

2018

Federal Compliance Audit, Town of Oxford, Maine June 30, 2018

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Federal Compliance Audit

Town of Oxford, Maine

June 30, 2018



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TOWN OF OXFORD, MAINE

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JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Oxford
Oxford, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Oxford, Maine, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Oxford, Maine'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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Oxford, Maine as of June 30, 2018, 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, budgetary comparison information and pension information on pages 4 through 11 and 50 through 52 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Oxford, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital assets schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital assets schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital assets schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019 on our consideration of the Town of Oxford, 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 Town of Oxford, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
March 18, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

(UNAUDITED)

The following management's discussion and analysis of Town of Oxford, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Oxford'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 pension information 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 Town'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 Town'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 separate columns for the two different types of Town activities. The types of activities presented for the Town of Oxford are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, health and sanitation, recreation and culture, education and unclassified.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Oxford include the sewer fund.

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. The Town of Oxford, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Oxford can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Most of the basic services provided by the Town 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 Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

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.

The Town of Oxford presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Town of Oxford maintains one proprietary fund, the sewer fund. This fund is used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

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 Statement of Cash Flows - Proprietary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Schedule of Proportionate Share of the Net Pension Liability and a Schedule of Contributions.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities increased by \$1,401,490 from \$9,389,084 to \$10,790,574. The

Town's total net position for business-type activities increased by \$1,073,389 from \$8,027,948 to \$9,101,337.

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 by \$799,562 for governmental activities to a balance of \$4,790,588 at the end of this year. Unrestricted net position for business-type activities decreased by \$645,051 to a deficit balance of \$1,439,141.

Table 1
Town of Oxford, Maine
Net Position
June 30,

	Governmental Activities		Business-type Activities	
	2018	2017 (Restated)	2018	2017
Assets:				
Current Assets	\$ 6,280,876	\$ 5,087,468	\$ 300,292	\$ 60,029
Capital Assets	6,368,186	6,358,531	27,047,194	25,757,038
Total Assets	12,649,062	11,445,999	27,347,486	25,817,067
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	257,153	268,037	-	-
Total Deferred Outflows of Resources	257,153	268,037	-	-
Liabilities:				
Current Liabilities	332,435	407,207	2,178,190	1,282,403
Long-term Debt Outstanding	1,616,995	1,828,615	16,067,959	16,506,716
Total Liabilities	1,949,430	2,235,822	18,246,149	17,789,119
Deferred Inflows of Resources:				
Prepaid Taxes	31,126	13,134	-	-
Deferred Inflows Related to Pensions	135,085	75,996	-	-
Total Deferred Inflows of Resources	166,211	89,130	-	-
Net Position:				
Net Investment in Capital Assets	4,886,519	4,691,197	10,540,478	8,822,038
Restricted	1,113,467	706,861	-	-
Unrestricted (Deficit)	4,790,588	3,991,026	(1,439,141)	(794,090)
Total Net Position	\$ 10,790,574	\$ 9,389,084	\$ 9,101,337	\$ 8,027,948

Table 2
Town of Oxford, Maine
Change in Net Position
For the Years Ended June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues				
<i>Program revenues:</i>				
Charges for services	\$ 330,350	\$ 443,975	\$ 153,282	\$ 99,199
Operating grants and contributions	62,660	61,696	-	-
Capital grants and contributions	-	-	1,644,577	6,232,240
<i>General revenues:</i>				
Taxes	7,178,755	6,472,088	-	-
Grants and contributions not restricted to specific programs	299,215	334,670	-	-
Miscellaneous	2,388,450	2,182,615	531	4,422
Total Revenues	<u>10,259,430</u>	<u>9,495,044</u>	<u>1,798,390</u>	<u>6,335,861</u>
Expenses				
General government	854,282	823,325	-	-
Public safety	1,594,517	1,848,692	-	-
Public works	788,181	768,655	-	-
Health and sanitation	380,813	419,892	-	-
Reserve account	199,249	100,734	-	-
Recreation and culture	136,727	143,826	-	-
Education	3,858,976	3,688,559	-	-
Interest on long-term debt	52,728	83,738	-	-
County tax	366,725	357,854	-	-
Sewer fund	-	-	725,001	628,835
Unclassified	625,742	481,335	-	-
Total Expenses	<u>8,857,940</u>	<u>8,716,610</u>	<u>725,001</u>	<u>628,835</u>
Transfers	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>250,000</u>
Change in Net Position	1,401,490	528,434	1,073,389	5,957,026
Net Position - July 1, Restated	<u>9,389,084</u>	<u>8,860,650</u>	<u>8,027,948</u>	<u>2,070,922</u>
Net Position - June 30	<u>\$ 10,790,574</u>	<u>\$ 9,389,084</u>	<u>\$ 9,101,337</u>	<u>\$ 8,027,948</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 8.05%, while total expenses increased by 1.62%. The increase in revenues for governmental activities was primarily due to taxes, while the increase in expenses was primarily due to education. For the business-type activities revenues decreased by 71.62%, while total expenses increased by 15.29%. The decrease in revenues for business-type activities was due to capital grants and contributions.

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
Town of Oxford, Maine
Fund Balances - Governmental Funds
June 30,

	2018	2017
General Fund:		
Nonspendable	\$ 8,721	\$ 23,928
Assigned	2,147,950	1,778,162
Unassigned	2,306,749	1,859,572
Total General Fund	\$ 4,463,420	\$ 3,661,662
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 1,053,281	\$ 646,843
Committed	342,249	344,662
Permanent Funds:		
Restricted	60,186	60,018
Total Nonmajor Funds	\$ 1,455,716	\$ 1,051,523

The general fund total fund balance increased by \$801,758 from the prior fiscal year. This increase was due to revenues exceeding expenditures. The nonmajor fund balances increased by \$404,193 from the prior fiscal year. The largest increase was in the special revenue fund - Route 26 Omnibus TIF Reserve's restricted fund balance.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The sewer fund's net position increased by \$1,073,389 for the year ended June 30, 2018. This was a result of grant funding received for the construction of the sewer treatment facility.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund.

The general fund actual revenues were under budget by \$512,045. This was mainly the result of taxes, homestead exemption, BETE exemption, tree growth, MDOT and MDEA grant funds, charges for services and transfers from other funds all being received under the budgeted amounts.

The general fund actual expenditures were under budget by \$2,320,484. This was mainly a result of the reserve accounts coming in under budget. Those amounts were carried into the fiscal year ending June 30, 2019.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2018, the net book value of capital assets recorded by the Town increased by \$1,299,811 from the prior year. The increase is the result of capital additions of \$1,689,076 less depreciation expense of \$389,265.

