County of Washington, Maine
Unorganized Territories

Audited Financial Statements

June 30, 2023

Stephen T. Hopkins, CPA, PC

Auditing, Accounting, and Consulting Services

County of Washington, Maine - Unorganized Territories
June 30, 2023
Contents

Financial Section:	Page
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 9
Basic Financial Statements:	
Government -Wide Financial Statements	
Statement A - Statement of Net Position	10
Statement B - Statement of Activities	11
Fund Financial Statements	
Statement C - Balance Sheet - Governmental Funds and the Reconciliation of Statement C to Statement A for all Governmental Funds and Activities	12 - 13
Statement D - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds and the Reconciliation of Statement D to Statement B for all Governmental Funds and Activities	14 - 15
Notes to the Financial Statements	16 - 32
Required Supplementary Information:	
General Fund	
RSI-1 - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis	33 - 34
Other Information:	
Schedule A - Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Reserves Fund	35 - 36
Internal Control and Compliance Section:	
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*	37 - 38
Schedule of Findings and Questioned Costs	39 - 43

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Independent Auditors' Report

County Commissioners
County of Washington, Maine
Unorganized Territories

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the County of Washington, Maine - Unorganized Territories (Unorganized Territories), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Unorganized Territories's basic financial statements as listed in the table of contents.

Unmodified Opinions on Each Major Fund

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Unorganized Territories, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter discussed in the Basis for Unmodified and Adverse Opinions section of the report, the accompanying financial statements referred to above do not present fairly the financial position of the governmental activities of the Unorganized Territories, as of June 30, 2023, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Unmodified and Adverse Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Unorganized Territories and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and adverse opinions.

Matters Giving Rise to Adverse Opinion on Governmental Activities

The financial statements do not include the capital assets of the Unorganized Territories. Accounting principles generally accepted in the United States of America require that capital assets be capitalized and depreciated when present, which would increase the assets, net position and expenses of the governmental activities. The amount by which this departure would affect the assets, net position and expenses of the governmental activities has not been determined.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Unorganized Territories ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Unorganized Territories internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Unorganized Territories ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Unorganized Territories basic financial statements. The accompanying combining and individual fund financial statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, as listed in the table of contents, 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 October 8, 2026, on our consideration of the Unorganized Territories's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Unorganized Territories's 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 Unorganized Territories's internal control over financial reporting and compliance.

Stephen T. Hopkins, CPA, PC

Stephen T. Hopkins, CPA, PC

Scarborough, Maine
October 8, 2026

Our discussion and analysis of the Unorganized Territories financial performance provides an overview of the Unorganized Territories financial activities for the fiscal year ended June 30, 2023. Please read this analysis in conjunction with the basic financial statements, notes to the basic financial statements and required supplementary information of the Unorganized Territories. This management discussion and analysis is being presented for the current fiscal year with a focus on the comparative analysis of the information on the governmental activities of the Unorganized Territories as found in the government-wide financial statements.

Financial Highlights - Government-Wide Financial Statements

- The Unorganized Territories unrestricted cash balance as of the end of the current fiscal year was $2,326,656. This compares to $2,718,183 as of the end of the prior fiscal year. This represents a decrease of ($391,527) or approximately 14.40%. The Unorganized Territories did not have any restricted cash balances as of the end of the current or prior fiscal year.

- The Unorganized Territories total assets exceeded its total liabilities by $3,302,979 (net position) as of the end of the current fiscal year. This compares to the prior fiscal year when total assets exceeded total liabilities by $3,502,932. This represents a decrease of ($199,953) or approximately 5.71%.

- The Unorganized Territories restricted net position is made up of two different material components. The first component is the expendable portion which is made up of amounts which are restricted for certain purposes and which can only be expended for those purposes. A portion of the annual state appropriation to the Unorganized Territories relates to different reserve funds which are to be set aside from the operating portion of the annual state appropriation and used specifically for the purposes outlined in the annual budget as submitted to the State of Maine. These reserve funds consist of funds for the public works garage, extracurricular facility projects, highway capital projects, bridge projects, equipment maintenance, vehicle replacement and shellfish special projects. This expendable component of the total restricted net position balance of the Unorganized Territories was $821,210 as of the end of the current fiscal year. This compares to the prior fiscal year balance of $595,727. This represents an increase of $225,483 or approximately 37.85%. This increase is due entirely to the current fiscal year change in fund balance or net position for these reserve funds. The balance of the TIF fund is also considered an expendable portion of restricted net position as it relates to the legislative parameters which restrict the use of the funds collected to be used for economic development within the Unorganized Territories. This expendable component of the total restricted net position balance of the Unorganized Territories was $2,188,996 as of the end of the current fiscal year. This compares to the prior fiscal year balance of $2,563,043. This represents a decrease of ($374,047) or approximately 14.59%.

- The second component of the Unorganized Territories restricted net position balance is non-expendable funds which are made up of funds which are either nonspendable based on donor imposed restrictions or based on the form of the item. Examples of non-expendable balances would be the principal portion of trust funds which cannot be spent and the offset of the recorded inventory and prepaid item balances which are not in a spendable form. This component of the total restricted net position balance of the Unorganized Territories was $919 as of the end of the current fiscal year. This compares to the prior fiscal year balance of $774. This represents an increase of $145 and is due entirely to the change in the amount of recorded prepaid expense items which is the only non-expendable item the Unorganized Territories currently has recorded.

- The Unorganized Territories unrestricted net position balance is the component of net position which is used to finance the day-to-day activities and operations without constraints imposed by creditors, grantors, contributors or other rules and regulations as imposed by other governments or enabling legislation. The total unrestricted net position balance of the Unorganized Territories was $291,854 as of the end of the current fiscal year. This compares to the prior fiscal year balance of $343,388. This represents a decrease of ($51,534) and relates in large part to the current fiscal year change in the fund financial statements general fund operations of the Unorganized Territories.

- The Unorganized Territories total revenues for its governmental activities were $2,329,403 for the current fiscal year. This compares to $2,067,856 for the prior fiscal year. This represents an increase of $261,547 or approximately 12.65%. This increase is due to a number of changes in revenues in the current fiscal year as compared to the prior fiscal year. Page 7 more fully compares the change in revenues by type between the current fiscal year and the prior fiscal year.

- The Unorganized Territories total expenses for its governmental activities were $2,529,356 for the current fiscal year. This compares to $1,503,939 for the prior fiscal year. This represents an increase of $1,025,417 or approximately 68.18%. This increase is due to a number of changes in expenses in the current fiscal year as compared to the prior fiscal year. Page 7 more fully compares the change in expenses by type between the current fiscal year and the prior fiscal year.

Using this Annual Report

This annual report consists of a series of financial statements. The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities which are shown on pages 10 and 11 and which provide information about the activities of the Unorganized Territories as a whole and present a longer-view of the Unorganized Territories finances. The fund financial statements consist of the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances which are shown on pages 12 and 14 and tell how the services of the Unorganized Territories were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Unorganized Territories operations in more detail than the government-wide financial statements by providing information about the Unorganized Territories most significant funds.

Reporting the Unorganized Territories as a Whole

Our analysis of the Unorganized Territories as a whole begins on page 10 with the statement of net position. One of the most important questions asked about the Unorganized Territories finances is, "Is the Unorganized Territories as a whole better off or worse off as a result of the current fiscal years activities?" The statement of net position and the statement of activities report information about the Unorganized Territories as a whole and about its activities in a way that helps answer this question. The statement of net position includes all of the assets and liabilities of the Unorganized Territories using the accrual basis of accounting. This basis of accounting is similar to the accounting policies and procedure utilized by most private-sector (for profit) companies. All of the current fiscal year revenues and expenses are taken into account regardless of when cash is received or paid in the statement of activities.

These two statements report the Unorganized Territories net position and the changes in this net position. You can think of this net position as one way to measure the financial health and financial position of the Unorganized Territories. The net position balance is made up of the difference between the assets and liabilities of the Unorganized Territories. Over time, increases and decreases in the Unorganized Territories net position is one indicator of whether its financial health is improving or deteriorating. However, you also need to consider other non-financial factors which affect the overall financial health of the Unorganized Territories such as changes in the amount of state appropriations, the conditions of the capital assets of the Unorganized Territories and the general economy present at the time. These two statements are divided into three different kinds of activities on the reporting level. These categories are governmental, business-type and discretely presented component units. The Unorganized Territories activities are classified solely as governmental activities and are characterized as follows:

- Governmental activities - All of the Unorganized Territories basic services are reported here, including general government activities such as general administration and election services, public works activities such as summer and winter highway maintenance, public safety activities such as ambulance and fire protection services, health and sanitation activities such as solid waste and septage land site services and conservation activities such as shellfish conservation programs. State appropriations, excise tax revenues, charges for services, state operating grants, loan interest income and account interest income finance these activities in whole or in part.

Reporting the Unorganized Territories Most Significant Funds

Our analysis of the Unorganized Territories major funds begins on page 12 with the balance sheet. The fund financial statements provide detailed information about the most significant funds of the Unorganized Territories but not a combined picture of the Unorganized Territories as a whole. Some of these funds could be required to be established by State law or by bond covenants. In addition, the County commissioners and the Supervisor of the Unorganized Territories have the authority to establish funds which it may use to help control and manage the funds of the Unorganized Territories for particular purposes or to show that it is meeting any legal responsibilities for using certain taxes, grants, or other funds granted to the Unorganized Territories. The Unorganized Territories uses governmental funds which are characterized as follows:

- Governmental funds - All of the Unorganized Territories basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting measures cash and all other financial assets that can readily be converted into cash. The governmental fund financial statements provide a detailed short-term view of the Unorganized Territories general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Unorganized Territories programs and activities.

The Unorganized Territories as a Whole - Assets, Liabilities and Net Position

The information provided below represents government-wide information for the governmental activities of the Unorganized Territories for the current fiscal year as compared to the prior fiscal year. The current ratio compares the current assets of the Unorganized Territories to its current and other liabilities and gives an indication of the Unorganized Territories ability to pay current obligations. As of the end of the current fiscal year, the current ratio of the Unorganized Territories was 14.22 to 1 compared to the end of the prior fiscal year when the current ratio was 24.54 to 1. This represents a decrease of approximately 42.05%. Another indication of the Unorganized Territories ability to meet its current obligations with current assets is called its working capital. This is calculated by subtracting the current and other liabilities from the current assets. As of the end of the current fiscal year, the Unorganized Territories working capital balance was a positive $2,454,325. This compares to the prior fiscal year balance of a positive $2,801,560. This represents a decrease of approximately 12.39%.

	Governmental Activities		Percentage of Total	
	2023	2022	2023	2022
Current assets	$ 2,639,998	$ 2,920,567	75.23%	80.21%
Other assets	869,193	720,504	24.77%	19.79%
Total assets	3,509,191	3,641,071	100.00%	100.00%
Current and other liabilities	185,673	119,007	90.04%	85.53%
Long-term liabilities	20,539	19,132	9.96%	14.47%
Total liabilities	206,212	138,139	100.00%	100.00%
Net position:				
Restricted	3,011,125	3,159,544	91.16%	90.20%
Unrestricted	291,854	343,388	8.84%	9.80%
Total net position	$ 3,302,979	$ 3,502,932	100.00%	100.00%
Restricted net position:				
Expendable:				
TIF fund	$ 2,188,996	$ 2,563,043		
Reserves fund	821,210	595,727		
	3,010,206	3,158,770		
Non-expendable:				
Prepaid items	919	774		
	$ 3,011,125	$ 3,159,544		

Capital Assets and Debt Administration

The capital assets of the Unorganized Territories may include land and improvements, buildings and improvements, vehicles, equipment, right to use assets and all other tangible and intangible assets which may arise that are used in operations and that have an initial useful life extending beyond a single fiscal year. The financial statements do not presently include balances and other information regarding the capital assets of the Unorganized Territories due to a lack of complete and accurate detail of these items. As a result, the Independent Auditors' Report has been modified. More detailed information on the capital assets of the Unorganized Territories can be found in note 1J on page 20. The Unorganized Territories does not currently have any outstanding debt relating to long-term bonds, notes or capital leases payable, or any other type of long-term debt obligation. The Unorganized Territories does currently have an other long-term liability as it relates to accrued compensated absences. The balance of these accrued compensated absences as of the end of the current fiscal year was $20,539. This compares to $19,132 as of the end of the prior fiscal year. This represents an increase of $1,407 or approximately 7.35%. More detailed information on the accrued compensated absences of the Unorganized Territories an be found in note 4 on page 28.

