

TOWN OF ROXBURY, MAINE

ANNUAL FINANCIAL REPORT
with Independent Auditors Report

For the Year Ending December 31, 2014

TOWN OF ROXBURY, MAINE
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2014
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KEEL J. HOOD

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INDEPENDENT AUDITORS REPORT

Board of Selectmen
Town of Roxbury
Roxbury, Maine

March 25, 2015

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and the major fund of Town of Roxbury, Maine, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Town of Roxbury, Maine as of December 31, 2014 and the respective changes in financial position, and where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters
Required Supplementary Information

Management has omitted Management's Discussion & Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion of the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtain during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated April 30, 2015, on my consideration of Town of Roxbury, Maine's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



TOWN OF ROXBURY, MAINE
Statement of Activities
For the Year Ended December 31, 2014

Statement 2

Function/Programs	Program Revenues				Net (Expense) Revenues
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	
Governmental activities:	\$				
General government	106,005	4,098			(101,907)
Public safety	45,274	648			(44,626)
Public works	169,957		6,857		(163,100)
Health and sanitation	52,215		521		(51,694)
Leisure services	40,296				(40,296)
Education	491,972				(491,972)
Special assessments	115,991				(115,991)
Unclassified	72,751				(72,751)
Debt Services	11,054				(11,054)
Total governmental activities	1,105,515	4,746	7,378	0	(1,093,391)
Net (expense) / revenue					
General revenues:					
Property taxes					1,282,206
Excise taxes					70,708
Interest and costs on taxes					2,932
Intergovernmental:					
State revenue sharing					9,719
Homestead exemption					5,149
ATV grant					11,550
Tree growth					35,748
Snowmobile reimbursement					28,250
Veterans exemption					346
Miscellaneous					4,903
Unrestricted interest					2,102
Restricted interest					34
Total general revenues					1,453,647
Change in Net Position					360,256
Net Position - beginning					1,536,119
Net Position - ending	\$				1,896,375

TOWN OF ROXBURY, MAINE
Balance Sheet
Governmental Funds
December 31, 2014

Statement 3

	ASSETS	General Fund	Total Governmental Funds
Cash		\$ 823,164	\$ 823,164
Receivables			
Taxes		31,136	31,136
Liens		9,027	9,027
	Total Assets	<u>863,327</u>	<u>863,327</u>
	LIABILITIES		
Accounts payable		2,115	2,115
	Total Liabilities	<u>2,115</u>	<u>2,115</u>
	UNEARNED REVENUE		
Unearned property taxes		30,000	30,000
	Total Liabilities and Unearned Revenue	<u>32,115</u>	<u>32,115</u>
	FUND BALANCES		
Fund Balances			
Capital purchases		13,409	13,409
Endowments		2,980	2,980
Unreserved:			
Designated for subsequent years			
Revenues		87,325	87,325
Assigned expenditures		461,130	461,130
Unassigned		266,368	266,368
	Total Fund Equity	<u>831,212</u>	<u>831,212</u>
	Total Liabilities and Fund Equity	<u>\$ 863,327</u>	

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

Capital assets used in governmental activities are
financial resources and, therefore, are not
in the funds. 2,315,163

Other long-term assets are not available to pay for
current-periods expenditures and therefore are
deferred in the funds. 30,000

Long-term liabilities, including bonds payable are
Not due and payable in the current period and
Therefore are not reported in the funds.
Bonds payable (1,280,000)
Net position of governmental activities \$ 1,896,375

TOWN OF ROXBURY, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

Statement 4

	General Fund	Total Governmental Funds
Revenues:		
Taxes	\$ 1,353,846	\$ 1,353,846
Intergovernmental	98,140	98,140
Interest	2,136	2,136
Charges for services	4,746	4,746
Miscellaneous	4,903	4,903
Total Revenues	<u>1,463,771</u>	<u>1,463,771</u>
Expenditures:		
Current:		
General government	97,144	97,144
Public safety	28,074	28,074
Public works	1,003,474	1,003,474
Health and sanitation	52,215	52,215
Leisure services	40,296	40,296
Education	491,972	491,972
Special assessments	115,991	115,991
Debt Services	171,054	171,054
Unclassified	72,751	72,751
Total Expenditures	<u>2,072,971</u>	<u>2,072,971</u>
Excess of Revenues Over (Under) Expenditures	<u>(609,200)</u>	<u>(609,200)</u>
Other Financing Sources:		
Proceeds from debt issuance	800,000	800,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>190,800</u>	<u>190,800</u>
Fund Balances - Beginning	640,412	640,412
Fund Balances - Ending	<u>\$ 831,212</u>	<u>\$ 831,212</u>