Table 4
Town of Oxford, Maine
Capital Assets (Net of Depreciation)
June 30,

	2018	2017
Land	\$ 395,031	\$ 395,031
Construction in progress	26,841,781	25,551,625
Buildings & improvements	1,698,791	1,767,499
Land improvements	48,430	53,421
Machinery & equipment	321,791	214,728
Vehicles	888,220	1,038,690
Infrastructure	3,221,336	3,094,575
Total	\$ 33,415,380	\$ 32,115,569

Debt

At June 30, 2018, the Town had \$17,988,383 in bonds payable outstanding versus \$18,602,334 last year, a decrease of \$613,951 or 3.30%. Other obligations include accrued compensated absences and net pension liability. Refer to Note 5 for more detailed information.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance is at a sufficient level to sustain government operations for a period of approximately two months. In addition, the Town also maintains significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Town of Oxford at P.O. Box 153, Oxford, Maine 04270.

TOWN OF OXFORD, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,070,348	\$ 61,859	\$ 4,132,207
Investments	252,185	-	252,185
Accounts receivable (net of allowance for uncollectibles):			
Taxes	347,980	-	347,980
Liens	58,016	-	58,016
Other	192,531	238,433	430,964
Tax acquired property	8,721	-	8,721
Internal balances	1,351,095	(1,351,095)	-
Total current assets	<u>6,280,876</u>	<u>(1,050,803)</u>	<u>5,230,073</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	189,618	205,413	395,031
Buildings and vehicles net of accumulated depreciation	<u>6,178,568</u>	<u>26,841,781</u>	<u>33,020,349</u>
Total noncurrent assets	<u>6,368,186</u>	<u>27,047,194</u>	<u>33,415,380</u>
TOTAL ASSETS	<u>12,649,062</u>	<u>25,996,391</u>	<u>38,645,453</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	257,153	-	257,153
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>257,153</u>	<u>-</u>	<u>257,153</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 12,906,215</u>	<u>\$ 25,996,391</u>	<u>\$ 38,902,606</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 94,813	\$ 224,659	\$ 319,472
Escrows payable	3,232	600	3,832
Accrued expenses	25,298	163,079	188,377
Current portion of long-term obligations	209,092	438,757	647,849
Total current liabilities	<u>332,435</u>	<u>827,095</u>	<u>1,159,530</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	1,296,000	16,067,959	17,363,959
Net pension liability	320,995	-	320,995
Total noncurrent liabilities	<u>1,616,995</u>	<u>16,067,959</u>	<u>17,684,954</u>
TOTAL LIABILITIES	<u>1,949,430</u>	<u>16,895,054</u>	<u>18,844,484</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	31,126	-	31,126
Deferred inflows related to pensions	135,085	-	135,085
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>166,211</u>	<u>-</u>	<u>166,211</u>
NET POSITION			
Net investment in capital assets	4,886,519	10,540,478	15,426,997
Restricted for: Special revenue funds	1,053,281	-	1,053,281
Permanent funds	60,186	-	60,186
Unrestricted	4,790,588	(1,439,141)	3,351,447
TOTAL NET POSITION	<u>10,790,574</u>	<u>9,101,337</u>	<u>19,891,911</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 12,906,215</u>	<u>\$ 25,996,391</u>	<u>\$ 38,902,606</u>

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

TOWN OF OXFORD, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 854,282	\$ 50,240	\$ -	\$ -	\$ (804,042)	\$ -	\$ (804,042)
Public safety	1,594,517	221,659	-	-	(1,372,858)	-	(1,372,858)
Public works	788,181	65	62,660	-	(725,456)	-	(725,456)
Health and sanitation	380,813	51,710	-	-	(329,103)	-	(329,103)
Reserve accounts	199,249	-	-	-	(199,249)	-	(199,249)
Recreation and culture	136,727	6,676	-	-	(130,051)	-	(130,051)
Education	3,858,976	-	-	-	(3,858,976)	-	(3,858,976)
County tax	366,725	-	-	-	(366,725)	-	(366,725)
Unclassified	625,742	-	-	-	(625,742)	-	(625,742)
Interest on long-term debt	52,728	-	-	-	(52,728)	-	(52,728)
Total governmental activities	<u>8,857,940</u>	<u>330,350</u>	<u>62,660</u>	<u>-</u>	<u>(8,464,930)</u>	<u>-</u>	<u>(8,464,930)</u>
Business-type activities:							
Sewer fund	<u>725,001</u>	<u>153,282</u>	<u>-</u>	<u>1,644,577</u>	<u>-</u>	<u>1,072,858</u>	<u>1,072,858</u>
Total business-type activities	<u>725,001</u>	<u>153,282</u>	<u>-</u>	<u>1,644,577</u>	<u>-</u>	<u>1,072,858</u>	<u>1,072,858</u>
Total government	<u>\$ 9,582,941</u>	<u>\$ 483,632</u>	<u>\$ 62,660</u>	<u>\$ 1,644,577</u>	<u>(8,464,930)</u>	<u>1,072,858</u>	<u>(7,392,072)</u>

STATEMENT B (CONTINUED)

TOWN OF OXFORD, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities	Business- type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Changes in net position:			
Net (expense) revenue	(8,464,930)	1,072,858	(7,392,072)
General revenues and transfers:			
Taxes:			
Property taxes, levied for general purposes	6,422,094	-	6,422,094
Excise taxes	756,661	-	756,661
Grants and contributions not restricted to specific programs	299,215	-	299,215
Miscellaneous	2,388,450	531	2,388,981
Total general revenues and transfers	<u>9,866,420</u>	<u>531</u>	<u>9,866,951</u>
Change in net position	1,401,490	1,073,389	2,474,879
NET POSITION - JULY 1, RESTATED	<u>9,389,084</u>	<u>8,027,948</u>	<u>17,417,032</u>
NET POSITION - JUNE 30	<u>\$ 10,790,574</u>	<u>\$ 9,101,337</u>	<u>\$ 19,891,911</u>

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

TOWN OF OXFORD, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 4,070,348	\$ -	\$ 4,070,348
Investments	252,185	-	252,185
Accounts receivables (net of allowance for uncollectibles):			
Taxes	347,980	-	347,980
Liens	58,016	-	58,016
Other	192,531	-	192,531
Tax acquired property	8,721	-	8,721
Due from other funds	1,351,095	1,455,716	2,806,811
TOTAL ASSETS	<u>\$ 6,280,876</u>	<u>\$ 1,455,716</u>	<u>\$ 7,736,592</u>
LIABILITIES			
Accounts payable	\$ 94,813	\$ -	\$ 94,813
Escrow payable	3,232	-	3,232
Accrued expenses	25,298	-	25,298
Due to other funds	1,455,716	-	1,455,716
TOTAL LIABILITIES	<u>1,579,059</u>	<u>-</u>	<u>1,579,059</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	31,126	-	31,126
Deferred tax revenues	207,271	-	207,271
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>238,397</u>	<u>-</u>	<u>238,397</u>
FUND BALANCES			
Nonspendable - tax acquired property	8,721	-	8,721
Restricted	-	1,113,467	1,113,467
Committed	-	342,249	342,249
Assigned	2,147,950	-	2,147,950
Unassigned	2,306,749	-	2,306,749
TOTAL FUND BALANCES	<u>4,463,420</u>	<u>1,455,716</u>	<u>5,919,136</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,280,876</u>	<u>\$ 1,455,716</u>	<u>\$ 7,736,592</u>