The Unorganized Territories as a Whole - Revenues, Expenses and Changes in Net Position

The information provided below represents government-wide information for the governmental activities of the Unorganized Territories for the current fiscal year as compared to the prior fiscal year. The revenues and expenses shown below are recorded on the accrual basis of accounting. Program revenues received by the Unorganized Territories specifically relating to or generated by individual departments are applied to the departmental expenditures to determine the amount and percentage of total Unorganized Territories expenses actually financed by general revenues. This amount and percentage is shown at the bottom of this schedule and should be used to give the reader an indication of how the Unorganized Territories activities were funded during the current fiscal year in comparison to the prior fiscal year. The expenses shown below indicate the general make-up of the Unorganized Territories spending by department and as a percentage of total spending.

	Governmental Activities		Percentage of Total	
	2023	2022	2023	2022
Program revenues				
Charges for services	$ 11,172	$ 11,831	0.48%	0.57%
Operating grants	449,940	494,866	19.32%	23.93%
Capital grants	-	-	-	-
General revenues				
State appropriation	1,464,444	1,235,710	62.87%	59.76%
State other	51,392	41,269	2.21%	2.00%
Excise tax revenues	278,146	256,586	11.94%	12.41%
Loans interest income	15,294	15,844	0.66%	0.77%
Account interest income	59,015	11,750	2.52%	0.56%
Total revenues	2,329,403	2,067,856	100.00%	100.00%
Expenses				
General government	42,352	41,531	1.67%	2.76%
Public works	1,218,003	840,289	48.15%	55.87%
Public safety	136,492	113,944	5.40%	7.58%
Health and sanitation	107,249	103,513	4.24%	6.88%
Conservation	19,469	23,755	0.77%	1.58%
Cemeteries	5,130	1,785	0.20%	0.12%
Third party requests	14,000	13,000	0.55%	0.86%
Community projects	5,900	5,900	0.23%	0.39%
Capital outlay	198,843	37,815	7.86%	2.51%
TIF nature tourism grants	100,000	10,000	3.95%	0.66%
TIF economic development grants	10,000	10,000	0.39%	0.66%
TIF capital projects grants	249,762	-	9.87%	-
TIF county match grants	142,644	-	5.64%	-
TIF management expense	63,457	59,015	2.51%	3.92%
TIF other	-	676	-	0.04%
TIF developer rebate	216,055	242,716	8.57%	16.17%
Total expenses	2,529,356	1,503,939	100.00%	100.00%
Change in net position	-199,953	563,917		
Net position - July 1	3,502,932	2,939,015		
Net position - June 30	$ 3,302,979	$ 3,502,932		
Expenses financed by general revenues:				
Total expenses	$ 2,529,356	$ 1,503,939		
Less program revenues	-461,112	-506,697		
	$ 2,068,244	$ 997,242	81.77%	66.31%

Financial Highlights - Fund Financial Statements

The previous sections of this management discussion and analysis have been presented for the current fiscal year with a focus on the comparative analysis of the information on the governmental activities as found in the government-wide financial statements. Comparative financial information has not been included for the fund financial statements. The following financial highlights, however, do relate to the balances and results of the activities of the Unorganized Territories individual funds as found in the fund financial statements. Detailed current year information on the Unorganized Territories individual funds can be found on the balance sheet on page 12, the statement of revenues, expenditures and changes in fund balances on page 14 and the budget to actual statement required supplementary information for the general fund on pages 33 and 34.

- The total assets of the Unorganized Territories governmental funds exceeded the total liabilities by $3,323,518 which represents the fund balance of these funds as of the end of the current fiscal year. This compares to the prior fiscal year balance of $3,522,064 a decrease of ($198,546) or approximately 5.64%. This decrease is due to the negative results of the general fund of ($49,982), the positive results of the reserves fund of $225,483 and the negative results of the TIF fund of ($374,047).

- The Unorganized Territories total revenues for its governmental funds were $2,329,403 for the current fiscal year. This compares to $2,067,856 for the prior fiscal year. This represents an increase of $261,547 or approximately 12.65%. This is due to a number of increases and decreases in revenue categories such as state appropriation revenues which increased by $184,300, excise tax revenues which increased by $21,560 and account interest income which increased by $47,265.

- The Unorganized Territories total expenditures for its governmental funds were $2,527,949 for the current fiscal year. This compares to $1,506,035 for the prior fiscal year. This represents an increase of $1,021,914 or approximately 67.85%. General fund expenditures increased by $408,613 with this change relating to a number of increases and decreases within individual departments. The largest departmental increase within the general fund was public works which increased by $378,124. Reserves fund expenditures increased by $153,790 which was due in large part to an increase in highway capital costs of $180,582 due to the a number of current fiscal year projects meeting the criteria for inclusion in this fund. TIF fund expenditures increased by $459,511 which was due in large part to the increase in current fiscal year capital project grants which increased by $249,762 and county match grants which increased by $142,644 neither of which had any expenditures during the prior fiscal year.

- The actual revenues received in the Unorganized Territories general fund were $92,167 higher than the budgeted revenues for the current fiscal year which is a favorable variance. This excess of actual revenues in comparison to budgeted revenues is due in large part to excise tax revenues exceeding the budgeted amount by $28,146, other state revenues exceeding the budgeted amount by $38,892, state local road assistance revenues were under the budgeted amount by ($152) and account interest income was $26,530 for which an amount was not budgeted. See the budget to actual required supplementary information shown on pages 33 and 34 for more detailed information on actual revenues in comparison to the budgeted amounts.

- The actual program expenditures in the Unorganized Territories general fund were $142,149 higher than the budgeted expenditures for the current fiscal year which is an unfavorable variance. These over expenditures were due in large part to a number of individual expenditure accounts that were either over or under expended. The winter highway maintenance expenditures were over expended by ($6,654) while the summer highway maintenance expenditures were over expended by ($146,029), equipment operation expenditures were over expended by ($3,510), ambulance services were under expended by $12,975 while septage land site expenditures were $3,544 for which an amount was not budgeted, shellfish conservation program expenditures were under expended by $4,082 while animal control services were under expended by $6,680. See the budget to actual required supplementary information shown on pages 33 and 34 for more detailed information on actual expenditures in comparison to the budgeted amounts.

Economic Factors and Next Year's Budgets and Rates

The Unorganized Territories believes it is currently moving towards maintaining a sufficient unassigned fund balance to sustain the governmental activities and operations for an estimated two month period of time as allowed by the State of Maine. The Unorganized Territories sees this trend continuing through future fiscal years. The following relate to currently known facts, decisions and conditions as of the date of this audit report that the Unorganized Territories believes may effect the financial position or results of the operations of the Unorganized Territories in the future. The Unorganized Territories receives intergovernmental revenues from the State of Maine. Maine's economy moves in the same general cycle as the national economy, which may affect the amount of intergovernmental revenues the Unorganized Territories will receive during future fiscal years.

Contacting the Unorganized Territories Financial Management

This financial report is designed to provide a general overview of the Unorganized Territories finances, comply with finance-related laws and regulations and demonstrate the Unorganized Territories commitment to public accountability. If you have questions about this report or need additional financial information, contact the Supervisor of the Unorganized Territories at 83 Court Street, Machias, Maine 04654 or the County Treasurers office at 85 Court Street, Machias, Maine 04654.

County of Washington, Maine - Unorganized Territories
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	$ 2,326,656
Receivables, net:	
Intergovernmental	74,204
Other	38,908
Prepaid items	919
Current portion of loans receivable	199,311
Total current assets	2,639,998
Other assets:	
Long-term portion of loans receivable	869,193
Total assets	3,509,191
Liabilities	
Accounts payable	168,020
Accrued payroll	2,880
Unearned revenue	-
Due to other governments	14,773
Accrued compensated absences	20,539
Total liabilities	206,212
Net position	
Restricted	
Expendable	3,010,206
Non-expendable	919
Unrestricted	291,854
Total net position	$ 3,302,979

See the accompanying notes to the financial statements.

County of Washington, Maine - Unorganized Territories
Statement of Activities
For the year ended June 30, 2023

	Expenses	Program Revenues: Charges for services	Program Revenues: Operating grants and contributions	Program Revenues: Capital grants and contributions	Net (expense) revenue and changes in net position: Total governmental activities
Governmental activities:					
General government	$ -42,352	$ -	$ -	$ -	$ -42,352
Public works	-1,218,003	-	89,848	-	-1,128,155
Public safety	-136,492	2,730	-	-	-133,762
Health and sanitation	-107,249	7,521	-	-	-99,728
Conservation	-19,469	921	-	-	-18,548
Cemeteries	-5,130	-	-	-	-5,130
Third party requests	-14,000	-	-	-	-14,000
Community projects	-5,900	-	-	-	-5,900
Capital outlay	-198,843	-	-	-	-198,843
TIF nature tourism grant	-100,000	-	-	-	-100,000
TIF economic development grant	-10,000	-	-	-	-10,000
TIF capital projects grants	-249,762	-	-	-	-249,762
TIF county match grants	-142,644	-	-	-	-142,644
TIF management expense	-63,457	-	-	-	-63,457
TIF other	-	-	-	-	-
TIF developer rebate	-216,055	-	360,092	-	144,037
	$ -2,529,356	$ 11,172	$ 449,940	$ -	-2,068,244
General revenues:					
State appropriation					1,464,444
State other					51,392
Excise tax revenues					278,146
Loans interest income					15,294
Account interest income					59,015
Total general revenues					1,868,291
Change in net position					-199,953
Net position - July 1					3,502,932
Net Position - June 30					$ 3,302,979

See the accompanying notes to the financial statements.

County of Washington, Maine - Unorganized Territories
Balance Sheet - Governmental Funds
June 30, 2023

	General fund	Reserves fund	TIF fund	Total governmental funds
Assets				
Cash and cash equivalents	$ 1,191,977	$ -	$ 1,134,679	$ 2,326,656
Receivables (net of allowance)				
Intergovernmental	74,204	-	-	74,204
Other	58	-	38,850	38,908
Prepaid items	919	-	-	919
Loans receivable	-	-	1,068,504	1,068,504
Due from other governments	-	-	-	-
Due from other funds	-	821,210	-	821,210
Total assets	$ 1,267,158	$ 821,210	$ 2,242,033	$ 4,330,401
Liabilities				
Accounts payable	$ 114,983	$ -	$ 53,037	$ 168,020
Accrued payroll	2,880	-	-	2,880
Unearned revenue	-	-	-	-
Due to other governments	14,773	-	-	14,773
Due to other funds	821,210	-	-	821,210
Total liabilities	953,846	-	53,037	1,006,883
Fund balances				
Nonspendable	919	-	-	919
Restricted	-	821,210	2,188,996	3,010,206
Committed	-	-	-	-
Assigned	77,964	-	-	77,964
Unassigned	234,429	-	-	234,429
Total fund balances	313,312	821,210	2,188,996	3,323,518
Total liabilities and fund balances	$ 1,267,158	$ 821,210	$ 2,242,033	$ 4,330,401

See the accompanying notes to the financial statements.

County of Washington, Maine - Unorganized Territories
Reconciliation of Statement C to Statement A
for all Governmental Funds and Activities
June 30, 2023

Fund balances of governmental funds as shown on Statement C		$ 3,323,518
Amounts reported for the governmental funds in the fund financial statements (Statement C) differ from the amounts reported for the governmental activities in the government-wide financial statements (Statement A):		
1 Long-term liabilities, are not due and payable in the current period and therefore are not reported on Statement C however they are reported on Statement A and therefore they must be subtracted out:		
Accrued compensated absences		-20,539
2 Interfund receivable and payable balances between governmental funds are reported in the fund financial statements but are eliminated in the government-wide financial statements:		
Interfund receivables	821,210	
Interfund payables	-821,210	-
Net position of governmental activities as shown on Statement A		$ 3,302,979

See the accompanying notes to the financial statements.

