Audited Financial Statements and
Other Financial Information

Codyville Plantation, Maine

March 31, 2017

RHR Smith & Company
Certified Public Accountants

Proven Expertise & Integrity
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INDEPENDENT AUDITORS’ REPORT

Board of Selectmen
Codyville Plantation
Topsfield, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Codyville Plantation, Maine, as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Plantation’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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Codyville Plantation, Maine as of March 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 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 the budgetary comparison information 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. Our opinion on the basic financial statements is not affected by this missing information.
Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 31, 2018, on our consideration of the Codyville Plantation, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 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 Codyville Plantation, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
July 31, 2018
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2017

(UNAUDITED)

The following management’s discussion and analysis of Codyville Plantation’s financial performance provides an overview of the Plantation’s financial activities for the fiscal year ended March 31, 2017. Please read it in conjunction with the Plantation’s financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

The Statement of Activities – this statement presents information that shows how the government’s net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.
Both of the above mentioned financial statements have one column for the Plantation’s one type of activity. The type of activity presented for Codyville Plantation is:

- **Governmental activities** - All of the Plantation's basic services are reported here, including general government, health and sanitation, education, and public works. Property tax revenue, excise taxes, and state and federal revenues support most of these activities.

**Fund Financial Statements**

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

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

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

The Plantation did not legally adopt a budget. Therefore, budgetary information has not been presented.

Notes to the Financial Statements

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

The Plantation as a Whole

Our analysis below focuses on the net position, and changes in net position of the Plantation's governmental activities. The Plantation's total net position increased by $23,324 from $11,817 to $35,141.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a balance of $35,141 at the end of this year.

Table 1
Codyville Plantation, Maine
Net Position
March 31,

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>$53,683</td>
<td>$41,878</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$53,683</td>
<td>$41,878</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>18,542</td>
<td>30,061</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>18,542</td>
<td>30,061</td>
</tr>
<tr>
<td><strong>Net Position:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>35,141</td>
<td>11,817</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td><strong>$35,141</strong></td>
<td><strong>$11,817</strong></td>
</tr>
</tbody>
</table>
Revenues and Expenses

Revenues for the Plantation's governmental activities increased by 48.66%, while total expenses decreased by 5.71%. The increase in revenues was mainly the result of miscellaneous revenues. The decrease in expenses was mainly due to education.

Table 2
Codyville Plantation, Maine
Change in Net Position
For the Years Ended March 31,

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>General Revenues:</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$26,744</td>
<td>26,768</td>
</tr>
<tr>
<td>Grants and contributions not restricted to specific programs</td>
<td>288</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>13,331</td>
<td>383</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>40,363</td>
<td>27,151</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>5,049</td>
<td>3,661</td>
</tr>
<tr>
<td>Heath and sanitation</td>
<td>2,934</td>
<td>1,609</td>
</tr>
<tr>
<td>Education</td>
<td>-</td>
<td>4,033</td>
</tr>
<tr>
<td>County tax</td>
<td>8,598</td>
<td>8,168</td>
</tr>
<tr>
<td>Highways</td>
<td>440</td>
<td>600</td>
</tr>
<tr>
<td>Other</td>
<td>18</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>17,039</td>
<td>18,071</td>
</tr>
</tbody>
</table>

Change in Net Position

23,324

Net Position - April 1

11,817

Net Position - March 31

$35,141

$11,817

Capital Asset and Long-Term Debt Activity

Capital Assets

As of March 31, 2017, the Plantation did not have any capital assets.

Debt

At March 31, 2017, Codyville Plantation had no outstanding debt.
Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The Plantation is working to maintain a sufficient unassigned fund balance to sustain government operations for a period of approximately two months.

Contacting the Plantation's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Plantation's finances and to show the Plantation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Plantation's Office at P.O. Box 66, Topsfield, Maine 04490.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Codyville Plantation was incorporated under the laws of the State of Maine. The Plantation operates under the board of assessor form of government and provides the following services: general government services, health and sanitation, public works, and education.