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

TOWN OF OXFORD, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

	Total Governmental Funds
Total Fund Balances	\$ 5,919,136
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	6,368,186
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	257,153
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	207,271
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,481,667)
Accrued compensated absences	(23,425)
Net pension liability	(320,995)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(135,085)
Net position of governmental activities	\$ 10,790,574

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

TOWN OF OXFORD, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 6,377,857	\$ -	\$ 6,377,857
Excise taxes	756,661	-	756,661
Intergovernmental	361,875	-	361,875
Charges for services	330,350	-	330,350
Miscellaneous revenues	1,798,244	590,206	2,388,450
TOTAL REVENUES	9,624,987	590,206	10,215,193
EXPENDITURES			
Current:			
General government	746,626	-	746,626
Public safety	1,636,185	-	1,636,185
Public works	592,376	-	592,376
Health and sanitation	398,310	-	398,310
Reserve accounts	418,364	-	418,364
Recreation and culture	127,543	-	127,543
Education	3,858,976	-	3,858,976
County tax	366,725	-	366,725
Unclassified	585,149	40,593	625,742
Debt service:			
Principal	75,000	110,667	185,667
Interest	23,975	28,753	52,728
TOTAL EXPENDITURES	8,829,229	180,013	9,009,242
EXCESS REVENUES OVER (UNDER) EXPENDITURES	795,758	410,193	1,205,951
OTHER FINANCING SOURCES			
Transfers in	6,000	-	6,000
Transfers (out)	-	(6,000)	(6,000)
TOTAL OTHER FINANCING SOURCES (USES)	6,000	(6,000)	-
NET CHANGE IN FUND BALANCES	801,758	404,193	1,205,951
FUND BALANCES - JULY 1, RESTATED	3,661,662	1,051,523	4,713,185
FUND BALANCES - JUNE 30	\$ 4,463,420	\$ 1,455,716	\$ 5,919,136

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

TOWN OF OXFORD, 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 JUNE 30, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,205,951</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	398,920
Depreciation expense	<u>(389,265)</u>
	<u>9,655</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(10,884)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>44,237</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>185,667</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(59,089)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Net pension liability	<u>25,953</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 1,401,490</u></u>

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

TOWN OF OXFORD, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	<u>Enterprise Funds</u> <u>Sewer</u> <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 61,859
Accounts receivable (net of allowance for uncollectibles)	238,433
Total current assets	<u>300,292</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	205,413
Buildings and equipment, net of accumulated depreciation	26,841,781
Total noncurrent assets	<u>27,047,194</u>
TOTAL ASSETS	<u>\$ 27,347,486</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 224,659
Escrows payable	600
Accrued bond interest	163,079
Due to other funds	1,351,095
Current portion of long-term obligations	438,757
Total current liabilities	<u>2,178,190</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	16,067,959
Total noncurrent liabilities	<u>16,067,959</u>
TOTAL LIABILITIES	<u>18,246,149</u>
NET POSITION	
Net investment in capital assets	10,540,478
Unrestricted (deficit)	(1,439,141)
TOTAL NET POSITION	<u>9,101,337</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 27,347,486</u>

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

TOWN OF OXFORD, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Enterprise Funds</u> <u>Sewer</u> <u>Fund</u>
OPERATING REVENUES	
Charges for services	\$ 153,282
TOTAL OPERATING REVENUES	<u>153,282</u>
OPERATING EXPENSES	
Operating	<u>309,569</u>
TOTAL OPERATING EXPENSES	<u>309,569</u>
OPERATING INCOME (LOSS)	<u>(156,287)</u>
NONOPERATING REVENUES (EXPENSES)	
Grant revenues	1,644,577
Interest income	531
Interest expense	<u>(415,432)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,229,676</u>
CHANGE IN NET POSITION	1,073,389
NET POSITION - JULY 1,	<u>8,027,948</u>
NET POSITION - JUNE 30	<u>\$ 9,101,337</u>

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

TOWN OF OXFORD, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Enterprise Funds</u>
	Sewer
	<u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ (69,710)
Payments to suppliers	(390,874)
Interfund activity	966,619
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>506,035</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from grants and loans	1,644,577
Capital asset acquisitions	(1,290,156)
Principal paid on capital debt	(428,284)
Interest paid on capital debt	(415,432)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(489,295)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	531
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>531</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,271
CASH AND CASH EQUIVALENTS - JULY 1	<u>44,588</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 61,859</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (156,287)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(222,992)
Increase (decrease) in accounts payable	(81,305)
(Increase) decrease in accrued bond interest	1,059
Increase (decrease) in due to other funds	965,560
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 506,035</u>

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

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Oxford was incorporated under the laws of the State of Maine. The Town operates under the selectmen-treasurer form of government and provides the following services: general government services, public safety, public works, health and sanitation, recreation and culture and education.

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).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town 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 June 30, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. 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

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 85, "*Omnibus 2017.*" The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 86, "*Certain Debt Extinguishment Issues.*" The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's sewer fund is categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are 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 Town's net position are reported in three parts - net investment in capital assets;

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

restricted net position; and unrestricted net position. The Town 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 Town's functions and business-type activities (general government, public safety, etc.) excluding fiduciary activities. 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 or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the 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 Town 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 Town as an entity and the change in the Town's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Town 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 Town:

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 Town:

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Fund

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

Nonmajor Funds

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

resources, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

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.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

Deposits and Investments

The Town'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 Town's policy to value investments at fair value. For purposes of the Statement of Cash Flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. None of the Town's investments are reported at amortized cost. The Town 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

Receivables

Receivables include amounts due from ambulance services, transfer station and sewer users. 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 \$430,964 for the year ended June 30, 2018. Uncollectible amounts netted with revenues were \$88,008 for the year ended June 30, 2018.

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/ 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 governmental-wide financial statements as "internal balances".

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary 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 Town. The Town has not retroactively recorded infrastructure.

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 long-term debt consists primarily of bonds payable, accrued compensated absences and net pension liability.