County of Washington, Maine - Unorganized Territories
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the year ended June 30, 2023

	General fund	Reserves fund	TIF fund	Total governmental funds
Revenues				
State appropriation	$ 1,464,444	$ -	$ 360,092	$ 1,824,536
State local road assistance	89,848	-	-	89,848
State other	51,392	-	-	51,392
Excise tax revenues	278,146	-	-	278,146
Charges for services	10,251	921	-	11,172
Loans interest income	-	-	15,294	15,294
Accounts interest income	26,530	-	32,485	59,015
Total revenues	1,920,611	921	407,871	2,329,403
Expenditures				
Current:				
General government	42,352	-	-	42,352
Public works	1,202,852	14,095	-	1,216,947
Public safety	136,317	-	-	136,317
Health and sanitation	107,108	-	-	107,108
Conservation	19,434	-	-	19,434
Cemeteries	5,130	-	-	5,130
Third party requests	14,000	-	-	14,000
Community projects	5,900	-	-	5,900
Capital outlay	-	198,843	-	198,843
TIF nature tourism grants	-	-	100,000	100,000
TIF economic development grants	-	-	10,000	10,000
TIF capital project grants	-	-	249,762	249,762
TIF county match grants	-	-	142,644	142,644
TIF management expense	-	-	63,457	63,457
TIF other	-	-	-	-
TIF developer rebate	-	-	216,055	216,055
Total expenditures	1,533,093	212,938	781,918	2,527,949
Excess (deficiency) of revenues over (under) expenditures	387,518	-212,017	-374,047	-198,546
Other financing sources (uses)				
Transfers in	-	437,500	-	437,500
Transfers out	-437,500	-	-	-437,500
Total other financing sources (uses)	-437,500	437,500	-	-
Net change in fund balances	-49,982	225,483	-374,047	-198,546
Fund balances - July 1	363,294	595,727	2,563,043	3,522,064
Fund balances - June 30	$ 313,312	$ 821,210	$ 2,188,996	$ 3,323,518

See the accompanying notes to the financial statements.

County of Washington, Maine - Unorganized Territories
Reconciliation of Statement D and Statement B
for all Governmental Funds and Activities
For the year ended June 30, 2023

Net changes in governmental fund balances as shown on Statement D		$ -198,546
Amounts reported for governmental activities in the fund financial statements (Statement D) differ from the amounts reported in the government-wide financial statements (Statement B):		
1 Payments on and changes in long-term liabilities are recorded as current year activities on Statement D however they are shown as increases or decreases in liability accounts in the government-wide financial statements and therefore must be adjusted accordingly:		
Accrued compensated absences increase		-1,407
2 Interfund transfers between governmental funds are reported in the fund financial statements but must be eliminated in the government-wide financial statements:		
Operating transfers in	437,500	
Operating transfers out	-437,500	-
Change in net position of governmental activities as shown on Statement B		$ -199,953

See the accompanying notes to the financial statements.

The County of Washington, Maine (the County) was incorporated as a County on June 25, 1789 and is located in the eastern section of Maine. The Unorganized Territory (the UT) is the area of Maine having no local, incorporated municipal government. Duties related to providing services and property tax administration in the UT is shared among various state agencies and county government, with the Maine legislature serving as the "local governing body" for the UT, as it annually reviews and approves the various budgets from the state agencies and county government. The UT consists of 429 townships plus many coastal islands that do not lie within municipal bounds. The UT land area is slightly over one half of the entire State of Maine. The County of Washington, Maine - Unorganized Territories (the Unorganized Territories) is made up of 35 townships for which the following services are provided: general government activities such as administration and election services, public works activities such as summer and winter road maintenance services, public safety activities such as ambulance, fire protection and animal control services, health and sanitation activities such as solid waste and septage land site services, conservation activities such as shellfish conservation services and cemetery maintenance services. These activities and services are overseen by the Supervisor of the Unorganized Territories who is overseen by the County Commissioners of the County of Washington, Maine.

The County acts in a fiduciary capacity in relation to the Unorganized Territories as the cash accounts of the Unorganized Territories are under the identification number of the County. The finance office of the County performs the accounting function for the Unorganized Territories as they process and record all of the revenues and expenditures of the Unorganized Territories within the trial balance for an annually budgeted amount. The wages of employees who are charged to the Unorganized Territories are in effect employees of the County as it relates to insurance, taxes, retirement and other benefits. These per pay period amounts as well as other related expenditures are posted to the trial balance of the County and then reimbursed by the Unorganized Territories.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Unorganized Territories have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting. The basic financial statements of the Unorganized Territories consist of government-wide financial statements and fund financial statements. The basis of presentation, measurement focus, and basis of accounting differ for these two types of financial statements and are described separately in Section B and C below. The other following sections represent a summary of the significant accounting policies as applied by the Unorganized Territories.

A. Reporting Entity

The financial reporting entity consists of the primary government and its component units, organizations for which the primary government is financially accountable or for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. The determination of whether an entity should be included as a component unit of the primary government includes not only the application of the aforementioned criteria but a consideration as to whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, the Unorganized Territories has determined that it does not currently have any component units.

B. Government-Wide Financial Statements

1. Basis of Presentation

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. Theses statements report information about the Unorganized Territories as a whole without displaying individual funds or fund types. These statements distinguish between the primary government as well as the governmental and business-type activities (when present) of the Unorganized Territories. These statements do not include information about the fiduciary activities and funds of the Unorganized Territories or component units which are fiduciary in nature. Fiduciary activities and funds report assets which are held by the Unorganized Territories in a trustee or agency capacity and which cannot be used to support the activities and programs of the Unorganized Territories.

The statement of net position presents the financial position of the governmental and business-type activities (when present) of the primary government of the Unorganized Territories at the end of the fiscal year. This statement reports the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the Unorganized Territories. The assets and liabilities are presented in the order of their relative liquidity. The liquidity of assets is determined by how readily they are expected to be converted into cash and whether there are restrictions in place limiting their use by the Unorganized Territories. The liquidity of liabilities is determined by their maturity or by when cash will be used to liquidate them. The net position balance of the Unorganized Territories consists of the net investment in capital assets (net of accumulated depreciation and reduced by the total outstanding debt incurred to purchase the assets - when present), restricted and unrestricted amounts. Restricted net position is present when constraints are imposed externally by creditors, grantors, contributors, other governments, or by law through constitutional provisions or enabling legislation. Unrestricted net position consists of all net position balances not meeting the definition of invested in capital assets or restricted. Internal balances between individual funds within the governmental and business-type activities (when present) are eliminated in this statement to minimize the "grossing-up" of assets and liabilities. These internal balances are also known as interfund receivables and payables and are shown in the fund financial statements as due to and due from other funds. Any residual amounts due between the governmental and business-type activities (when present) of the Unorganized Territories would be shown as an internal balance and disclosed separately.

The statement of activities presents the operations of the governmental and business-type activities (when present) of the primary government of the Unorganized Territories for the fiscal year. The operations of the Unorganized Territories are shown in a format which reports the net (expense) revenue of the individual functions (sometimes referred to as departments) of the Unorganized Territories. The purpose of this net (expense) revenue format is to report the relative financial burden of each of the Unorganized Territories functions on the state appropriation base. Program revenue is applied to each function based on which function generated the specific charges for services and for which functions the operating and capital grants have been received. All state appropriations are shown as general revenues regardless of whether they where levied for a specific purpose or function. The categories of individual functions correspond to the different functions of the Unorganized Territories. Indirect expenses which benefit the Unorganized Territories as a whole are not required to be allocated among the other functions of the Unorganized Territories and therefore they are not allocated. Depreciation expense (when present) is allocated to the specific functions of the Unorganized Territories based on which function purchased or benefits from the assets. Depreciation on assets shared between two or more functions is allocated based on the percentage purchased by each function. If the benefit received from these assets shifts from the function making the purchase to another function in a material amount, the depreciation amount being charged will be shifted accordingly. Depreciation on capital assets which benefit all of the functions of the Unorganized Territories, such as infrastructure assets, is shown as a separate line item. Internal activity between individual funds within the governmental and business-type activities (when present) are eliminated in this statement. This internal activity is also known as transfers in and out and is shown in the fund financial statements as such. The above information relating to the government-wide financial statements basis of presentation reference both governmental and business-type activities. The Unorganized Territories currently does not have any business-type activities.

2. Measurement Focus and Basis of Accounting

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting would be used for both governmental and business-type activities (when present) of the primary government of the Unorganized Territories. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In other words, revenues and the related assets are recognized when they are earned and expenses and the related liabilities are recognized when they are incurred. The Unorganized Territories does not have an established policy relating to the use of restricted and unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Absent of an established policy which addresses this situation, accounting guidance states that it should consider that restricted amounts would be reduced first and then unrestricted amounts.

C. Fund Financial Statements

1. Basis of Presentation

The fund financial statements of the Unorganized Territories consist of a Balance Sheet with a reconciliation to the government-wide statement of net position (when differences exist) and a Statement of Revenues, Expenditures, and Changes in Fund Balances with a reconciliation to the government-wide statement of activities (when differences exist). These fund financial statements are designed to report additional and more detailed information about the primary government. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts which record cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein which are segregated for the purpose of carrying on specific

activities or attaining certain objectives in accordance with any special regulations, restrictions, or limitations which may exist. The types of funds shown for the Unorganized Territories are governmental funds. The focus of these fund financial statements are on major funds as defined by GASB Statement No. 34. All major funds are reported in a separate column with all non-major funds being aggregated and reported in a single column.

Governmental fund reporting focuses primarily on the sources, uses, and balances of the current financial resources of the Unorganized Territories. The governmental funds used by the Unorganized Territories include the general fund, and other major and non-major governmental fund types which may include special revenue funds, capital project funds and permanent funds. The general use and purpose of these individual governmental fund types are as follows. The individual names of each fund within each major or non-major governmental fund type can be found in the accompanying combining schedules and the purpose of the fund is generally self explanatory within each title.

a. General fund - The general fund is the general operating fund of the Unorganized Territories and accounts for all revenues and expenditures of the Unorganized Territories with the exception of those required to be accounted for in another fund. All general state appropriation revenues and other receipts that (a) are not allocated by law, contractual agreement, governing body motion or Unorganized Territories meeting to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the general fund.

b. Special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The specific restricted or committed revenues may be initially received in another fund and subsequently distributed to a special revenue fund, however, those amounts should not be recognized as revenue in the fund initially receiving them but rather be shown as revenue in the special revenue fund in which they will be expended. The restricted or committed proceeds of the specific revenue sources should be expected to continue to make up a substantial portion of the resources flowing into the fund. Other financial resources such as investment income and transfers from other funds may also be reported within a special revenue fund as long as those resources are restricted, committed or assigned to the specified purpose of the fund. The TIF fund of the Unorganized Territories is considered to be a major special revenue fund as it is accounting for the proceeds of specific revenue sources as it relates to the legislative parameters which restrict the use of the funds collected to be used for economic development within the Unorganized Territories.

c. Capital project funds - Capital project funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, such as the acquisition or construction of capital facilities and other capital assets or for the accumulation of funds for these purposes. The reserves fund of the Unorganized Territories is considered to be a major capital project fund as it is generally accounting for the accumulation of funds for the acquisition or construction of capital assets.

d. Permanent funds - Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Unorganized Territories programs and in effect the benefit of the Unorganized Territories or citizens within the Unorganized Territories. The Unorganized Territories currently does not have any permanent funds.

The balance sheet is used to report information about the current financial resources (assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund balances) of each major governmental fund and for all non-major governmental funds in the aggregate (when present). The fund balance amounts within the governmental funds are segregated between nonspendable, restricted, committed, assigned and unassigned amounts. These balances are shown on the face of the balance sheet in the aggregate but are broken out into the required detail in note 1Q starting on page 24. An accompanying schedule is also required to be completed to reconcile the total governmental fund balance to the total net position balance of the governmental activities of the Unorganized Territories as shown on the government-wide statement of net position (when differences exist).

The statement of revenues, expenditures, and changes in fund balances is used to report information about the inflows, outflows, and balances of current financial resources of each major governmental fund and for all non-major governmental funds in the aggregate (when present). Revenues are classified by major revenue sources while expenditures are classified by categories of individual functions corresponding to the different departments, operations and activities of the Unorganized Territories. The proceeds from the issuance of long-term debt and operating transfers between individual funds are shown as other financing sources and uses. An accompanying schedule is also required to be completed to reconcile the total change in governmental fund balances to the total change in net position of the governmental activities of the Unorganized Territories as shown on the government-wide statement of activities (when differences exist).

