Audited Financial Statements and Other Financial Information

Codyville Plantation, Maine

March 31, 2016
CODYVILLE PLANTATION, MAINE

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MARCH 31, 2016

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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, 2016, 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, 2016, 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
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, 2016. 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 $9,080 from $2,737 to $11,817.

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 $11,817 at the end of this year.

Table 1
Codyville Plantation, Maine
Net Position
March 31,

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>$41,878</td>
<td>$40,409</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$41,878</td>
<td>$40,409</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>30,061</td>
<td>37,672</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>30,061</td>
<td>37,672</td>
</tr>
<tr>
<td><strong>Net Position:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>11,817</td>
<td>2,737</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$11,817</td>
<td>$2,737</td>
</tr>
</tbody>
</table>
Revenues and Expenses

Revenues for the Plantation's governmental activities decreased by 16.25%, while total expenses decreased by 48.49%. 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>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$26,768</td>
<td>26,123</td>
</tr>
<tr>
<td>Grants and contributions not restricted to specific programs</td>
<td>-</td>
<td>288</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>383</td>
<td>6,007</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>27,151</td>
<td>32,418</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>3,661</td>
<td>3,613</td>
</tr>
<tr>
<td>Heath and sanitation</td>
<td>1,609</td>
<td>3,617</td>
</tr>
<tr>
<td>Education</td>
<td>4,033</td>
<td>19,679</td>
</tr>
<tr>
<td>County tax</td>
<td>8,168</td>
<td>7,574</td>
</tr>
<tr>
<td>Highways</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>18,071</td>
<td>35,083</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td>9,080</td>
<td>(2,665)</td>
</tr>
<tr>
<td><strong>Net Position - April 1</strong></td>
<td>$2,737</td>
<td>5,402</td>
</tr>
<tr>
<td><strong>Net Position - March 31</strong></td>
<td>$11,817</td>
<td>$2,737</td>
</tr>
</tbody>
</table>

Capital Asset and Long-Term Debt Activity

Capital Assets

As of March 31, 2016, the Plantation did not have any capital assets.

Debt

At March 31, 2016, 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.
CODYVILLE PLANTATION, MAINE

STATEMENT OF NET POSITION
MARCH 31, 2016

ASSETS
Current assets:
Cash and cash equivalents
Accounts receivable (net of allowance for uncollectibles):
  Taxes/lien
Total current assets

TOTAL ASSETS

LIABILITIES
Current liabilities:
  Due to other governments
Total current liabilities

TOTAL LIABILITIES

NET POSITION
  Unrestricted
TOTAL NET POSITION

TOTAL LIABILITIES AND NET POSITION

See accompanying independent auditors’ report and notes to financial statements.
### Statement of Activities

#### For the Year Ended March 31, 2016

**CODYVILLE PLANTATION, MAINE**

**STATEMENT B**

<table>
<thead>
<tr>
<th>Functions/Programs</th>
<th>Expenses</th>
<th>Charges for Services</th>
<th>Operating Grants &amp; Contributions</th>
<th>Capital Grants &amp; Contributions</th>
<th>Net (Expense) Revenue &amp; Changes in Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>$3,661</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$(3,661)</td>
</tr>
<tr>
<td>Health and sanitation</td>
<td>1,609</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,609)</td>
</tr>
<tr>
<td>Education</td>
<td>4,033</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(4,033)</td>
</tr>
<tr>
<td>County tax</td>
<td>8,168</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(8,168)</td>
</tr>
<tr>
<td>Public works</td>
<td>600</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(600)</td>
</tr>
<tr>
<td>Total government</td>
<td>$18,071</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>(18,071)</td>
</tr>
</tbody>
</table>

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10
STATEMENT B (CONTINUED)
CODYVILLE PLANTATION, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2016

Changes in net position:
Net (expense) revenue  (18,071)

General revenues:
Taxes:
  Property taxes, levied for general purposes  23,341
  Excise taxes  3,427
  Grants and contributions not restricted to specific programs -
  Miscellaneous  383
Total general revenues  27,151

Change in net position  9,080

NET POSITION - APRIL 1  2,737

NET POSITION - MARCH 31  $ 11,817

See accompanying independent auditors' report and notes to financial statements.
<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 397</td>
</tr>
<tr>
<td>Accounts receivables (net of allowance for uncollectibles):</td>
<td>41,481</td>
</tr>
<tr>
<td>Taxes/liens</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 41,878</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$ 30,061</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>30,061</td>
</tr>
<tr>
<td><strong>DEFERRED INFLOWS OF RESOURCES</strong></td>
<td>41,223</td>
</tr>
<tr>
<td>Deferred tax revenues</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL DEFERRED INFLOWS OF RESOURCES</strong></td>
<td>41,223</td>
</tr>
<tr>
<td><strong>FUND BALANCES (DEFICITS)</strong></td>
<td></td>
</tr>
<tr>
<td>Unassigned</td>
<td>(29,406)</td>
</tr>
<tr>
<td><strong>TOTAL FUND BALANCES (DEFICITS)</strong></td>
<td>(29,406)</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</strong></td>
<td>$ 41,878</td>
</tr>
</tbody>
</table>

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

Amounts reported for governmental activities in the Statement of Net Position are different because:
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds shown above:
Taxes and liens receivable

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Fund Balances</td>
<td>$ (29,406)</td>
</tr>
<tr>
<td></td>
<td>41,223</td>
</tr>
<tr>
<td></td>
<td>$ 11,817</td>
</tr>
</tbody>
</table>

See accompanying independent auditors' report and notes to financial statements.
CODYVILLE PLANTATION, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2016

<table>
<thead>
<tr>
<th>General Fund</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
</tr>
<tr>
<td>Taxes:</td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$20,500</td>
</tr>
<tr>
<td>Excise taxes</td>
<td>3,427</td>
</tr>
<tr>
<td>Intergovernmental revenues</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>383</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>24,310</td>
</tr>
</tbody>
</table>

| **EXPENDITURES** |  |
| Current:         |  |
| General government | 3,661 |
| Health and sanitation | 1,609 |
| Education        | 4,033 |
| County tax       | 8,168 |
| Highways         | 600 |
| Other            | - |
| **TOTAL EXPENDITURES** | 18,071 |

NET CHANGE IN FUND BALANCES (DEFICITS) 6,239

FUND BALANCES (DEFICITS) - APRIL 1 (35,645)

FUND BALANCES (DEFICITS) - MARCH 31 $ (29,406)

See accompanying independent auditors’ report and notes to financial statements.
CODYVILLE PLANTATION, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2016

Net change in fund balances - total governmental funds (Statement E) $ 6,239

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes and liens receivable</td>
<td>2,841</td>
</tr>
<tr>
<td>Change in net position of governmental activities (Statement B)</td>
<td>$ 9,080</td>
</tr>
</tbody>
</table>
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". The objective of this Statement is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 79, "Certain External Investment Pools and Pool Participants". This Statement establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share. Management has determined that this Statement is not applicable.

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
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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 when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were zero for the year ended March 31, 2016. The allowance for uncollectible accounts is estimated to be zero as of March 31, 2016.

**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. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-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.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Estimated useful lives are as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>20 - 50 years</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>50 - 100 years</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>3 - 50 years</td>
</tr>
<tr>
<td>Vehicles</td>
<td>3 - 25 years</td>
</tr>
</tbody>
</table>

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, 2016.

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.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 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 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.

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, 2016, the Plantation’s cash balance of $397 was comprised of bank deposits amounting to $597. 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>$597</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, 2016, the Plantation had $0 of investments.

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, 2016 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, 2016, 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, 2016. 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, 2016, 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