u>Fund</u> <u>General</u>
<b>REVENUES</b>	
Taxes:	
Property taxes	\$ 877,519
Excise taxes	128,618
Intergovernmental revenues:	
Local road assistance	58,140
Snowmobile reimbursement	298
Forest	24,586
Interest revenue	419
Miscellaneous revenue	3,939
<b>TOTAL REVENUES</b>	<u>1,093,519</u>
<b>EXPENDITURES</b>	
Current:	
General government	53,817
Public safety	131,196
Public works	347,961
Solid waste	53,001
Unclassified	12,855
Capital outlay	824,274
<b>TOTAL EXPENDITURES</b>	<u>1,423,104</u>
<b>NET CHANGE IN FUND BALANCE</b>	(329,585)
<b>FUND BALANCE - JULY 1</b>	<u>235,312</u>
<b>FUND BALANCE - JUNE 30</b>	<u><u>\$ (94,273)</u></u>

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

STATEMENT C

COUNTY OF OXFORD, MAINE – UNORGANIZED TERRITORIES

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 877,519	\$ 877,519	\$ 877,519	\$ -
Excise taxes	85,000	85,000	128,618	43,618
Intergovernmental revenues:				
Local road assistance	60,396	60,396	58,140	(2,256)
Snowmobile reimbursement	300	300	298	(2)
Forest	-	-	24,586	24,586
Interest revenue	-	-	419	419
Miscellaneous revenue	4,000	4,000	3,939	(61)
<b>TOTAL REVENUES</b>	<b>1,027,215</b>	<b>1,027,215</b>	<b>1,093,519</b>	<b>66,304</b>
<b>EXPENDITURES</b>				
General government	54,515	54,515	53,817	698
Public safety	132,300	132,300	131,196	1,104
Public works	430,400	430,400	347,961	82,439
Solid waste	77,000	77,000	53,001	23,999
Capital outlay	300,000	300,000	824,274	(524,274)
Unclassified	33,000	33,000	12,855	20,145
<b>TOTAL EXPENDITURES</b>	<b>1,027,215</b>	<b>1,027,215</b>	<b>1,423,104</b>	<b>(395,889)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(329,585)</b>	<b>\$ (329,585)</b>
<b>FUND BALANCE - JULY 1</b>			<b>235,312</b>	
<b>FUND BALANCE - JUNE 30</b>			<b>\$ (94,273)</b>	
<b>Utilization of unassigned fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

COUNTY OF OXFORD, MAINE – UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Unorganized Territories of Oxford County are governed by the State of Maine and Oxford County officials. The Unorganized Territories encompass townships and various other tracts of land. The following services are provided: road and bridge maintenance, contracting for snow removal and cemetery care, solid waste maintenance and other administrative activities.

The Unorganized Territories of Oxford County is the basic level of government, which has financial accountability, and control over all activities related to the Unorganized Territories of Oxford County. The Unorganized Territories of Oxford County is not included in any other governmental “reporting entity” as defined by GASB 14 as amended by GASB Statement No. 39. In addition, there are no component units as defined in GASB 14 as amended by GASB Statement No. 39, which are required to be included in the Unorganized Territories of Oxford County’s reporting entity.

The accounting policies of the County of Oxford, Maine – Unorganized Territories conform to accounting principles generally accepted in the United States of America applicable to governmental units, except for the implementation of *Government Accounting Standards Board Statement Number 34*. The Unorganized Territories of Oxford County applies all other relevant *Governmental Accounting Standards Board* (GASB) pronouncements. The following is a summary of the more significant of these policies.

**Principles Determining Scope of Reporting Entity**

The financial statements of the Unorganized Territories of Oxford County consist only of the funds and account groups of the Unorganized Territories of Oxford County. The criteria for including organizations as component units within the Unorganized Territories of Oxford County’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 Unorganized Territories of Oxford County holds the corporate powers of the organization.
- The Unorganized Territories of Oxford County appoints a voting majority of the organization’s board.
- The Unorganized Territories of Oxford County is able impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the Unorganized Territories of Oxford County.
- There is fiscal dependency by the organization of Unorganized Territories of Oxford County.

COUNTY OF OXFORD, MAINE – UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of Presentation**

The accounts of the Unorganized Territories of Oxford County are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are allocated to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

**Governmental Funds**

Governmental funds are those through which general governmental functions of the Unorganized Territories of Oxford County are financed. The acquisition, use and balances of the Unorganized Territories of Oxford County expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental funds. Both fiduciary funds and component units that are fiduciary in nature have been excluded from these financial statements.

General Fund – The general fund is the general operating fund of the Unorganized Territories of Oxford County and accounts for all revenues and expenditures of the Unorganized Territories of Oxford County not encompassed within other funds.

**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.

All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Property taxes are recorded as revenue when levied even though a portion of the taxes may be collected in subsequent years. Miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Intergovernmental revenues and interest income are accrued when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.

COUNTY OF OXFORD, MAINE – UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund balance (i.e. net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets. The accrual basis of accounting is utilized by the proprietary fund type. Under this basis of accounting revenues are recognized when earned and expenses are recognized when the related liability is incurred.