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and cannot be used to support the programs of the Unorganized Territories. Fiduciary funds can be classified as pension or other employee benefit trust funds, investment trust funds, private purpose trust funds and custodial funds. The Unorganized Territories currently does not have any fiduciary activities or funds.

Budgetary comparison information is required supplementary information which is presented for the general fund and each major special revenue or capital project fund that has a legally adopted annual budget. The Unorganized Territories includes this required supplementary information for the general fund as shown in the table of contents. This budgetary comparison information shows the original budget as voted on and appropriated and the final budget which is compared to the actual revenue and expenditure balances to come up with the favorable or unfavorable variance numbers.

2. Measurement Focus and Basis of Accounting

The balance sheet and the statement of revenues, expenditures, and changes in fund balances are prepared using the current financial resources measurement focus and the modified accrual basis of accounting for all governmental and fiduciary funds. Capital assets and long-term debt (when present) are not recorded as assets or liabilities on the balance sheet of the Unorganized Territories. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Miscellaneous revenues are recorded when received because they are generally not measurable until actually received. Intergovernmental revenues are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. The Unorganized Territories generally considers intergovernmental revenues which are received within the first sixty days after the end of the current fiscal year to be both measurable and available. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include general long-term debt principal and interest payments which are recognized when due.

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

E. Deposits and Investments

Cash and cash equivalents include cash on hand as well as amounts in demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The Unorganized Territories value investments at their fair value based on quoted market prices. Some of the types of investments that are authorized by the State of Maine include certificates of deposit, obligations of the United States Government, obligations fully insured or guaranteed by the government or governmental agency and repurchase agreements. The Unorganized Territories may vote to accept investments other than those authorized by the State of Maine when they have been donated to the Unorganized Territories. During and as of the end of the current fiscal year, the Unorganized Territories did not have any investments.

F. Receivables & Allowance for Doubtful Accounts

All intergovernmental and other receivables are reported net of any allowance for doubtful accounts. In the government-wide financial statements and the fund financial statements, the current fiscal year accounts receivable balance includes intergovernmental receivables of $74,204 relating to fourth quarter excise tax revenues collected by the State of Maine but not remitted to the Unorganized Territories by the end of the current fiscal year and other receivables of $38,908 which is made up of the fourth quarter loan principal and interest amounts and accumulated cash account earned interest collected by a loan processing entity but not yet remitted to the Unorganized Territories by the end of the current fiscal year in the amount of $38,173 and other miscellaneous amounts of $677 within the TIF fund and $58 within the general fund. The Unorganized Territories will book an unbilled receivable in situations when a grant or contract has incurred expenditures which will be reimbursed by a funding source but which have not yet been fully received in cash for the amount incurred. The current fiscal year allowance for doubtful accounts in relation to the above mentioned accounts receivable balances was estimated to be $0. The Unorganized Territories considers past experience and current aging report details when determining its calculation for an allowance for doubtful accounts. Receivables are only written off once it has been determined that all other methods of collection have been utilized without success.

G. Prepaid Items

Payments made to vendors for goods and services that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expense-expenditure in the subsequent year (s) in which the goods or services are consumed. Expenditures relatively minor in nature for insurance and similar services extending over more than one accounting period need not be allocated between or among accounting periods, but may be accounted for as expenditures of the period of acquisition. The Unorganized Territories generally considers relatively minor in nature to include aggregated similar items not exceeding $2,500. Payments made to vendors for goods and services that will only benefit periods beyond the end of the fiscal year generally are recorded as prepaid items regardless of the dollar amount.

H. Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used which is in accordance with the consumption method. On the fund financial statements, inventories are presented at cost on a first-in, first-out basis and are recorded as expenditures when used. The Unorganized Territories does not currently have any material and reported inventory amounts.

I. Interfund Receivables and Payables

Interfund receivables and payables represent the balance of activity between the different funds of the Unorganized Territories. These activities include but are not limited to transfers which were not physically made but need to be recorded to keep track of the individual fund balances and cash receipts which may have been deposited in the cash account of one fund but which are for the use of another fund. Expenditures for one fund paid for out of another fund are also included in these balances. The interfund balances and related activities of the governmental funds have been eliminated in the government-wide statement of net position and the statement of activities, however, the interfund balances and related activity between the governmental, business-type and fiduciary fund activities of the Unorganized Territories are not eliminated on these statements when present.

J. Capital Assets

The Unorganized Territories does not presently record capital assets on the government-wide financial statements. This is not in accordance with generally accepted accounting principles and therefore the Independent Auditors' Report has been modified for this omission. The Unorganized Territories does plan to record these capital assets at some future date and accordingly this description is being included to describe how the capital assets of the Unorganized Territories will be accounted for. Capital assets of the Unorganized Territories may include land and improvements, buildings and improvements, vehicles, equipment, right to use assets and all other tangible and intangible assets which may arise that are used in operations and that have an initial useful life extending beyond a single fiscal year. Infrastructure assets are long-lived capital assets that are normally stationary in nature and can normally be preserved for a significantly greater number of years than most capital assets. The Unorganized Territories does not have any infrastructure assets. All capital assets of the Unorganized Territories would be recorded at the actual or estimated historical cost. The historical cost of these assets would include not only the cost of the assets but other direct costs associated with placing the assets into their intended location and its intended use. The Unorganized Territories will maintain a capitalization threshold of $5,000 for all capital assets. Donated capital assets are reported at their estimated fair value at the time of acquisition. Additions and improvements that significantly extend the useful lives of assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives would not be capitalized.

Land is not depreciated. All other individual capital assets of the Unorganized Territories would be depreciated over their estimated useful lives using the straight line method. Under this method, the recorded cost of each capital asset less any estimated residual value is divided by the estimated useful life resulting in an even amount of depreciation to be taken on an annual basis. The estimated residual value is the amount that the capital asset is expected to be worth at the end of its useful life. The general estimated useful lives for specific types of capital assets are 3 - 10 years for equipment, 5 - 10 years for vehicles and 30 - 50 years for buildings and building improvements. Capital assets which are under construction but not yet completed are recorded as construction in progress. These capital assets will not begin to be depreciated until they are completed. Depreciation expense is allocated to the specific functions (sometimes referred to as departments) of the Unorganized Territories based on which function purchased or benefits from the assets. Depreciation on assets shared between two or more functions is allocated based on the percentage purchased by each function. Depreciation on capital assets which benefit all of the functions of the Unorganized Territories would be shown as a separate line item.

K. Accounts Payable, Accrued Payroll and Due to Other Governments

In the government-wide financial statements and the fund financial statements, the accounts payable balance is used to account for the expenses or expenditures related to goods and services received during the current fiscal year for which the related invoices have not yet been paid as of the end of the current fiscal year. Under both the accrual and modified accrual basis of accounting expenses and expenditures are recorded when they are incurred. In addition, the accounts payable balance specifically related to the TIF fund may include approved or activated loan amounts which have been added to individual loan balances prior to the related expenditures being physically paid. The current fiscal year accounts payable balance of $53,037 is made up of goods and services received but not yet physically paid for as described above in the amount of $43,000 and approved or activated loan amounts which have been added as described above in the amount of $10,037. In the government-wide financial statements and the fund financial statements, the accrued payroll balance of $2,880 is made up of amounts earned through hours worked prior to the end of the fiscal year which were not physically paid until after the end of the fiscal year.

In the government-wide financial statements and the fund financial statements, the due to other governments liability balance of $14,773 relates to payroll and other related expenditures processed and paid by the County which relate to the employees and activities of the Unorganized Territories which are reimbursed by the Unorganized Territories but which have not yet been reimbursed as of the end of the current fiscal year.

L. Unearned Revenue and Deferred Inflows and Outflows of Resources

In the government-wide financial statements, revenue amounts which have been received in cash but not yet earned or recognized are recorded as unearned revenue in accordance with the accrual basis of accounting. In the fund financial statements, revenues are recognized when they are both measurable and available to pay current liabilities in accordance with the modified accrual basis of accounting. In the fund financial statements, for government-mandated non-exchange transactions as well as voluntary non-exchange transactions which would include certain governmental grants received by the Unorganized Territories, revenues are recognized in the period when all applicable eligibility requirement have been met and when the resources are available. For grant agreements, once the Unorganized Territories has received the funds and is within the allowable spending period all applicable eligibility requirements are deemed to have been met at which time the purpose restrictions related to how the grant funds need to be spent become applicable. Any grant revenues which have been recognized because the Unorganized Territories has met all the applicable eligibility requirements but for which they have not yet met all of the purpose restrictions associated with the grant agreement are recorded as restricted fund balance amounts at the end of the fiscal year. The Unorganized Territories does not currently have any unearned revenue balances within the government-wide or fund financial statements.

In addition to assets, the statement of net position will sometimes 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) until that time. The governmental activities of the Unorganized Territories does not currently have any deferred outflows of resources items or amounts recorded on the statement of net position. In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental activities of the Unorganized Territories does not currently have any deferred inflows of resources items or amounts recorded on the statement of net position.

M. Long-Term Obligations and Related Costs

Long-term debt and other long-term obligations are reported as liabilities on the governmental-wide statement of net position. Bond premiums and discounts are capitalized and amortized over the life of the bonds using the straight line method. The unamortized portion is presented in the government-wide statement of net position as a component of bonds payable. Bond issuance costs are reported as expenses when incurred. The fund financial statements recognize bond premiums and discounts, as well as bond issuance costs, during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The Unorganized Territories does not currently have any long-term obligations other than accrued compensated absences.

N. Leases and Right to Use Lease Assets

The Unorganized Territories may at times lease land, buildings and equipment as part of lease agreements under which the Unorganized Territories is the lessee. Under these lease agreements, the Unorganized Territories recognizes a lease liability and an intangible right to use lease asset (lease asset) in the applicable governmental activities and business-type activities in the government-wide financial statements and in the proprietary fund financial statements (when present). The Unorganized Territories generally recognizes lease liabilities with an initial, individual value of $5,000 or more though lease liabilities are considered individually and in the aggregate.

At the beginning of a lease, the Unorganized Territories initially measures the lease liability at the present value of payments expected to be made during the lease term. The future lease payments should be discounted using the interest rate the lessor charges the lessee, which may be the interest rate implicit in the lease. If the interest rate cannot be readily determined by the Unorganized Territories, the Unorganized Territories estimated incremental borrowing rate (an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term) should be used. Subsequently, the lease liability is reduced by the principal portion of lease payments made. Lease liabilities are reported with long-term debt on the statement of net position. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight line basis over the shorter of the lease term or the useful life of the underlying asset. If a lease contains a purchase option that the lessee has determined is reasonably certain of being exercised, the lease asset should be amortized over the useful life of the underlying asset. Lease assets are reported with other capital assets on the statement of net position.

The Unorganized Territories monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that individually or in the aggregate are expected to significantly affect the amount of the lease liability. Examples of changes that may occur to a lease that may result in the need for a remeasurement of the lease liability would include a change in the lease term, a change in the interest rate the lessor charges the Unorganized Territories, if used as the initial discount rate or an assessment of all relevant factors indicates that the likelihood of a purchase option being exercised has changed from reasonably certain to not reasonably certain, or vice versa. The Unorganized Territories does not currently have any lease liabilities or right to use lease assets.

O. Subscription Liabilities and Right to Use Subscription Assets

The Unorganized Territories may at times enter into Subscription Based Information Technology Arrangements (SBITA's). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Under these SBITA agreements, the Unorganized Territories recognizes a subscription liability and an intangible right to use subscription asset (subscription asset) in the applicable governmental activities and business-type activities in the government wide financial statements and in the proprietary fund financial statements (when present). The Unorganized Territories generally recognizes subscription liabilities with an initial, individual value of $5,000 or more though subscription liabilities are considered individually and in the aggregate.

At the beginning of a SBITA, the Unorganized Territories initially measures the subscription liability at the present value of payments expected to be made during the term of the agreement. These future payments should be discounted using the interest rate the vendor charges the Unorganized Territories, which may be the interest rate implicit in the agreement. If the interest rate cannot be readily determined by the Unorganized Territories, the estimated incremental borrowing rate (an estimate of the interest rate that would be charged for borrowing the payment amounts during the term of the agreement) should be used. Subsequently, the subscription liability is reduced by the principal portion of the payments made. Subscription liabilities are reported with long-term debt on the statement of net position. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the agreement commencement date, plus certain initial direct costs. The subscription asset is amortized on a straight line basis over the shorter of the agreement term or the estimated useful life of the underlying asset.