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 funds is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The Town's policies regarding vacation and sick time 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 June 30, 2018, the Town's liability for compensated absences is \$23,425.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 Town 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.

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Town 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 Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town 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 Selectmen.

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 Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Town only has one type of this item, deferred outflows related to pensions that qualifies for reporting in this category. This item is reported in the statement of net position.

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. Deferred tax revenues, which arises under the modified accrual basis of accounting, is reported in this category. Accordingly this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualify for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as inflows of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied September 7, 2017 on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Taxes were due in two installments on October 20, 2017 and April 20, 2018. Interest on unpaid taxes commenced on October 21, 2017 and April 21, 2018, at 7.00% per annum.

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.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$39,262 for the year ended June 30, 2018.

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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).

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 Town does utilize encumbrance accounting for its general fund and sewer fund.

Use of Estimates

During the preparation of the Town'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

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2018, the Town's cash balances amounting to \$4,132,207 were comprised of bank deposits of \$4,373,463. Of these bank deposits, \$726,421 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk, and \$3,647,042 was collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 3,460,776
Money market accounts	912,688
	<u>\$ 4,373,463</u>

Investments:

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

At June 30, 2018, the Town's investments of \$252,185 in certificates of deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Investment Type</u>	<u>Value</u>	<u>Maturity</u>		
		<u>N/A</u>	<u>< 1 Year</u>	<u>1 - 5 Years</u>
Certificate of deposits	\$ 252,185	\$ -	\$ 22,185	\$ 230,000
	<u>\$ 252,185</u>	<u>\$ -</u>	<u>\$ 22,185</u>	<u>\$ 230,000</u>

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk - Statutes for the State of Maine authorize the Town 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 Town does not have an investment policy on credit risk.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town 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 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
	<u> </u>	<u> </u>
General Fund	\$ 1,351,095	\$ 1,455,716
Nonmajor Special Revenue Funds	1,395,530	-
Nonmajor Permanent Funds	60,186	-
Enterprise Funds	-	1,351,095
	<u>\$ 2,806,811</u>	<u>\$ 2,806,811</u>

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance, 7/1/17	Additions	Disposals	Balance, 6/30/18
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 189,618	\$ -	\$ -	\$ 189,618
	<u>189,618</u>	<u>-</u>	<u>-</u>	<u>189,618</u>
Depreciated assets:				
Land improvements	136,089	-	-	136,089
Buildings & improvements	2,810,632	-	-	2,810,632
Machinery & equipment	1,004,992	150,022	-	1,155,014
Vehicles	2,540,338	29,783	(17,233)	2,552,888
Infrastructure	3,649,003	219,115	-	3,868,118
	<u>10,141,054</u>	<u>398,920</u>	<u>(17,233)</u>	<u>10,522,741</u>
Less: accumulated depreciation	<u>(3,972,141)</u>	<u>(389,265)</u>	<u>17,233</u>	<u>(4,344,173)</u>
	<u>6,168,913</u>	<u>9,655</u>	<u>-</u>	<u>6,178,568</u>
Net governmental capital assets	<u>\$ 6,358,531</u>	<u>\$ 9,655</u>	<u>\$ -</u>	<u>\$ 6,368,186</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 205,413	\$ -	\$ -	\$ 205,413
Construction in progress	25,551,625	1,290,156	-	26,841,781
	<u>25,757,038</u>	<u>1,290,156</u>	<u>-</u>	<u>27,047,194</u>
Net business-type capital assets	<u>\$ 25,757,038</u>	<u>\$ 1,290,156</u>	<u>\$ -</u>	<u>\$ 27,047,194</u>

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:	
General Government	\$ 70,636
Public Safety	94,637
Public Works	195,805
Health and sanitation	19,003
Recreation & culture	9,184
Total governmental activities	<u>389,265</u>
Sewer Fund	<u>-</u>
Total business-type activities	<u>-</u>
Total depreciation expense	<u><u>\$ 389,265</u></u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2018:

	Balance 7/1/17	Additions	Deletions	Balance, 6/30/18	Current Portion
<i>Governmental activities:</i>					
Bonds payable	\$ 1,667,334	\$ -	\$ (185,667)	\$ 1,481,667	\$ 185,667
Accrued compensated absences	23,425	-	-	23,425	23,425
Net pension liability	346,948	-	(25,953)	320,995	-
Totals	<u>\$ 2,037,707</u>	<u>\$ -</u>	<u>\$ (211,620)</u>	<u>\$ 1,826,087</u>	<u>\$ 209,092</u>
<i>Business-type activities:</i>					
Bonds payable	\$ 16,935,000	\$ -	\$ (428,284)	\$ 16,506,716	\$ 438,757
Totals	<u>\$ 16,935,000</u>	<u>\$ -</u>	<u>\$ (428,284)</u>	<u>\$ 16,506,716</u>	<u>\$ 438,757</u>

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of bonds outstanding as of June 30, 2018:

Governmental activities:

2002 \$2,400,000 General Obligation bond dated September 2002. \$75,000 annual principal payments with semi-annual interest payments from 4.00% to 4.75%. Maturity in September 2022.	\$ 375,000
2012 \$1,660,000 General Obligation bond dated September 2012. \$110,667 annual principal payments with semi-annual interest payments from 1.48% to 3.22%. Maturity in September 2027.	1,106,667
	<u>1,481,667</u>

Business-type activities:

2016 \$8,334,000 General Obligation bond dated January 2016. \$417,450 annual principal and interest payments with an interest rate of 2.50%. Maturity in January 2045.	8,124,900
2016 \$5,000,000 General Obligation bond dated January 2016. \$250,450 annual principal and interest payments with an interest rate of 2.50%. Maturity in January 2045.	4,874,550
2016 \$3,601,000 General Obligation bond dated June 2016. \$174,757 annual principal and interest payments with an interest rate of 2.25%. Maturity in June 2045.	3,507,266
	<u>16,506,716</u>
Total bonds payable	<u>\$ 17,988,383</u>

Future minimum payments, for the fiscal years ending June 30, are as follows:

	<i>Governmental activities:</i>		Total
	Principal	Interest	Debt Service
2019	\$ 185,667	\$ 41,091	\$ 226,758
2020	185,667	36,197	221,864
2021	185,667	30,945	216,612
2022	185,667	25,359	211,026
2023	185,667	19,765	205,432
2024-2028	553,332	42,585	595,917
	<u>\$ 1,481,667</u>	<u>\$ 195,942</u>	<u>\$ 1,677,609</u>