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

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

Implementation of New Accounting Standards

During the year ended March 31, 2017, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". The objective of the Statement is to improve the disclosure of information about benefits other than pensions (other postemployment benefits or OPEB) included in financial statements of state and local governments. This Statement will improve financial reporting through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet specified criteria. Management has determined the impact of this Statement is not material to the financial statements.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 77, "Tax Abatement Disclosures". The objective of the Statement is to improve disclosure of information about the nature and magnitude of tax abatements, making these transactions more transparent to financial statement users. As such, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 80, "Blending Requirements for Certain Component Units". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "Irrevocable Split-Interest Agreements". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements - in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 82, "Pension Issues". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Management has determined the impact of this Statement is not material to the financial statements.

This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

The Plantation’s basic financial statements include both government-wide (reporting the Plantation as a whole) and fund financial statements (reporting the Plantation’s major funds).

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Plantation’s functions (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

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

1. Governmental Funds:

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

   **Major Fund:**

   a. The General Fund is the general operating fund of the Plantation. It is used to account for all financial resources except those required to be accounted for in another fund.

   **Basis of Accounting**

   Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Accrual

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

2. Modified Accrual

   The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

   **Deposits and Investments**

   The Plantation'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 Plantation's policy to value investments at fair value. None of the Plantation's investments are reported at amortized cost. The Plantation 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

   Codyville Plantation has no formal investment policy but instead follows the State of Maine Statutes.

   **Receivables**

   Receivables include amounts due for services provided. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were zero for the year ended March 31, 2017. The allowance for uncollectible accounts is estimated to be zero as of March 31, 2017.

*Interfund Receivables and Payables*

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

*Transactions Between Funds*

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

*Capital Assets*

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized.

Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc.

These infrastructure assets are likely to be the largest asset class of the Plantation. The Plantation has not retroactively recorded infrastructure.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

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

Long-term Obligations

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The Plantation had no long-term obligations at March 31, 2017.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The Plantation’s policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of December 31, 2017, the Plantation’s liability for compensated absences is $0.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Plantation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balances**

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 Plantation is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

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

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

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

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Plantation considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Plantation considers amounts to have
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Plantation meeting vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

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

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

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

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided; operating or capital grants and contributions, including special assessments).

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Plantation does not utilize encumbrance accounting for its general fund.
CODYVILLE PLANTATION, MAINE

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

The Plantation follows state statutes for the investment of funds, which authorize the Plantation 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. These apply to all Plantation funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Plantation will not be able to recover its deposits. The Plantation does not have a policy covering custodial credit risk for deposits. However, the Plantation 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 March 31, 2017, the Plantation's cash balance of $10,216 was comprised of bank deposits amounting to $10,216. This entire amount was insured by federal depository insurance and thus not exposed to custodial credit risk.

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Bank Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking accounts</td>
<td>$10,216</td>
</tr>
</tbody>
</table>

Investments:

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

At March 31, 2017, the Plantation had $0 of investments.
NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk - Statutes for the State of Maine authorize the Plantation 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 Plantation does not have an investment policy on credit risk. Generally, the Plantation invests excess funds various insured certificates of deposit.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plantation does 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 - CONTINGENCIES

The Plantation participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Plantation has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at March 31, 2017 may be impaired. In the opinion of the Plantation, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective agents; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

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

NOTE 4 - OVERLAPPING DEBT

The Plantation is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At March 31, 2017, the Plantation’s share of CSD#12’s debt was approximately $0.
NOTE 5 - RISK MANAGEMENT

The Plantation 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 Plantation carries commercial insurance for workers compensation, property and casualty, and bonding.

Based on the coverage provided, the Plantation is not aware of any material actual or potential claim liabilities which should be recorded at March 31, 2017. Amounts of settlements have not exceeded insurance coverage in the past three years.
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Selectmen
Codyville Plantation
Topsfield, 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 and each major fund of the Codyville Plantation as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Codyville Plantation’s basic financial statements, and have issued our report thereon dated July 31, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Codyville Plantation’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 Codyville Plantation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Codyville Plantation 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
July 31, 2018