The Unorganized Territories monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the subscription asset and liability if certain changes occur that individually or in the aggregate are expected to significantly affect the amount of the subscription liability. Examples of changes that may occur to a SBITA that may result in the need for a remeasurement of the subscription liability would include a change in the agreement term and a change in the interest rate the vendor charges the Unorganized Territories. The Unorganized Territories does not currently have any subscription liabilities or right to use subscription assets.

P. Major Funds

Within the fund financial statements, the focus of the governmental funds of the Unorganized Territories is on the major funds. The general fund of the Unorganized Territories must always be shown as a major fund. In addition, other governmental funds are shown as major based on the following criteria.

a. The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses (excluding extraordinary items) of an individual governmental or enterprise fund are at least 10% of the corresponding totals for all governmental or enterprise funds and
b. The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses (excluding extraordinary items) of an individual governmental or enterprise fund are at least 5% of the corresponding totals for all governmental and enterprise funds combined.
c. Any other individual governmental or enterprise fund that the Unorganized Territories believes is particularly important to the financial statement users whether because of public interest, consistency, or other reasons.

For the purposes of the current fiscal year fund financial statements, the following individual governmental funds have been classified as major. A brief description of these funds and the activities reported within each fund is as follows. Additional financial information on these funds can be found in Schedule A on pages 35 and 36 of the financial statements.

d. Reserves fund - This fund is used to account for and report the annual state non-operating reserve allocations included in the annual budget for the Unorganized Territories as well as the related expenditures and fiscal year end balances. This fund is made up of the following individual reserve activities:

    1. Public works garage reserve - This reserve fund is designed to account for the accumulation and expenditure of funds related to both the operating and capital improvement costs of the public works garage of the Unorganized Territories.
    2. Extra curricular facility reserve - This reserve fund is designed to account for the accumulation and expenditures of funds related to the design and construction of an outdoor walking track and classroom within the Unorganized Territories.
    3. Highway capital projects reserve - This reserve fund is designed to account for the accumulation and expenditure of funds related to major highway capital improvement projects within the townships of the Unorganized Territories.
    4. Bridge projects reserve - This reserve fund is designed to account for the accumulation and expenditures of funds related to major bridge improvement projects within the townships of the Unorganized Territories.
    5. Equipment maintenance reserve - This reserve fund is designed to account for the accumulation and expenditures of funds related to both operating and capital equipment maintenance and replacement costs of the Unorganized Territories.
    6. Vehicle replacement reserve - This reserve fund is designed to account for the accumulation and expenditures of funds related to the purchase of vehicles used in the operations of the Unorganized Territories.
    7. Shellfish special projects reserve - This reserve fund is designed to account for the accumulation and expenditures of funds related to shellfish special projects. Annual clam license sales revenue is posted to this account.

e. TIF fund - This fund is used to account for and report the activity of the Washington County Enterprise Development and Tax Increment Financing (TIF) District (the district) and Development Program (the development program). The district relates to the Stetson Mountain Wind Project which is comprised of approximately 38 turbines within the 5,856 acre district including the Stetson Mountain and Baskahegan land tracts. Aspects of this district and development program were included in the Credit Enhancement Agreement (CEA) as dated October 24, 2007 between the County and Evergreen Wind Power V, LLC (the developer). The term of the district is for twenty years commencing with the tax valuation date of April 1, 2009 and continuing thereafter for the next twenty years to and including March 31, 2029. The State of Maine will bill and collect the property tax assessment associated with the real and personal property located within the district. Once collected, the TIF revenue is paid to the County which deposits the funds into the TIF fund cash account of the Unorganized Territories. Within 15 days of the receipt of this TIF revenue, the Unorganized Territories will pay the developer 60% of the TIF revenue received in accordance with the above mentioned CEA. The current fiscal year represents the 13th year of the 20 year capture period of TIF revenues within the district. During the current fiscal year the County received $360,092 of TIF revenue of which $216,055 was remitted to the developer. The development program being accounted for within the TIF fund relates to grants and loans which are given to individuals and businesses within the Unorganized Territories pursuant to a specific application and approval process. This application and approval process as well as the loan repayment process is administered by a contracted third party. Principal and interest amounts collected by this contracted third party are remitted to the Unorganized Territories and deposited into the TIF fund on a quarterly basis.

Q. Fund Balance Classification Policies and Procedures

Within the fund financial statements, the fund balance amounts of the governmental funds of the Unorganized Territories as shown on the balance sheet are broken down between nonspendable, restricted, committed, assigned and unassigned. These fund balance classifications are described as follows:

a. Nonspendable fund balance - Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in a spendable form such as inventories or prepaid expenditure items or (b) they are legally or contractually required to be maintained intact such as the principal portion of a permanent fund. The nonspendable fund balance amounts as reported by the Unorganized Territories consist solely of the corresponding amount of the recorded prepaid expenditure items and inventory when present.

b. Restricted fund balances - Restricted fund balance includes amounts that are restricted to a specific purpose when the restraints are placed on the use of the resources either by (a) externally imposed creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts of the Unorganized Territories would, when present, consist of the residual fund balance amounts at the end of the fiscal year as they relate to grants or allocations received from either state, federal or local funding sources or contributions received to be spent for specific purposes. These amounts would be restricted to be expended on the items outlined within the funding agreements with the Unorganized Territories and therefore could not be used for any other specified purposes. The restricted fund balance amounts as reported by the Unorganized Territories represent the residual fund balance of the reserves major fund and the TIF major fund. The reserves major fund relates to the annual state non-operating reserve allocations included in the annual budget for the Unorganized Territories which are required to be set aside and expended for the intended purpose of each individual reserve fund. The TIF major fund relates to amounts accumulated and expended in accordance with a credit enhancement agreement pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes which is considered a form of enabling legislation by the Unorganized Territories.

c. Committed fund balance - Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Unorganized Territories's highest level of decision making authority. These committed amounts cannot be used for any other purpose unless the Unorganized Territories removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Maine legislature serves as the "local governing body" for the Unorganized Territories, as it annually reviews and approves the various budgets from the state agencies and county government. As such, the Maine Legislature would be considered to be the highest level of decision making authority within the Unorganized Territories for determining committed fund balance amounts. The Unorganized Territories currently does not have any committed fund balance amounts as of the end of the current fiscal year.

d. Assigned fund balance - Assigned fund balance includes amounts that are constrained by the Unorganized Territories with the intent to be used for specific purposes, but which are neither restricted or committed. The intent to use funds for specific purposes would be assigned either by the Supervisor of the Unorganized Territories or the County Commissioners. The following assigned fund balance amounts are included within the general fund as they don't meet the definition of a special revenue or capital project fund.

    1. Septage land spreading site - The septage land spreading site assigned fund balance amount represents the residual of revenues collected and related expenditures for a land site utilized by the Unorganized Territories for companies to spread the waste from septic systems that can't be transported to a treatment facility. Companies are charged a certain amount per gallon spread on the site throughout the fiscal year which represents the revenues collected while upkeep and maintenance costs of the site represent the related expenditures. The Unorganized Territories have assigned the residual of these funds for either the closure of the septage land spreading site should future regulations require its closure or for the expansion of the site based on potential increased future needs.

    2. Recycling reserve - The recycling reserve assigned fund balance amount represents the residual of prior fiscal year recycling contributions and fees collected and related expenditures. The Unorganized Territories have assigned the residual of these funds to develop a regional recycling program

e. Unassigned fund balance - Unassigned fund balance is the residual classification for the general fund of the Unorganized Territories. This classification represents fund balance amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the general fund. In addition, individual governmental funds whose ending fund balance is negative are also classified as unassigned within the specific fund.

The Unorganized Territories does not have an established policy relating to the use of unrestricted fund balance amounts as it relates to when it considers committed, assigned or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of these three unrestricted classifications could be used. Absent of an established policy which addresses this situation, accounting guidance states that it should consider that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts. In addition, restricted fund balance amounts are considered to have been spent prior to unrestricted amounts under the same circumstances. The following table is designed to provide more detailed information regarding the aggregated fund balance classifications which are included on the balance sheet.

Fund balances:	General fund	Reserves fund	TIF fund	Total governmental funds
Nonspendable:				
Prepaid items	$ 919	$ -	$ -	$ 919
Restricted:				
Public works garage reserve	-	40,235	-	40,235
Extra curricular facility reserve	-	1,739	-	1,739
Highway capital projects reserve	-	390,554	-	390,554
Bridge projects reserve	-	340,584	-	340,584
Equipment maintenance reserve	-	4,703	-	4,703
Vehicle replacement reserve	-	24,357	-	24,357
Shellfish special projects reserve	-	19,038	-	19,038
TIF fund	-	-	2,188,996	2,188,996
	-	821,210	2,188,996	3,010,206
Committed:	-	-	-	-
Assigned:				
Septage land spreading site	56,542	-	-	56,542
Recycling reserve	21,422	-	-	21,422
	77,964	-	-	77,964
Unassigned:				
Residual general fund balance	234,429	-	-	234,429
Total fund balances	$ 313,312	$ 821,210	$ 2,188,996	$ 3,323,518

R. Pensions and Other Post Employment Benefits (OPEB)

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and related pension and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the 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. Investment income is recognized when earned and investment expenses are recorded when incurred. The aforementioned pension information was included in the actuarial report provided to the management of the County by the Maine Public Employees Retirement System.

The wages of employees who are charged to the Unorganized Territories are in effect employees of the County as it relates to insurance, taxes and retirement benefits. These per pay period amounts as well as other related expenditures are posted to the trial balance of the County and then reimbursed by the Unorganized Territories. As a result, the aforementioned net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and related pension and OPEB expense as it relates to the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (the Plan) are reported within the financial statements of the County. A portion of these amounts has not been allocated and reported within the financial statements of the Unorganized Territories as only one individual is part of the Plan and as such the allocated balances for this one individual in relation to the Plan balances as a whole have been determined to be immaterial to the financial statements and related opinion units of the Unorganized Territories.

S. Budgets

The annual budget is the financial plan for the operations of the general fund of the Unorganized Territories for the ensuing fiscal year. The budget process provides for a professional management approach to the establishment of priorities and implementation of work programs while providing an orderly means for control and evaluation of the financial position of the government. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the line item level within each general function or department of the Unorganized Territories. The procedures followed in establishing the budgetary data reflected in the financial statements are as follows:

a. After careful consideration of the services to be provided the townships within the Unorganized Territories during the upcoming fiscal year, the Supervisor of the Unorganized Territories will prepare and submit a preliminary draft copy of the budget to the Fiscal Administrator of the UT at the State of Maine. The Fiscal Administrator's primary responsibilities include the review, analysis, and investigation of the budgets and expenditures of all county and state agencies requesting funds from the UT.
b. Once this preliminary review has been completed by the Fiscal Administrator, the Supervisor of the Unorganized Territories will then prepare and submit a final draft copy of the budget to the County Commissioners prior to the public hearing which is usually scheduled for early December. At this time, a draft copy of the budget is also forwarded to the legislative delegation in accordance with state statutes.
c. The County Commissioners will review the final draft copy of the budget at the public hearing and either recommend changes to the budget or approve the budget. The approval of the budget must occur on or prior to January 1st.
d. Once the final draft copy of the budget has been approved by the County Commissioners, it is forwarded to the Fiscal Administrator for final review, analysis and investigation. At this time, a copy of the approved budget is also forwarded to the Unorganized Territory Property Tax Supervisor. The current fiscal year budget for the Unorganized Territories was approved by the County Commissioners on December 9, 2021.
e. The approved budget, as part of the municipal cost components legislation, is submitted to the Joint Standing Committee on Taxation by the Fiscal Administrator.
f. Once approved by the Committee, the budget must then receive a vote of two-thirds of both houses of the legislature. The Maine Legislature may make any changes to the budget as deemed necessary prior to the final approval. The current fiscal year budget for the Unorganized Territories was approved by the Maine Legislature and in turn the governor on April 18, 2022.

T. Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of the materials or services. For budgetary purposes, most appropriations lapse at fiscal year-end. The Unorganized Territories does not utilize encumbrance accounting, therefore, an assignment of fund balance is not provided for at June 30, 2023. Accordingly, no difference exists between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

Note 2 - Cash and Cash Equivalents

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Unorganized Territories will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Unorganized Territories does not have a formal deposit policy for custodial credit risk beyond the requirements of State statutes. The bank accounts of the Unorganized Territories are covered by FDIC insurance up to $250,000 in demand deposit accounts and up to $250,000 in time deposit accounts per financial institution. At fiscal year end, the carrying amount of the Unorganized Territories deposits was $2,326,656 with the corresponding bank balances of these accounts at the financial institution utilized by the Unorganized Territories totaling $2,557,155 with the difference between the two amounts being represented by timing differences with outstanding checks, deposits in transit and cash on hand.

The County acts in a fiduciary capacity in relation to the Unorganized Territories as the cash accounts of the Unorganized Territories are under the identification number of the County. As of June 30, 2023, the County had a certificate of liability insurance commercial bond with the insured being the financial institution that includes the accounts of the Unorganized Territories in the amount of $10,000,000 which represents deposit insurance exceeding the FDIC limit of $250,000. As a result, all of the cash balances of the Unorganized Territories were insured in relation to this commercial bond as of the end of the current fiscal year.

Note 3 - Interfund Receivables, Payables and Transfers

Interfund receivables and payables - The Unorganized Territories maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is displayed on the balance sheet as "due to or from other funds" under each fund's caption. These balances are not expected to be repaid due to the fact that they simply represent funds collected or spent by one fund on behalf of another fund. The following information represents interfund receivables and payables by individual major fund. Detailed information has been shown below for the general fund in relation to the amounts due to the reserves fund from the general fund by each individual reserves fund activity. The same information has been shown in the aggregate for the reserves fund. The following fund financial statement interfund balances are eliminated in the government-wide financial statements.

General Fund	Receivables due from	Payables due to
Reserves Fund:		
Public works garage reserve	$ -	$ 40,235
Extra curricular facility reserve	-	1,739
Highway capital projects reserve	-	390,554
Bridge projects reserve	-	340,584
Equipment maintenance reserve	-	4,703
Vehicle replacement reserve	-	24,357
Shellfish special projects reserve	-	19,038
	$ -	$ 821,210
Reserves Fund:		
General Fund	$ 821,210	$ -

Interfund transfers - Transfers in and out represent budgeted transfers which are not always physically made but need to be recorded to keep track of the individual fund balances. There were no transfers made by the Unorganized Territories during the current fiscal year which were significant which have been deemed not to have occurred on a routine basis and which are inconsistent with the activities of the fund (s) making the transfer (s). The following information represents interfund transfers by individual major fund. Detailed information has been shown below for the general fund in relation to the amounts transferred from the general fund to the reserves fund by each individual reserves fund activity. The same information has been shown in the aggregate for the reserves fund. The general fund transfers to the reserves fund relate to amounts included in the annual budget. The following fund financial statements interfund transfers balances are eliminated in the government-wide financial statements.

General Fund	Transfers in	Transfers out
Reserves Fund:		
Public works garage reserve	$ -	$ -7,500
Extra curricular facility reserve	-	-20,000
Highway capital projects reserve	-	-130,000
Bridge projects reserve	-	-250,000
Equipment maintenance reserve	-	-10,000
Vehicle replacement reserve	-	-15,000
Shellfish special projects reserve	-	-5,000
	$ -	$ -437,500
Reserves Fund:		
General Fund	$ 437,500	$ -

Note 4 - Long-Term Debt and Other Liabilities

Within the government-wide financial statements, long-term debt and other liabilities are shown on the statement of net position. The long-term debt and other liabilities of the Unorganized Territories is made up of the following individual obligation and amount as of the end of the current fiscal year.

	Balance 07/01/22	Additions	Reductions	Balance 06/30/23	Amount due within one year
Governmental activities:					
Other liabilities					
Accrued compensated absences	$ 19,132	$ 1,407	$ -	$ 20,539	$ -

Accrued Compensated Absences

The County acts in a fiduciary capacity in relation to the Unorganized Territories as the cash accounts of the Unorganized Territories are under the identification number of the County. The finance office of the County performs the accounting function for the Unorganized Territories as they process and record all of the revenues and expenditures of the Unorganized Territories within the trial balance for an annually budgeted amount. The wages of employees who are charged to the Unorganized Territories are in effect employees of the County as it relates to insurance, taxes, retirement and other benefits. These per pay period amounts as well as other related expenditures are posted to the trial balance of the County and then reimbursed by the Unorganized Territories. In addition, full-time employees whose wages are charged to the Unorganized Territories are allowed to earn paid absences for vacations, sick time, bonus time and compensatory time. These paid balances are accumulated, paid out and accounted for as described in the following paragraphs. Though these full-time employees are in effect employees of the County, any accumulated absences balances paid to full-time employees whose wages are charged to the Unorganized Territories would be posted to the trial balance of the County and then reimbursed by the Unorganized Territories.

Full-time employees of the County whose wages are charged to the Unorganized Territories are allowed to earn paid absences for vacations and sick time as outlined in the personnel policies manual of the County of Washington, Maine for all non-union covered employees. The employee's right to be paid for these future vacation and sick time absences are attributable to services already performed and earned vacation and sick time balances do accumulate. The Unorganized Territories anticipates that all employees who either retire or leave the employment of the Unorganized Territories will do so in good standing and will therefore be eligible to be paid for all outstanding vacation and sick time balances in accordance with the aforementioned personnel policies manual. As a result, the Unorganized Territories has recorded a liability within the government-wide financial statements on the statement of net position for the value of these outstanding vacation and sick time balances. As June 30, 2023, the balance of these accumulated vacation and sick time benefits was $20,539. A current portion of these recorded liabilities has not been estimated as these benefits (accumulated vacation and sick time) may either be used by the employees during the upcoming fiscal year or they may be paid out when the employee either retires or leaves the employment of the Unorganized Territories which may or may not occur during the upcoming fiscal year.

Full-time employees of the County whose wages are charged to the Unorganized Territories are also allowed to earn paid absences for bonus time as outlined in the personnel policies manual of the County of Washington, Maine for all non-union covered employees. However, the aforementioned personnel policies manual does not specifically describe how and when these outstanding balances will be paid to employees who either retire or leave the employment of the Unorganized Territories. Therefore, the probability of these accumulated benefits being paid cannot be determined and therefore no liability for these benefits has been recorded within the government-wide financial statements on the statement of net position of the Unorganized Territories. As of June 30, 2023, the balance of these accumulated benefits totaled $563.

Full-time employees of the County whose wages are charged to the Unorganized Territories are also allowed to earn compensatory time for hours worked in excess of their normal scheduled hours. The aforementioned personnel policies manual does not specifically describe how and when these outstanding balances will be paid to employees who either retire or leave the employment of the Unorganized Territories. Therefore, the probability of these accumulated benefits being paid cannot be determined and therefore no liability for these benefits has been recorded within the government-wide financial statements on the statement of net position of the Unorganized Territories. As of June 30, 2023, the balance of these accumulated benefits totaled $0.

Note 5 - Expenditures over Appropriations

The following individual budgeted expenditures were exceeded by actual expenditures. The balance shown in the column labeled budgeted expenditures is equal to both the current year budgeted expenditures plus any prior year approved carried balances.

Account	Budgeted expenditures	Actual expenditures	Excess	Related revenues	Balance
General government:					
Administration	$ 37,608	$ -41,602	$ -3,994	$ -	$ -3,994
Public works:					
Winter highway maintenance	489,146	-495,800	-6,654	43,502	36,848
Summer highway maintenance	521,128	-667,157	-146,029	46,346	-99,683
Equipment operation	20,000	-23,510	-3,510	-	-3,510
Public safety:					
Fire protection services	53,476	-57,670	-4,194	-	-4,194
E-911	4,482	-5,137	-655	-	-655
Health and sanitation:					
Solid waste services	103,423	-103,564	-141	-	-141
Septage land site	-	-3,544	-3,544	7,521	3,977
Cemeteries:					
Maintenance	3,350	-5,130	-1,780	-	-1,780
	$ 1,232,613	$ -1,403,114	$ -170,501	$ 97,369	$ -73,132

Note 6 - Risk Management, Commitments and Contingencies

The County acts in a fiduciary capacity in relation to the Unorganized Territories as the cash accounts of the Unorganized Territories are under the identification number of the County. The finance office of the County performs the accounting function for the Unorganized Territories as they process and record all of the revenues and expenditures of the Unorganized Territories within the trial balance for an annually budgeted amount. The wages of employees who are charged to the Unorganized Territories are in effect employees of the County as it relates to insurance, taxes, retirement and other benefits. These per pay period amounts as well as other related expenditures are posted to the trial balance of the County and then reimbursed by the Unorganized Territories. In addition, the activities and assets of the Unorganized Territories are included within the insurance coverages of the County.

The County is at risk of loss due to items such as lawsuits, automobile claims, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters . As of June 30, 2023, the County either carries commercial insurance or participates in a self-insured risk pool sponsored by the Maine County Commissioners Association. The Maine County Commissioners Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists as of June 30, 2023. The County participates in the Maine Municipal Association - Worker Compensation Trust Fund ("Fund") public entity risk pool. The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The County pays an annual premium to the fund for its worker's compensation coverage. The County's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of $1,000,000. The County believes the amounts of coverage in force are adequate and in compliance with all applicable laws, rules, and regulations. The County has not had any significant reductions in insurance coverage from the prior fiscal year by major category of risk. The amount of settlements have not exceeded insurance coverage during any of the previous three fiscal years.

The Unorganized Territories contracts with a vendor in relation to the administration of TIF fund revolving loan fund program. The Unorganized Territories entered into a three year contract for these services as dated May 12, 2022 which runs from October 1, 2021 through September 30, 2024. Year one services under this contract are in the amount of $59,781 with years two and three being adjusted for inflation using the Consumer Price Index. This inflation adjustment resulted in year two services in the amount of $64,683 and year three services in the amount of $67,076. As of June 30, 2023 a total of $108,293 has been paid towards this three year contract leaving a committed amount of $83,247.

The Unorganized Territories contracts with vendors to provide services such as snow removal, fire protection, ambulance services and transfer station services. These contracts may either be based on one year contract periods or multi-year contract periods. As of the end of the current fiscal year, the Unorganized Territories has entered into 11 snow removal contracts which include amounts committed for subsequent fiscal years. Amounts committed total $398,929 for the fiscal year ended June 30, 2024, $82,340 for the fiscal year ended June 30, 2025 and $6,000 for the fiscal year ended June 30, 2026. As of the end of the current fiscal year, the Unorganized Territories has entered into 11 fire protection services contracts which include amounts committed for subsequent fiscal years. Amounts committed total $36,700 for the fiscal year ended June 30, 2024 and $33,900 for the fiscal year ended June 30, 2025. As of the end of the current fiscal year, the Unorganized Territories has entered into 1 transfer station services contracts which includes an amount committed for the subsequent fiscal year. The amounts committed totals $4,800 for the fiscal year ended June 30, 2024.

Note 7 - Tax Increment Financing Districts

Washington County Enterprise Development and Tax Increment Financing (TIF) District and Development Program

The County of Washington, Maine (the County) has established the Washington County Enterprise Development and Tax Increment Financing (TIF) District (the district) and Development Program (the development program). The district relates to the Stetson Mountain Wind Project which will be comprised of approximately 38 turbines within the 5,856 acre district including the Stetson Mountain and Baskahegan land tracts. Aspects of this district and development program were included in the Credit Enhancement Agreement (CEA) as dated October 24, 2007 between the County and Evergreen Wind Power V, LLC (the developer). The Maine Department of Economic and Community Development reviewed and approved the district and CEA as dated November 15, 2007. The term of the district is for twenty years commencing with the tax valuation date of April 1, 2009 and continuing thereafter for the next twenty years to and including March 31, 2029. The development program provides that the County will "capture" 100% of the tax increment from all real and personal property within the district for the twenty year district term while reimbursing the developer 60% of the TIF revenues to support the projects development costs through the aforementioned CEA, as set forth in the development program. The balance of the TIF revenues during the twenty year district term will support the Unorganized Territories economic development programs, as set forth in the development program. The State of Maine will bill and collect the property tax assessment associated with the real and personal property located within the district. Once collected, the TIF revenue is paid to the County which deposits the funds into the TIF fund cash account of the Unorganized Territories. Within 15 days of the receipt of this TIF revenue, the Unorganized Territories will pay the developer 60% of the TIF revenue received in accordance with the above mentioned CEA. The current fiscal year represents the 13th year of the 20 year capture period of TIF revenues within the district. During the current fiscal year the County received $360,092 of TIF revenue of which $216,055 was remitted to the developer. Through the 13th year of the 20 year capture period of TIF revenues within the district, the County has received $11,715,293 of net TIF revenue from the State of which $7,082,877 has been remitted to the developer.