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

	<i>Business-type activities:</i>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 438,757	\$ 403,900	\$ 842,657
2020	449,487	393,170	842,657
2021	460,479	382,178	842,657
2022	471,740	370,917	842,657
2023	483,278	359,379	842,657
2024-2028	2,599,588	1,613,697	4,213,285
2029-2033	2,933,503	1,279,782	4,213,285
2034-2038	3,310,391	902,894	4,213,285
2039-2043	3,735,794	477,491	4,213,285
2044-2048	1,623,699	59,843	1,683,542
	<u>\$ 16,506,716</u>	<u>\$ 6,243,251</u>	<u>\$ 22,749,967</u>

NOTE 6 - NONSPENDABLE FUND BALANCE

At June 30, 2018, the Town had the following nonspendable fund balance:

General fund:

Tax acquired property	<u>\$ 8,721</u>
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NOTE 7 - RESTRICTED FUND BALANCES

At June 30, 2018, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 1,053,281
Nonmajor permanent funds (Schedule H)	<u>60,186</u>
	<u>\$ 1,113,467</u>

NOTE 8 - COMMITTED FUND BALANCES

At June 30, 2018, the Town had the following committed fund balances:

Nonmajor special revenue funds (Schedule E)	<u>\$ 342,249</u>
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TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 - ASSIGNED FUND BALANCES

At June 30, 2018, the Town had the following assigned fund balances:

General fund:	
Carry forward amounts into FY 2019	<u>\$ 2,147,950</u>

NOTE 10 - EXPENDITURES OVER APPROPRIATIONS

The Town had the following appropriations that were overspent at June 30, 2018:

Administration	\$ 13,410
Public safety building	2,661
Fire and traffic protection	871
Animal control	501
Transfer station	11,545
Highway vehicle reserve	27,698
General assistance	2,201
	<u>\$ 58,887</u>

NOTE 11 - DEFICIT FUND BALANCES

The Town had no funds with deficits as of June 30, 2018.

NOTE 12 - OVERLAPPING DEBT

The Town's proportionate share of debt of the County of Oxford and RSU No. 17 has not been recorded in the financial statements of the Town of Oxford. It is not required to be recorded in order for the financial statements to conform to generally accepted accounting principles. The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member.

As of June 30, 2018, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
RSU # 17	11,543,321	19.35%	<u>2,233,633</u>
			<u>\$ 2,233,633</u>

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - RISK MANAGEMENT

The Town faces a full realm of risks typical of a thriving entity. Liabilities associated with torts and protections against damage of loss of assets are the general categories of risk for which the Town carries commercial insurance. Specific insurance related to these categories includes general, police and public officials' liability coverage, workers compensation and automobile insurance. The Town is liable for deductibles ranging up to \$1,000 for settlements exceeding the limits of coverage, which range from \$50,000 to \$3,000,000. The amount of settlements has not exceeded insurance coverage for each of the past three years.

NOTE 14 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (800) 451-9800.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.45%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's employees are part of the PLD's plan "AN" and are required to contribute 8.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 7.0% of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2018 was \$52,024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Town reported a liability of \$320,995 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2017, the Town's proportion was 0.078400% which was an increase of 0.013102% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized total pension expense of \$44,020. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 15,421
Changes of assumptions	27,315	-
Net difference between projected and actual earnings on pension plan investments	110,624	119,450
Changes in proportion and differences between contributions and proportionate share of contributions	67,190	214
Contributions subsequent to the measurement date	52,024	-
Total	<u>\$ 257,153</u>	<u>\$ 135,085</u>

\$52,024 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2018	\$ 29,069
2019	60,675
2020	2,154
2021	(21,854)
2022	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of fifteen years.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2017 are as follows:

Investment Rate of Return - For the PLD Plan, 6.875% per annum, compounded annually.

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Mortality Rates - For participating local districts, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases – 2.20% for participating local districts.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2017 are summarized in the following table.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.875% for 2017. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability(asset) as of June 30, 2017 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.875% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 644,014	\$ 320,995	\$ 77,811

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2017 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2017, this was three years for the PLD Consolidated Plan; prior to 2017, this was four years for the PLD Consolidated Plan.

Changes in Net Pension Liability

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2017 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2017 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

NOTE 15 - TAX INCREMENT FINANCING DISTRICTS

The Town of Oxford has established two tax increment financing districts (TIFs) in accordance with M.R.S.A. Title 30-A, §5221-§5235 for a variety of economic development purposes, including business retention and expansion. The TIF districts were formed locally, as the Town defined the districts and chose how much of the new taxes would go to what public and private projects over what period of time, subject to the approval of the Board of Selectmen and ultimately by the Commissioner of the Maine Department of Economic and Community Development.

Any portion of the new property taxes generated by a specific project or projects within the defined geographic districts can be "captured" and utilized to pay for the Town's direct economic development expense or returned to the developer in the form of a credit enhancement agreement for defined periods of up to 30 years. The Town of Oxford accounts for all the activity of the TIF districts including captured taxes and

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - TAX INCREMENT FINANCING DISTRICTS (CONTINUED)

expenditures for approved purposes in separate TIF funds. The Town has chosen to disclose information about its tax abatement (credit enhancement) agreements individually and negotiates property tax abatement agreements on an individual basis.

For the twelve months ended June 30, 2018, the Town had \$0 of taxes abated for each tax increment financing district, specifically the *Walmart Tax Increment Financing District* and the *Route 26 Tax Increment Financing District*. The Town has not made any commitments as part of the agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities.

NOTE 16 - 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 Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 17 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 18 - RELATED PARTY TRANSACTIONS

The Chairman of the Board of Selectmen own a business that serviced various town vehicles and equipment. His business was paid \$32,694 during fiscal year 2018. Another selectman does work for the town removing freon from refrigerators and was paid \$427 in fiscal year 2018.

It was also noted that another selectman worked as a firefighter for the Town in fiscal year 2018.

TOWN OF OXFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 19 - RESTATEMENTS

The general fund's fund balance has been restated as of July 1, 2017 to reflect the correct accounts payable amount. The amount of the restatement was \$31,681 with the beginning fund balance going from \$3,693,343 to \$3,661,662.