The accompanying notes to the financial statements are an integral part of this statement.
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TOWN OF ROXBURY, MAINE
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances
 of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended December 31, 2014

Net change in fund balances - total governmental funds \$ 190,800

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

Governmental funds report capital outlays as expenditures.
 While governmental activities report depreciation expense to
 allocate those expenditures over the life of the assets:

Depreciation expense	(54,390)
Capital asset purchases capitalized	861,846

Bond proceeds provide current financial resources to
 governmental funds, but issuing debt increases long-term
 liabilities in the Statement of Net position:

Capital bond obligation proceeds	(800,000)
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Repayment of debt principal is an expenditure in the
 governmental funds, but the repayment reduces the long term
 liabilities in the Statement of Position

Capital bond obligation principal payments	160,000
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Revenues in the Statement of Position that do not provide
 current financial resources are not reported as revenues
 in the funds:

Deferred property tax revenue	2,000
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Change in Net position of Governmental Activities \$	360,256
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TOWN OF ROXBURY, MAINE
Notes to Combined Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

B. Government-wide Financial Statements

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

1. Summary of Significant Accounting Policies, continued

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

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

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

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

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

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

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

1. Summary of Significant Accounting Policies, continued

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

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

The Town reports the following major governmental fund:

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

Additionally, the Town reports the following fund types:

Fiduciary Funds

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

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

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

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

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

D. Capital Assets

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

1. Summary of Significant Accounting Policies, continued

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

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

E. Fund Equity

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

F. Use of Estimates

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

2. Budgetary Accounting

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

3. Deposits

At year end, the Town's carrying amount of deposits was \$823,164. The bank balances for all funds totaled \$857,371. Custodial credit risk is the risk that, in the event of a bank failure the District's deposits might not be recovered. As of December 31, 2014, \$584,389 of the Town's deposits were uninsured and uncollateralized.

4. Property Tax

Property taxes for the year were committed on July 30, 2014, on the assessed value listed as of April 1, 2014, for all taxable real and personal property located in the Town. Payment of taxes was due on August 1, 2014 with interest at 7.00% on all tax bills unpaid as of October 31, 2014.

1. Summary of Significant Accounting Policies, continued

Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. The assessed value for the list of April 1, 2014 upon which the levy for the year ended December 31, 2014, was based, was \$166,127.33. This assessed value was 77% of the estimated market value.

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

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

5. Operating Property

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

Governmental Activities:	Balance January 1 2014	Increases	Decreases	Balance December 31 2014
Assets not being depreciated				
Land	\$ 24,985	\$	\$	\$ 24,985
Assets being depreciated				
Buildings	303,808			303,808
Vehicles	213,868			213,868
Infrastructure	5,620,092	861,845		6,481,937
	<u>6,162,753</u>	<u>861,845</u>	<u>0</u>	<u>7,024,598</u>
Less accumulated depreciation				
Buildings	92,354	8,860		101,214
Vehicles	181,044	17,200		198,244
Infrastructure	4,381,648	28,330		4,409,978
	<u>4,655,046</u>	<u>54,390</u>	<u>0</u>	<u>4,709,436</u>
Capital Assets, net	\$ <u>1,507,707</u>	\$ <u>807,455</u>	\$ <u>0</u>	\$ <u>2,315,162</u>
Depreciation Expense:				
General government	\$ 8,860			
Public works	28,330			
Public safety	17,200			
	<u>\$ 54,390</u>			

1. Summary of Significant Accounting Policies, continued

6. Long-term Debt

The following is a summary of long-term debt transactions of the Town for the year December 31, 2014:

<u>Long-term debt payable at January 1, 2014</u>	\$	
Debt Proceeds		800,000
Debt Retired		(160,000)
Long-term debt payable at December 31, 2014	\$	<u>640,000</u>
Interest Paid		<u>11,054</u>

The Town of Roxbury borrowed \$100,000 in anticipation of tax revenues. The town paid \$984 in interest.