**Deposits and Investments**

The Unorganized Territories of Oxford County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Unorganized Territories of Oxford County's policy to value investments at fair value. None of the Unorganized Territories of Oxford County's investments are reported at amortized cost. For purposes of the statement of cash flows, the proprietary fund type and similar trust funds consider all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

The Unorganized Territories of Oxford County Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Money market mutual funds

The Unorganized Territories of Oxford County's investment policy follows that of Oxford County and does not conflict with the State of Maine Statutes. The policy is comprehensive and is applicable to all Unorganized Territories of Oxford County funds.

**Encumbrance Accounting**

The Unorganized Territories of Oxford County does not employ encumbrance accounting; under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations

COUNTY OF OXFORD, MAINE – UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Revenue Recognition – Property Taxes**

The County's property tax assessment is levied and recognized annually on the assessment values for each municipality located in the county. Assessment values are established for each municipality by the State.

**Budgets and Budgetary Accounting**

The Unorganized Territories of Oxford County utilize a formal budgetary accounting system to control revenues and expenditures accounted for in the Unorganized Territories of Oxford County's general fund. The budget is presented on the modified accrual basis of accounting that is consistent with generally accepted accounting principles. The budget is established in accordance with various laws, which govern the Unorganized Territories of Oxford County's operations.

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

1. The County Commissioners prepare estimates of the amounts needed for appropriations for the coming year.
2. A public hearing is held by the County Commissioners on these estimates prior to June 30.
3. On or before July 1, the budget is transmitted to the State Tax Assessor and Fiscal Administrator of the Unorganized Territories of Oxford County to be presented to the State of Maine Legislature for final approval.

Appropriations for the general fund generally lapse at the end of the fiscal year, except for certain assigned or committed fund balances.

**Total Columns on Combined Financial Statements**

The total columns presented in the combined financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. No consolidating entries or other eliminations were made in the aggregation of the totals, thus, they do not present consolidated information and do not purport to present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles

COUNTY OF OXFORD, MAINE – UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Fund Balance**

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

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

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

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the Unorganized Territories.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

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

NOTE 2 – DEPOSITS AND INVESTMENTS

The Unorganized Territories investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Territory funds.

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Unorganized Territories will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an

COUNTY OF OXFORD, MAINE – UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

outside party. The Unorganized Territories does not have a policy covering custodial credit risk.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Unorganized Territories will not be able to recover its deposits. The Unorganized Territories does not have a policy covering custodial credit risk for deposits. However, the Unorganized Territories maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2014, the Unorganized Territories cash balance of \$89,228 was comprised of bank deposits of \$324,345. Of these bank deposits, \$324,345 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk.

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Unorganized Territories will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Unorganized Territories does not have a policy for custodial credit risk for investments.

At June 30, 2014, the Unorganized Territories had \$0 of investments.

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

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Unorganized territories do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 – GASB NO. 34

The financial statements referred to above are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Therefore, all related disclosures have been omitted. This practice is in accordance with practices accepted by the State of Maine for audits of Maine unorganized territories.

COUNTY OF OXFORD, MAINE – UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 4 – DEFICIT FUND BALANCE

At June 30, 2014, the Unorganized Territory had the following deficit fund balance:

General Fund	<u>\$ 94,273</u>
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In fiscal year 2015, additional funds have been budgeted to cover this deficit. The deficit occurred because of capital projects being completed early due to contractor availability and the short construction season.

## COUNTY OF OXFORD, MAINE – UNORGANIZED TERRITORIES

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General Government -					
Administration	\$ 48,915	\$ -	\$ 48,915	\$ 48,915	\$ -
Land rent	3,600	-	3,600	3,600	-
Polling places	2,000	-	2,000	1,302	698
	<u>54,515</u>	<u>-</u>	<u>54,515</u>	<u>53,817</u>	<u>698</u>
Public Safety -					
Fire protection	95,000	-	95,000	94,638	362
Ambulance services	33,000	-	33,000	32,637	363
Animal control	3,500	-	3,500	3,060	440
Street lights	800	-	800	861	(61)
	<u>132,300</u>	<u>-</u>	<u>132,300</u>	<u>131,196</u>	<u>1,104</u>
Public Works -					
Roads and bridges	228,000	-	228,000	113,502	114,498
Snow removal	200,000	-	200,000	232,187	(32,187)
Cemeteries	2,400	-	2,400	2,272	128
	<u>430,400</u>	<u>-</u>	<u>430,400</u>	<u>347,961</u>	<u>82,439</u>

COUNTY OF OXFORD, MAINE – UNORGANIZED TERRITORIES

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Solid waste	77,000	-	77,000	53,001	23,999
Capital Outlay - Roads and Bridges	300,000	-	300,000	824,274	(524,274)
	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>824,274</u>	<u>(524,274)</u>
Unclassified - Miscellaneous	8,000	-	8,000	12,855	(4,855)
Contingency	25,000	-	25,000	-	25,000
	<u>33,000</u>	<u>-</u>	<u>33,000</u>	<u>12,855</u>	<u>20,145</u>
Total Departmental Operations	<u>\$ 1,027,215</u>	<u>\$ -</u>	<u>\$ 1,027,215</u>	<u>\$ 1,423,104</u>	<u>\$ (395,889)</u>

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