The net position for governmental activities has been restated as if July 1, 2017 to reflect the correct accounts payable amount. The amount of the restatement was \$31,681 with the beginning net position going from \$9,420,765 to \$9,389,084.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions

TOWN OF OXFORD, MAINE

**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1 (Restated)	\$ 3,661,662	\$ 3,661,662	\$ 3,661,662	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	6,415,964	6,415,964	6,377,857	(38,107)
Excise taxes	708,000	708,000	756,661	48,661
Intergovernmental revenues:				
State revenue sharing	117,976	117,976	120,113	2,137
Homestead exemption	132,593	132,593	116,961	(15,632)
BETE reimbursement	35,417	35,417	34,052	(1,365)
Tree growth reimbursment	10,000	10,000	8,909	(1,091)
MDOT block grant funds	63,000	63,000	62,660	(340)
General assistance	4,500	4,500	9,936	5,436
MDEA grant	27,000	27,000	7,215	(19,785)
Veterans exemption reimbursement	1,800	1,800	2,029	229
Charges for services	439,550	439,550	330,350	(109,200)
Interest income	-	-	10,225	10,225
Miscellaneous revenues	1,779,900	1,779,900	1,788,019	8,119
Transfers from other funds	407,332	407,332	6,000	(401,332)
Amounts Available for Appropriation	<u>13,804,694</u>	<u>13,804,694</u>	<u>13,292,649</u>	<u>(512,045)</u>
Charges to Appropriations (Outflows):				
General government	759,155	759,155	746,626	12,529
Public safety	1,699,844	1,699,844	1,636,185	63,659
Public works	646,850	646,850	592,376	54,474
Health and sanitation	397,000	397,000	398,310	(1,310)
Reserve accounts	788,150	2,566,314	418,364	2,147,950
Recreation and culture	129,062	129,062	127,543	1,519
Education	3,858,976	3,858,976	3,858,976	-
County tax	366,725	366,725	366,725	-
Unclassified	625,273	625,273	585,149	40,124
Debt service:				
Principal	75,000	75,000	75,000	-
Interest	25,514	25,514	23,975	1,539
Total Charges to Appropriations	<u>9,371,549</u>	<u>11,149,713</u>	<u>8,829,229</u>	<u>2,320,484</u>
Budgetary Fund Balance, June 30	<u>\$ 4,433,145</u>	<u>\$ 2,654,981</u>	<u>\$ 4,463,420</u>	<u>\$ 1,808,439</u>
Utilization of assigned fund balance	\$ -	\$ 1,778,164	\$ -	\$ (1,778,164)
Utilization of unassigned fund balance	445,000	445,000	-	(445,000)
	<u>\$ 445,000</u>	<u>\$ 2,223,164</u>	<u>\$ -</u>	<u>\$ (2,223,164)</u>

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

TOWN OF OXFORD, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Proportion of the net pension liability	0.08%	0.07%	0.05%	0.04%
Proportionate share of the net pension liability	\$ 320,995	\$ 346,948	\$ 153,308	\$ 66,163
Covered-employee payroll	\$ 627,123	\$ 547,169	\$ 478,312	\$ 438,382
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	51.19%	63.41%	32.05%	15.09%
Plan fiduciary net position as a percentage of the total pension liability	86.43%	81.61%	88.27%	94.10%

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

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

TOWN OF OXFORD, MAINE

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Contractually required contribution	\$ 52,024	\$ 40,183	\$ 30,641	\$ 19,642
Contributions in relation to the contractually required contribution	<u>(52,024)</u>	<u>(40,183)</u>	<u>(30,641)</u>	<u>(19,642)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 752,565	\$ 627,123	\$ 547,169	\$ 478,312
Contributions as a percentage of covered-employee payroll	6.91%	6.41%	5.60%	4.11%

* The amounts presented for each fiscal year are for those years for which information is available.

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

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF OXFORD, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 6,415,964	\$ 6,415,964	\$ 6,377,857	\$ (38,107)
Motor vehicle excise	700,000	700,000	749,025	49,025
Boat excise	8,000	8,000	7,636	(364)
Intergovernmental revenues:				
State revenue sharing	117,976	117,976	120,113	2,137
Homestead exemption	132,593	132,593	116,961	(15,632)
BETE reimbursement	35,417	35,417	34,052	(1,365)
Tree growth reimbursment	10,000	10,000	8,909	(1,091)
MDOT block grant funds	63,000	63,000	62,660	(340)
General assistance	4,500	4,500	9,936	5,436
MDEA grant	27,000	27,000	7,215	(19,785)
Veterans exemption reimbursement	1,800	1,800	2,029	229
Charges for services:				
Town clerk fees	76,500	76,500	48,108	(28,392)
Rescue revenues	255,000	255,000	200,251	(54,749)
Sewer revenues	50,000	50,000	-	(50,000)
Garage revenues	2,500	2,500	65	(2,435)
Police department	400	400	15,816	15,416
Transfer station revenues	19,500	19,500	21,232	1,732
Recycling revenues	31,500	31,500	30,478	(1,022)
Recreation revenues	3,975	3,975	6,676	2,701
Appeals board	175	175	2,132	1,957
Fire department revenues	-	-	5,592	5,592
Interest income	-	-	10,225	10,225
Other revenues:				
Tax interest and fees	90,000	90,000	26,588	(63,412)
Casino revenues	1,675,000	1,675,000	1,747,064	72,064
TAP sales revenues	-	-	(2,348)	(2,348)
Misc. other	14,900	14,900	16,715	1,815
Transfers in from other funds	407,332	407,332	6,000	(401,332)
Amounts Available for Appropriation	<u>\$ 10,143,032</u>	<u>\$ 10,143,032</u>	<u>\$ 9,630,987</u>	<u>\$ (512,045)</u>

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

TOWN OF OXFORD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Salaries and wages	\$ 359,865	\$ -	\$ 359,865	\$ 355,463	\$ 4,402
Fringe benefits	155,502	-	155,502	145,432	10,070
Utilities	23,209	-	23,209	18,150	5,059
Supplies	25,705	-	25,705	28,961	(3,256)
Contractual	86,379	-	86,379	81,708	4,671
Memberships and dues	14,440	-	14,440	14,491	(51)
Maintenance and repairs	14,900	-	14,900	25,003	(10,103)
Other	12,000	-	12,000	10,841	1,159
Insurances	67,155	-	67,155	66,577	578
	<u>759,155</u>	<u>-</u>	<u>759,155</u>	<u>746,626</u>	<u>12,529</u>
Public safety:					
Police department	859,868	-	859,868	855,974	3,894
Fire department	393,460	-	393,460	359,117	34,343
Public safety building	51,200	-	51,200	53,861	(2,661)
Rescue department	310,549	-	310,549	281,094	29,455
Fire and traffic protection	75,000	-	75,000	75,871	(871)
Animal control	9,767	-	9,767	10,268	(501)
	<u>1,699,844</u>	<u>-</u>	<u>1,699,844</u>	<u>1,636,185</u>	<u>63,659</u>
Public works:					
Highway department	630,000	-	630,000	575,526	54,474
Cemeteries	16,850	-	16,850	16,850	-
	<u>646,850</u>	<u>-</u>	<u>646,850</u>	<u>592,376</u>	<u>54,474</u>
Health and sanitation:					
Transfer station	265,000	-	265,000	276,545	(11,545)
Recycling department	75,000	-	75,000	67,369	7,631
Plaza sewer	57,000	-	57,000	54,396	2,604
	<u>397,000</u>	<u>-</u>	<u>397,000</u>	<u>398,310</u>	<u>(1,310)</u>