Long-term debt payable at July 1, 2014 is comprised of the following:

	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
<u>General Long-term Debt</u>			
Road bonds	varied	2017	\$ 640,000
			<u>\$ 640,000</u>

The annual requirement to amortize all long-term debt outstanding as of June 30, 2014 are as follows:

<u>Year</u>	<u>Bonds and Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 274,286	\$ 16,301
2015	274,286	14,984
2016	274,286	13,210
2017	114,286	8,240
2018	114,286	6,720
2019	114,286	4,846
2020	114,284	2,571
Total	<u>\$ 1,280,000</u>	<u>\$ 66,872</u>

7. Assigned Revenues

The Town has set aside certain revenue balances for use in budgeting in future years. These accounts were as follows at December 31, 2014:

State Revenue Sharing	\$ 26,272
Local roads assistance	15,536
Tree growth	45,517
Building permits	
Total	<u>\$ 87,325</u>

1. Summary of Significant Accounting Policies, continued

8. Unassigned General Fund Fund Equity

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

Balance - January 1, 2014	\$	298,863
Increase (Decrease):		
Actual over (under) budgeted revenues	55,792	
Actual under budgeted expenditures	(28,287)	
Carried balances and use of fund equity	(60,000)	
Net Increase (Decrease)		(32,495)
Balance - December 31, 2014	\$	<u>266,368</u>

9. Committed

Historically, the townspeople vote to raise certain balances in anticipation of expenditure for capital items in future years. This is usually in lieu of additional appropriations in any particular account. At December 31, 2014, the following reserve balances were carried forward:

Fire equipment reserve	\$	13,409
Road repairs		

Totals \$ 13,409

10. Assigned Expenditures

The Town has set aside certain budgetary balances for accumulation until expenditure in future years. These accounts were as follows at December 31, 2014:

Comprehensive plan	\$	20,000
Payroll taxes	1,420	
Town lines	446	
Town building repairs	13,075	
Town building maintenance	2,758	
Animal Control	3,951	
Unemployment	615	
Revaluation	12,412	
Education	32,284	
Summer roads	12,744	
General assistance	1,811	
Rubbish Removal	99	
Spring Clean Up	925	
Worthley park	12	
Code enforcement	790	
Fire protection	1,173	
Winter roads	17,561	
Building Loan	310,314	
Watershed management	1,010	
Fire equipment	13,409	
Road projects	10,999	
Emergency management	2,785	
Assessment update	537	
Total	\$	<u>461,130</u>

1. Summary of Significant Accounting Policies, continued

11. Risk Management

The Town of Roxbury is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage for part of its risk management. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. The Town's management estimates that the amount of actual or potential claims against the Town as of December 31, 2014, will not materially affect the financial condition of the Town.

12. Economic Dependency

The Town of Roxbury, Maine is econcomically dependent on River Hill Wind LLC. For the year ended December 31, 2014 River Hill Wind LLC paid \$790,955 or 62% of the total tax commitment.

TOWN OF ROXBURY, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable Unfavorable</u>
Revenues:				
Taxes	\$ 1,350,578	\$ 1,350,578	\$ 1,353,846	\$ 3,268
Intergovernmental	61,694	61,694	98,140	36,446
Interest			2,136	2,136
Charges for services			4,746	4,746
Miscellaneous			4,903	4,903
Total Revenues	<u>1,412,272</u>	<u>1,412,272</u>	<u>1,463,771</u>	<u>51,499</u>
Expenditures:				
Current:				
General government	151,217	151,217	97,144	54,073
Public safety	36,762	36,762	28,074	8,688
Public works	1,044,773	1,044,773	1,003,474	41,299
Health and sanitation	53,336	53,336	52,215	1,121
Leisure services	705	705	40,296	(39,591)
Human Services	500	500		500
Education	524,256	524,256	491,972	32,284
Special assessments	139,165	139,165	115,991	23,174
Debt service	481,360	481,360	171,054	310,306
Unclassified	73,243	73,243	72,751	492
Total Expenditures	<u>2,505,317</u>	<u>2,505,317</u>	<u>2,072,971</u>	<u>432,346</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,093,045)</u>	<u>(1,093,045)</u>	<u>(609,200)</u>	<u>483,845</u>
Other Financing Sources:				
Proceeds from debt issuance	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>0</u>
Net Change in fund balances	(293,045)	(293,045)	190,800	483,845
Fund Balances - Beginning	640,412	640,412	640,412	0
Fund Balances - Ending	<u>\$ 347,367</u>	<u>\$ 347,367</u>	<u>\$ 831,212</u>	<u>\$ 483,845</u>

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

KEEL J. HOOD

Certified Public Accountant

PO Box 302 - Fairfield, Maine 04937 - (207)453-2006

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Selectmen
Town of Roxbury, Maine
Roxbury, Maine

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Town of Roxbury, Maine as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Town of Roxbury, Maine's basic financial statements, and have issued my report thereon dated August 10, 2015.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Town of Roxbury, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Roxbury, Maine's internal control. Accordingly, I do not express an opinion on the effectiveness of Town of Roxbury, Maine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Roxbury, Maine's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audits, and accordingly, I do not express such an opinion. The

results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

August 10, 2015