Bowers Wind Project Municipal Tax Increment Financing (TIF) District and Development Program

The County of Washington, Maine (the County) has established the Bowers Wind Project Municipal Tax Increment Financing (TIF) District (the district) and Development Program (the development program). The district relates to the Bowers Wind Project which will be comprised of approximately 27 turbines with 8 of those turbines to be located within the 52 acre district located in the Township of Kossuth in the Unorganized Territories. Aspects of this district and development program were included in the Credit Enhancement Agreement (CEA) as dated September 8, 2011 between the County and Chaplain Wind, LLC (the developer). The Maine Department of Economic and Community Development reviewed and approved the district and CEA as dated March 15, 2013. The term of the district is for thirty years through March 14, 2043. The development program provides that the County will "capture" 60% of the assessed value above the original assessed value of the district property beginning on April 1st of the tax year of the triggering event. The original assessed value of the 52 acre district was $5,551 as of March 31, 2012 (April 1, 2011) with the triggering event being defined as the first tax year when the increased assessed value first equals at least $10,000,000. The County will capture 0% of the value of improvements made within the district up until the triggering event is reached. Upon reaching the triggering event, the County will capture the above mentioned 60% of the value of improvements made within the district for a period of 20 years during the District term permitting the captured TIF revenues to be used to finance the project through the above mentioned CEA. The developer reimbursement is limited to incremental taxes from new actual value and projected at $3,001,467 total or 60% annually during the District term following the triggering event. At the end of the 20 year period of property tax reimbursements following the triggering event, the TIF District will terminate automatically. As of the current fiscal year end, this wind project has not yet begun nor has the District been terminated. As such, they have not received any TIF revenue and as such have not remitted any rebate to the developer.

Downeast Wind Municipal Tax Increment Financing (TIF) District and Development Program

The County of Washington, Maine (the County) has established the Downeast Wind Municipal Tax Increment Financing (TIF) District (the district) and Development Program (the development program). The district relates to the Downeast Wind Project which will be comprised of approximately 30 turbines with 23 of those turbines to be located within the 13,210 acre district located in the Townships noted as MD T18 and MD T24 in the Unorganized Territories. Aspects of this district and development program were included in the Credit Enhancement Agreement (CEA) and the Community Benefit Agreement (CBA) both as dated June 30, 2020 between the County and Downeast Wind, LLC (the developer). The Maine Department of Economic and Community Development reviewed and approved the district and CEA as dated July 9, 2020. The term of the district is for twenty-five years starting January 1, 2021 through December 31, 2045. This development program provides that the County will "capture" 100% of the assessed value above the original assessed value of the district property beginning on April 1st of the tax year of the triggering event. The original assessed value of the 13,210 acre district was $8,119,273 as of March 31, 2019 (April 1, 2018) with the triggering event being defined as the first tax year when the increased assessed value first equals at least $84,000,000. The County will capture 0% of the value of improvements made within the district up until the triggering event is reached. Upon reaching the triggering event, the County will capture the above mentioned 100% of the value of improvements made within the district for a period of 20 years during the District term permitting the captured TIF revenues to be used to finance the project through the above mentioned CEA. The developer reimbursement is limited to incremental taxes from new actual value and projected at $7,014,833 total or 70% annually for a 20 year term during the District term following the triggering event. At the end of the 20 year period of property tax reimbursements following the triggering event during the District term, the TIF District will terminate automatically. As of the current fiscal year end, this wind project has not yet been completed. As such, they have not received any revenue in relation to the community benefit agreement and they have not received any TIF revenue and as such have not remitted any rebate to the developer.

Note 8 - Financial Statement Modifications

The financial statements of the Unorganized Territories do not include the value and classification of the Unorganized Territories capital assets which must be present for the statements to be in accordance with accounting principles generally accepted in the United States of America. At present, the Unorganized Territories does not have a detailed, accurate, and reliable record of its capital assets. An accurate estimate of the value of this omission cannot be made as of June 30, 2023. When an inventory is done, the capital assets of the Unorganized Territories in addition to any related accumulated depreciation will be added to the basic financial statements in accordance with accounting principles generally accepted in the United States of America. The management of the Unorganized Territories has stated that this inventory will be completed for a subsequent fiscal year as time allows.

Note 9 - Recently Issued Accounting Standards - Adopted

During the current fiscal year the Unorganized Territories adopted GASB Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for reporting periods beginning after December 15, 2021 which is the Unorganized Territories fiscal year beginning July 1, 2022. The adoption of GASB Statement No. 91 did not have any material impact on the Unorganized Territories financial statements.

During the current fiscal year the Unorganized Territories adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for the Unorganized Territories reporting period beginning July 1, 2022. The adoption of GASB Statement No. 94 did not have any material impact on the Unorganized Territories financial statements.

During the current fiscal year the Unorganized Territories adopted GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for fiscal years beginning after June 15, 2022 which is the Unorganized Territories fiscal year beginning July 1, 2022. The adoption of GASB Statement No. 96 did not have any material impact on the Unorganized Territories financial statements.

Note 10 - Recently Issued Accounting Standards not yet Effective

In April of 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for the Unorganized Territories reporting period beginning July 1, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023 which is the Unorganized Territories fiscal year beginning July 1, 2023. The Unorganized Territories does not expect this statement to have a material effect on its financial statements.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023 which is the Unorganized Territories fiscal year beginning July 1, 2023. The Unorganized Territories does not expect this statement to have a material effect on its financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 which is the Unorganized Territories fiscal year beginning July 1, 2024. The Unorganized Territories does not expect this statement to have a material effect on its financial statements.

Note 11 - Subsequent Events

The Unorganized Territories has evaluated subsequent events through October 8, 2026, the date to which the financial statements were available to be issued. There were no recognized subsequent events that would require adjustments to the financial statements.

As described in the notes to the financial statements, the County acts in a fiduciary capacity in relation to the Unorganized Territories as the cash accounts of the Unorganized Territories are under the identification number of the County. Funds are not normally commingled between the County and the Unorganized Territories as they are two separate entities and the funds are used for two very distinct and separate purposes. During February of 2025, $400,000 was transferred from the general fund cash account of the Unorganized Territories to the general fund cash account of the County for cash flow purposes. This created a due from or receivable amount for the Unorganized Territories in relation to the County. These funds were repaid to the Unorganized Territories from the County during August of 2025.

As described in the notes to the financial statements, the Downeast Wind Municipal Tax Increment Financing (TIF) District and Development Program includes a credit enhancement agreement and a community benefit agreement both as dated June 30, 2020. The Credit Enhancement Agreement for the TIF District relates in part to tax revenues that will be collected by the State of Maine on the District property which will then be remitted to the Unorganized Territories over a 20 year period and for which 70% will be remitted to the vendor as a rebate. The first tax revenue payment was received by the Unorganized Territories in the amount of $1,277,119 on December 1, 2025 for which 70% or $893,984 was remitted to the vendor on December 15, 2025. Additional revenues will be received and rebates given on an annual basis over the remaining 19 year period.

The Community Benefit Agreement for the TIF District calls for 20 community benefit annual payments to be made by the vendor with the first to be made within 180 days following the date that the project reaches commercial operations as defined in the agreement. The first community benefit annual payment was received by the County in the amount of $842,720 on September 23, 2025. These funds will be administered by the County rather than the Unorganized Territories. Additional revenues will be received on an annual basis over the remaining 19 year period.

County of Washington, Maine - Unorganized Territories
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis - General Fund
for the year ended June 30, 2023

	Original budget	Final budget	Actual	Variance
Revenues:				
State appropriation	$ 1,464,444	$ 1,464,444	$ 1,464,444	$ -
State local road assistance	90,000	90,000	89,848	-152
State other	12,500	12,500	51,392	38,892
Excise tax revenues	250,000	250,000	278,146	28,146
Charges for services	11,500	11,500	10,251	-1,249
Account interest income	-	-	26,530	26,530
Total revenues	1,828,444	1,828,444	1,920,611	92,167
Expenditures:				
General government				
Administration	37,608	37,608	41,602	-3,994
Election services	2,500	2,500	750	1,750
	40,108	40,108	42,352	-2,244
Public works				
Winter highway maintenance	489,146	489,146	495,800	-6,654
Summer highway maintenance	521,128	521,128	667,157	-146,029
Public works crew	18,000	18,000	15,925	2,075
Equipment operation	20,000	20,000	23,510	-3,510
Electricity	1,250	1,250	460	790
	1,049,524	1,049,524	1,202,852	-153,328
Public safety				
Ambulance services	79,747	79,747	66,772	12,975
Fire protection services	53,476	53,476	57,670	-4,194
Animal control	13,418	13,418	6,738	6,680
E-911	4,482	4,482	5,137	-655
	151,123	151,123	136,317	14,806
Health and sanitation				
Solid waste services	103,423	103,423	103,564	-141
Septage land site	-	-	3,544	-3,544
	103,423	103,423	107,108	-3,685
Conservation				
Shellfish conservation program	23,516	23,516	19,434	4,082
Cemeteries				
Maintenance	3,350	3,350	5,130	-1,780
Third party requests	14,000	14,000	14,000	-
Community projects	5,900	5,900	5,900	-
Total expenditures	1,390,944	1,390,944	1,533,093	-142,149

County of Washington, Maine - Unorganized Territories
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis - General Fund
for the year ended June 30, 2023

	Original budget	Final budget	Actual	Variance
Excess (deficiency) of revenues over (under) expenditures	$ 437,500	$ 437,500	$ 387,518	$ -49,982
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-437,500	-437,500	-437,500	-
Total other financing sources (uses)	-437,500	-437,500	-437,500	-
Net change in fund balances	-	-	-49,982	-49,982
Fund balances - July 1			363,294	
Fund balances - June 30			$ 313,312	

County of Washington, Maine - Unorganized Territories
Combining Balance Sheet and Combining Statement of Revenues,
Expenditures and Changes in Fund Balances - Reserves Fund
As of and for the year ended June 30, 2023

	Public works garage reserve	Extra curricular facility reserve	Highway capital projects reserve	Bridge projects reserve
Assets				
Cash and cash equivalents	$ -	$ -	$ -	$ -
Receivables	-	-	-	-
Due from other funds	40,235	1,739	390,544	340,584
Total assets	40,235	1,739	390,544	340,584
Liabilities				
Accounts payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund balances				
Nonspendable	-	-	-	-
Restricted	40,235	1,739	390,544	340,584
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	40,235	1,739	390,544	340,584
Total liabilities and fund balances	$ 40,235	$ 1,739	$ 390,544	$ 340,584
Revenues				
Intergovernmental	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-
Account interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Salaries and wages	-	-	-	-
Operating	4,697	-	-	-
Capital outlay	-	18,261	180,582	-
Total expenditures	4,697	18,261	180,582	-
Excess (deficiency) of revenues over (under) expenditures	-4,697	-18,261	-180,582	-
Other financing sources (uses)				
Transfers in	7,500	20,000	130,000	250,000
Transfers out	-	-	-	-
Total other financing sources (uses)	7,500	20,000	130,000	250,000
Net change in fund balances	2,803	1,739	-50,582	250,000
Fund balances - July 1	37,432	-	441,136	90,584
Fund balances - June 30	$ 40,235	$ 1,739	$ 390,544	$ 340,584

County of Washington, Maine - Unorganized Territories
Combining Balance Sheet and Combining Statement of Revenues,
Expenditures and Changes in Fund Balances - Reserves Fund
As of and for the year ended June 30, 2023

	Equipment maintenance reserve	Vehicle replacement reserve	Shellfish special projects reserve	Totals
Assets				
Cash and cash equivalents	$ -	$ -	$ -	$ -
Receivables	-	-	-	-
Due from other funds	4,703	24,357	19,038	821,210
Total assets	4,703	24,357	19,038	821,210
Liabilities				
Accounts payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund balances				
Nonspendable	-	-	-	-
Restricted	4,703	24,357	19,038	821,210
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	4,703	24,357	19,038	821,210
Total liabilities and fund balances	$ 4,703	$ 24,357	$ 19,038	$ 821,210
Revenues				
Intergovernmental	$ -	$ -	$ -	$ -
Charges for services	-	-	921	921
Account interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	921	921
Expenditures				
Salaries and wages	-	-	-	-
Operating	9,398	-	-	14,095
Capital outlay	-	-	-	198,843
Total expenditures	9,398	-	-	212,938
Excess (deficiency) of revenues over (under) expenditures	-9,398	-	921	-212,017
Other financing sources (uses)				
Transfers in	10,000	15,000	5,000	437,500
Transfers out	-	-	-	-
Total other financing sources (uses)	10,000	15,000	5,000	437,500
Net change in fund balances	602	15,000	5,921	225,483
Fund balances - July 1	4,101	9,357	13,117	595,727
Fund balances - June 30	$ 4,703	$ 24,357	$ 19,038	$ 821,210

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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*

County Commissioners
County of Washington, Maine
Unorganized Territories

We have audited, 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 the financial statements of the governmental activities and each major fund of the County of Washington, Maine - Unorganized Territories (Unorganized Territories), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Unorganized Territories basic financial statements, and have issued our report thereon dated October 8, 2026, which contained unmodified opinions on each major fund. An adverse opinion was issued on the governmental activities of the Unorganized Territories as it relates to the government-wide financial statement exclusion of capital assets. This modified opinion is described in more detail in the Independent Auditors' Report which can be found on pages 1 through 3 of the financial statements and note 8 on page 31 of the financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Unorganized Territories internal control over financial reporting (internal control) as a basis for designing 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 Unorganized Territories internal control. Accordingly, we do not express an opinion on the effectiveness of the Unorganized Territories internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item number 2023-01, that we consider to be a material weakness.