TOWN OF OXFORD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Reserve accounts:					
Fund balance capital account	\$ -	\$ 1,031,682	\$ 1,031,682	\$ 23,101	\$ 1,008,581
Fuel reserve	-	4,150	4,150	(3,089)	7,239
HRA funding reserve	52,500	-	52,500	23,587	28,913
Town buildings reserve	57,000	23,563	80,563	45,606	34,957
Public safety building reserve	-	3,716	3,716	-	3,716
Communication Dirigo wireless	20,650	-	20,650	20,650	-
Highway equipment reserve	50,000	5,001	55,001	-	55,001
FEMA reserve	-	783	783	-	783
Highway improvement reserve	346,000	(3,291)	342,709	229,848	112,861
Bridge reserve	-	12,355	12,355	-	12,355
SCBA reserve	40,000	547	40,547	39,315	1,232
Rescue equipment reserve	-	827	827	(825)	1,652
Rescue vehicle reserve	100,000	-	100,000	-	100,000
Recreation floats reserve	-	3,026	3,026	-	3,026
Recreation fields reserve	-	(7,561)	(7,561)	(8,340)	779
Subdivision reserve	-	6,470	6,470	-	6,470
Picnic area reserve	-	547	547	-	547
Transfer station reserve	-	1,234	1,234	(500)	1,734
Recycle reserve	-	1,242	1,242	-	1,242
ADA reserve	-	214,466	214,466	2,438	212,028
Restoration reserve	20,000	3,638	23,638	16,964	6,674
Contingency reserve	-	13,092	13,092	12,823	269
Compensated absence reserve	-	8,168	8,168	4,694	3,474
Welchville reserve	50,000	172,599	222,599	625	221,974
Holiday food reserve	-	224	224	-	224
Computer reserve	-	12,921	12,921	6,550	6,371
Thompson reserve	15,000	121,400	136,400	(10,574)	146,974
Fire equipment reserve	12,000	3,115	15,115	11,500	3,615
Election equipment reserve	-	7,000	7,000	-	7,000
Animal reserve	-	1,253	1,253	-	1,253
Highway vehicle reserve	-	(27,698)	(27,698)	-	(27,698)
Police equipment reserve	5,000	1,233	6,233	(500)	6,733
Police vehicle reserve	20,000	-	20,000	-	20,000
Wastewater treatment facility	-	157,044	157,044	2,332	154,712
Safety equipment reserve	-	4,628	4,628	2,225	2,403
Survey/engineering expansion	-	-	-	(856)	856
Website reserve	-	790	790	790	-
	<u>788,150</u>	<u>1,778,164</u>	<u>2,566,314</u>	<u>418,364</u>	<u>2,147,950</u>

TOWN OF OXFORD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Recreation and culture:					
Library	31,900	-	31,900	31,900	-
Recreation department	87,000	-	87,000	83,280	3,720
General assistance	10,162	-	10,162	12,363	(2,201)
	<u>129,062</u>	<u>-</u>	<u>129,062</u>	<u>127,543</u>	<u>1,519</u>
Debt service:					
Principal	75,000	-	75,000	75,000	-
Interest	25,514	-	25,514	23,975	1,539
	<u>100,514</u>	<u>-</u>	<u>100,514</u>	<u>98,975</u>	<u>1,539</u>
Education	<u>3,858,976</u>	<u>-</u>	<u>3,858,976</u>	<u>3,858,976</u>	<u>-</u>
County tax	<u>366,725</u>	<u>-</u>	<u>366,725</u>	<u>366,725</u>	<u>-</u>
Unclassified:					
TIF expenditures	583,951	-	583,951	583,951	-
Unemployment	2,060	-	2,060	1,198	862
Overlay / abatements	39,262	-	39,262	-	39,262
	<u>625,273</u>	<u>-</u>	<u>625,273</u>	<u>585,149</u>	<u>40,124</u>
Total Departmental Operations	<u>\$ 9,371,549</u>	<u>\$ 1,778,164</u>	<u>\$ 11,149,713</u>	<u>\$ 8,829,229</u>	<u>\$ 2,320,484</u>

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

TOWN OF OXFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Due from other funds	\$ 1,395,530	\$ 60,186	\$ 1,455,716
TOTAL ASSETS	<u>\$ 1,395,530</u>	<u>\$ 60,186</u>	<u>\$ 1,455,716</u>
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	1,053,281	60,186	1,113,467
Committed	342,249	-	342,249
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>1,395,530</u>	<u>60,186</u>	<u>1,455,716</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,395,530</u>	<u>\$ 60,186</u>	<u>\$ 1,455,716</u>

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

TOWN OF OXFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Investment income, net of unrealized gains/(losses)	\$ 2,769	\$ 168	\$ 2,937
Other	587,269	-	587,269
TOTAL REVENUES	<u>590,038</u>	<u>168</u>	<u>590,206</u>
EXPENDITURES			
Debt service - principal	110,667	-	110,667
Debt service - interest	28,753	-	28,753
Other	40,593	-	40,593
TOTAL EXPENDITURES	<u>180,013</u>	<u>-</u>	<u>180,013</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>410,025</u>	<u>168</u>	<u>410,193</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	(6,000)	-	(6,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,000)</u>	<u>-</u>	<u>(6,000)</u>
NET CHANGE IN FUND BALANCES	404,025	168	404,193
FUND BALANCES - JULY 1	<u>991,505</u>	<u>60,018</u>	<u>1,051,523</u>
FUND BALANCES - JUNE 30	<u>\$ 1,395,530</u>	<u>\$ 60,186</u>	<u>\$ 1,455,716</u>

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

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF OXFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Route 26 Omnibus TIF Reserve	Walmart TIF Reserve	Timber Funds	Conservation Comission	Seized Properties	Police Benevolence	Total
ASSETS							
Due from other funds	\$ 917,682	\$ 135,599	\$ 325,342	\$ 9,791	\$ 2,217	\$ 4,899	\$ 1,395,530
TOTAL ASSETS	\$ 917,682	\$ 135,599	\$ 325,342	\$ 9,791	\$ 2,217	\$ 4,899	\$ 1,395,530
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	917,682	135,599	-	-	-	-	1,053,281
Committed	-	-	325,342	9,791	2,217	4,899	342,249
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	917,682	135,599	325,342	9,791	2,217	4,899	1,395,530
TOTAL LIABILITIES AND FUND BALANCES	\$ 917,682	\$ 135,599	\$ 325,342	\$ 9,791	\$ 2,217	\$ 4,899	\$ 1,395,530

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

TOWN OF OXFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Route 26 Omnibus TIF Reserve	Walmart TIF Reserve	Timber Funds	Conservation Comission	Seized Properties	Police Benevolence	Total
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 1,470	\$ 337	\$ 906	\$ 27	\$ 17	\$ 12	\$ 2,769
Other	529,293	54,658	-	-	2,162	1,156	587,269
TOTAL REVENUES	530,763	54,995	906	27	2,179	1,168	590,038
EXPENDITURES							
Debt service - principal	110,667	-	-	-	-	-	110,667
Debt service - interest	28,753	-	-	-	-	-	28,753
Other	-	39,900	-	-	-	693	40,593
TOTAL EXPENDITURES	139,420	39,900	-	-	-	693	180,013
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	391,343	15,095	906	27	2,179	475	410,025
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	(6,000)	-	(6,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	(6,000)	-	(6,000)
NET CHANGE IN FUND BALANCES	391,343	15,095	906	27	(3,821)	475	404,025
FUND BALANCES - JULY 1	526,339	120,504	324,436	9,764	6,038	4,424	991,505
FUND BALANCES - JUNE 30	\$ 917,682	\$ 135,599	\$ 325,342	\$ 9,791	\$ 2,217	\$ 4,899	\$ 1,395,530

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of Oxford, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

TOWN OF OXFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2018

	Washburn Cemetery	Riverside Cemetery	Cregie Cemetery	Riverside Cemetery
ASSETS				
Due from other funds	\$ 5,948	\$ 18,460	\$ 10,133	\$ 20,775
TOTAL ASSETS	<u>\$ 5,948</u>	<u>\$ 18,460</u>	<u>\$ 10,133</u>	<u>\$ 20,775</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	5,948	18,460	10,133	20,775
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>5,948</u>	<u>18,460</u>	<u>10,133</u>	<u>20,775</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,948</u>	<u>\$ 18,460</u>	<u>\$ 10,133</u>	<u>\$ 20,775</u>

TOWN OF OXFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2018

	Pigeon Hill Cemetery	Fore Street Cemetery	Perpetual Care	Total
ASSETS				
Due from other funds	\$ 526	\$ 3,287	\$ 1,057	\$ 60,186
TOTAL ASSETS	\$ 526	\$ 3,287	\$ 1,057	\$ 60,186
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	526	3,287	1,057	60,186
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	526	3,287	1,057	60,186
TOTAL LIABILITIES AND FUND BALANCES	\$ 526	\$ 3,287	\$ 1,057	\$ 60,186

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

TOWN OF OXFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDING JUNE 30, 2018

	<u>Washburn Cemetery</u>	<u>Riverside Cemetery</u>	<u>Cregie Cemetery</u>	<u>Riverside Cemetery</u>
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 17	\$ 51	\$ 28	\$ 58
TOTAL REVENUES	<u>17</u>	<u>51</u>	<u>28</u>	<u>58</u>
EXPENDITURES				
Other	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	17	51	28	58
FUND BALANCES - JULY 1	<u>5,931</u>	<u>18,409</u>	<u>10,105</u>	<u>20,717</u>
FUND BALANCES - JUNE 30	<u>\$ 5,948</u>	<u>\$ 18,460</u>	<u>\$ 10,133</u>	<u>\$ 20,775</u>

TOWN OF OXFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDING JUNE 30, 2018

	Pigeon Hill Cemetery	Fore Street Cemetery	Perpetual Care	Total
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 2	\$ 9	\$ 3	\$ 168
TOTAL REVENUES	<u>2</u>	<u>9</u>	<u>3</u>	<u>168</u>
EXPENDITURES				
Other	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2	9	3	168
FUND BALANCES - JULY 1	<u>524</u>	<u>3,278</u>	<u>1,054</u>	<u>60,018</u>
FUND BALANCES - JUNE 30	<u>\$ 526</u>	<u>\$ 3,287</u>	<u>\$ 1,057</u>	<u>\$ 60,186</u>

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

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

TOWN OF OXFORD, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2018

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General Government	\$ 189,618	\$ 2,504,487	\$ 450,356	\$ 22,060	\$ 3,166,521
Public Safety	-	22,807	1,889,944	1,600	1,914,351
Public Works	-	35,274	1,063,987	3,840,394	4,939,655
Health and sanitation	-	165,293	281,859	-	447,152
Recreation & culture	-	218,860	21,756	4,064	244,680
Sewer	27,047,194	-	-	-	27,047,194
Total General Capital Assets	27,236,812	2,946,721	3,707,902	3,868,118	37,759,553
Less: Accumulated Depreciation	-	(1,199,500)	(2,497,891)	(646,782)	(4,344,173)
Net General Capital Assets	<u>\$ 27,236,812</u>	<u>\$ 1,747,221</u>	<u>\$ 1,210,011</u>	<u>\$ 3,221,336</u>	<u>\$ 33,415,380</u>

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

TOWN OF OXFORD, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2018

	General Capital Assets 7/1/17	Additions	Deletions	General Capital Assets 6/30/18
General Government	\$ 3,159,521	\$ 7,000	\$ -	\$ 3,166,521
Public Safety	1,795,279	136,305	(17,233)	1,914,351
Public Works	4,720,540	219,115	-	4,939,655
Health and sanitation	410,652	36,500	-	447,152
Recreation & culture	244,680	-	-	244,680
Sewer	25,757,038	1,290,156	-	27,047,194
Total General Capital Assets	36,087,710	1,689,076	(17,233)	37,759,553
Less: Accumulated Depreciation	(3,972,141)	(389,265)	17,233	(4,344,173)
Net General Capital Assets	<u>\$ 32,115,569</u>	<u>\$ 1,299,811</u>	<u>\$ -</u>	<u>\$ 33,415,380</u>

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

TOWN OF OXFORD, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Agriculture Direct Programs			
Water and Waste Disposal System for Rural Communities	10.760	Unknown	<u>1,686,790</u>
Total U.S. Department of Agriculture			<u>1,686,790</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 1,686,790</u></u>

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF OXFORD, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Oxford, Maine under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Oxford, Maine, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Oxford, Maine.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Town of Oxford, Maine has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



Proven Expertise and Integrity

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
Town of Oxford
Oxford, 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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Oxford, Maine as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Oxford, Maine's basic financial statements, and have issued our report thereon dated March 18, 2019.

Internal Control Over Financial Reporting

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

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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 Town of Oxford, Maine'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
March 18, 2019



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Board of Selectmen
Town of Oxford, ME
Oxford, ME

Report on Compliance for Each Major Federal Program

We have audited the Town of Oxford, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Oxford, Maine's major federal programs for the year ended June 30, 2018. The Town of Oxford, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Oxford, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Oxford, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Oxford, Maine's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Oxford, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Town of Oxford, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Oxford, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Oxford, Maine's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
March 18, 2019

TOWN OF OXFORD, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None