A significant deficiency is a deficiency, or 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. We did identify three deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item numbers 2023-02 through 2023-04, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Unorganized Territories 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 financial statements. 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*.

The Unorganized Territories Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Unorganized Territories responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Unorganized Territories responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 result of that testing, and not to provide an opinion on the effectiveness of the Unorganized Territories internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Unorganized Territories internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stephen T. Hopkins, CPA, PC

Stephen T. Hopkins, CPA, PC

Scarborough, Maine
October 8, 2026

2023-01 - Non-Cash Account Reconciliations and Reviews

Criteria:

The management of the Unorganized Territories is responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis in addition to ensuring that the assets of the Unorganized Territories are being safeguarded.

Condition:

For the current fiscal year there did not appear to be an adequate system of internal controls in place to ensure that all of the non-cash asset and liability accounts on the general ledger of the Unorganized Territories were reconciled and that revenue and expenditure accounts were being reviewed to determine if any transactions had been mis-posted and therefore needed to be corrected. Without an adequate system of internal controls in place to ensure that all non-cash asset and liability accounts are being reconciled and that all revenue and expenditure accounts are being reviewed and more specifically that these reconciliations and reviews are being adequately documented, there is no way to ensure that items that may need to be corrected will be prevented or even detected and corrected in a timely manner. We do consider these conditions to represent material weaknesses in internal control over financial reporting during the current fiscal year.

Context:

The cash accounts of the Unorganized Territories were reconciled on a monthly basis and the reconciliations were documented. However, no reconciliations were provided for the non-cash asset and liability accounts included on the general ledger of the Unorganized Territories. The annual budget document includes seven reserve accounts for which funds are raised, accumulated and expended for specific purposes with the remaining balances being carried forward to the next fiscal year. The accounting system of the Unorganized Territories does not utilize different funds to keep track of the activity for these reserves but rather utilizes individual liability accounts to keep track of the activity for these reserves. As such, the allocation for each reserve included in the annual budget should be shown as a transfer out of the general fund and as a transfer into these liability accounts. In addition, the current fiscal year expenditures for each reserve should be posted directly to these liability accounts. During the current fiscal year no transfers were recorded and the current fiscal year expenditures were posted to the general fund transfer accounts. As a result, these liability accounts did not reflect the correct balance available for these activities at any point during the current fiscal year other than the adjusted beginning balance. The current fiscal year budgeted transfers needed to be recorded and the current fiscal year expenditures needed to be reclassified to correct the balances within these reserves.

As part of the audit, excel spreadsheets as well as bank payment history reports were provided as backup documentation in relation to the outstanding loans receivable of the TIF fund. These excel spreadsheets and bank payment history reports were designed to show the original amounts of each outstanding loan, any additional advances received for each outstanding loan and the payment dates and principal and interest allocations for each outstanding loan payment made during the fiscal year. It would appear that this outstanding loan documentation was not reconciled to the general ledger. Though a beginning balance for these outstanding loans was included on the general ledger in relation to the prior fiscal year, the current fiscal year principal amounts received on these loans were recorded as revenues rather then being recorded as a reduction of the outstanding loan balances.

The majority of the non-cash asset and liability accounts included on the general ledger of the Unorganized Territories as provided for the audit needed to be adjusted to match the provided backup documentation. In addition, a number of the revenue and expenditure accounts needed to be adjusted for mis-postings. A total of 66 adjusting journal entries were proposed as part of the annual audit to ensure that the financial statement balances were materially in balance with the provided backup documentation and in turn that the financial statements were presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The debits and credits of these proposed adjustments totaled $2,696,985. Though not all of these adjustments related to items which would have been found had documented reconciliations or reviews been completed, based on the nature of the proposed adjustments it does seem that a large number of them would have been found.

Effect:

Without account reconciliations being prepared for all non-cash asset and liability accounts as well as periodic documented reviews of the transactions recorded in the revenue and expenditure accounts, it is difficult to have an accurate financial picture of the Unorganized Territories during the fiscal year. Without an accurate financial picture there can be no reasonable assurance present that the Unorganized Territories specific objectives are being achieved or that its' assets are being safeguarded.

2023-01 - Non-Cash Account Reconciliations and Reviews (continued)

Cause:

The finance office of the County of Washington, Maine performs the accounting function for the Unorganized Territories as they process and record all of the revenues and expenditures of the Unorganized Territories within the general ledger. The reason for this condition would appear to be a lack of available time and available resources within the accounting function of the County and in turn the Unorganized Territories. This would appear to make it difficult to apportion the time needed to effectively reconcile all of the non-cash asset and liability accounts included on the general ledger and to perform and document the reviews of the transactions recorded in the revenue and expenditure accounts. In addition, neither the finance office of the County of Washington, Maine or the Unorganized Territories have an accounting policies and procedures manual outlining specific procedures to be followed in order to accurately complete and document these reconciliations and reviews.

Recommendation:

We recommend that the Unorganized Territories develop a set of adequate internal controls to ensure that all asset and liability accounts be reconciled and that adequate controls are in place to document the revenue and expenditure account reviews and that these reviews are completed and documented at least on a quarterly basis if not a monthly basis.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do understand its importance, however, such a system has yet to be implemented. The finance office of the County of Washington, Maine is currently in the process of developing an accounting policies and procedures manual, as time allows, and intends to cover the reconciling of all asset and liability accounts as well as the performance and documentation of the reviews of all revenue and expenditure accounts in a timely manner. Once an adequate policy and procedure has been developed by the finance office of the County of Washington, Maine and has been applied and is being followed in relation to the accounts and activity of the Unorganized Territories, management believes that this material weakness will be eliminated.

2023-02 - Cash Disbursements

Criteria:

The management of the Unorganized Territories is responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis in addition to ensuring that the assets of the Unorganized Territories are being safeguarded.

Condition:

During the current fiscal year audit, a number of expenditures were selected for testing within the current fiscal year and as subsequent events during the beginning of the upcoming fiscal year. The invoices or backup documentation relating to these expenditures were requested to be pulled for the review of a number of items such as the correct accounting period, the correct amount being paid, items being paid from actual invoices, and whether or not individual invoices or backup documentation are initialed as being reviewed and approved. There did not appear to be an adequate system of internal controls in place to ensure that only invoices and backup documentation containing the initials or signature of the individual approving the expenditure were being processed on a consistent basis. The Unorganized Territories does utilize an expenditure approval cover sheet which does include approving initials or signatures though there was no way to determine that the actual invoices or backup documentation had been reviewed by the individuals approving the cover sheets. We do consider this condition to represent a significant deficiency in internal control over financial reporting during the current fiscal year.

Context:

Sampling techniques are used to select items for testing which means that not all transactions are reviewed or tested during this process. As a result, there could be other expenditure items being processed for payment without the initials or signature of the individual approving the payment on the actual invoices or backup documentation.

Effect:

Without the initials or signature of the individual approving the payment of expenditure items actually being included on the invoice or backup documentation, there can be no assurance that the goods or services being purchased were actually received and creates doubt as to whether the assets of the Unorganized Territories are being adequately safeguarded.

Cause:

It would appear that the main reason that certain expenditure items did not contain the initials or signature of the individual approving the payment on the actual invoice or backup documentation was simply because the practice of processing expenditure items by the Unorganized Territories is to include an expenditure approval on the cover sheet.

Recommendation:

We recommend that invoices should never be paid or even entered into the accounting system of the Unorganized Territories without an appropriate approving signature or initials on the invoice approving the expenditure. The Unorganized Territories should establish a listing of the individuals who would be considered the appropriate signer for each type of departmental expenditures.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do understand the importance of an adequate expenditure item approval process. We intend to more closely review invoices during the payable process to ensure that only invoices containing the appropriate approving signatures or initials are processed for payment. Any invoices not containing the appropriate approving signatures or initials will be returned to the appropriate individual for the appropriate approval before being processed.

2023-03 - Controls Relating to Expenditures over Appropriations

Criteria:

The management of the Unorganized Territories is responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis in addition to ensuring that the assets of the Unorganized Territories are being safeguarded.

Condition:

In accordance with the applicable State of Maine statutes, the Supervisor of the Unorganized Territories prepares an annual operating budget for the general fund which is submitted to the County Commissioners for approval which is then ultimately submitted to the Maine State Legislature for approval. The finance office of the County of Washington, Maine performs the accounting function for the Unorganized Territories as they process and record all of the revenues and expenditures of the Unorganized Territories within the general ledger. The accounting system utilized by the County allows the approved revenue and expenditure amounts to be entered into the budgetary portion of the accounting module so that budget to actual reports can be printed at any time during the fiscal year to determine how close actual revenues are to budgeted revenues and to ensure that the actual expenditures incurred to date are in compliance with the amounts approved as part of the annual budget. During the current fiscal year, there did not appear to be an adequate system of controls in place to ensure that individual budgetary expenditure line items were not over expended as 9 of the 18 approved and utilized individual line items were over expended by a total of ($170,501). We do consider this condition to represent a significant deficiency in internal control over financial reporting during the current fiscal year.

Context:

The Unorganized Territories does utilize an expenditure approval cover sheet which does include approving initials or signatures in addition to the statement, "This voucher has been examined and certified that the amount indicated constitutes a legal expenditure and the amount charged to this account, together with previous charges, does not exceed the total of the item in the July 1, 2022 - June 30, 2023 budget". Though the expenditure approval cover sheet does include a statement that in effect budgetary line items will not be exceeded, approved individual line items were over expended during the current fiscal year as described above. This type of internal control system is used to provide reasonable assurance that the assets of the Unorganized Territories are being safeguarded and that only expenditures which fall within the amounts approved as described above are being incurred.

Effect:

Without an adequate system of controls in place to prevent the over expenditure of budgeted line items, there can be no reasonable assurance present that the Unorganized Territories specific objectives are being achieved or that its' assets are being safeguarded.

Cause:

We were unable to determine the cause for the current fiscal year over expenditures mentioned above.

Recommendation:

We recommend that the Unorganized Territories more closely monitor the budget to actual amounts during the fiscal year to ensure that actual expenditures do not exceed the amounts included in the annual approved budget and that the budgetary statement included on the expenditure cover sheet does not contradict the actual budget to actual results of individual budgetary expenditure line items.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do agree with the recommendations as described above. We plan on more closely monitoring the budget during the upcoming fiscal year.

2023-04 - Accounting Policies and Procedures Manual

Criteria:

The management of the Unorganized Territories is responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis in addition to ensuring that the assets of the Unorganized Territories are being safeguarded.

Condition:

The Unorganized Territories does not currently have an accurate and in-depth accounting policies and procedures manual which would document the system of internal controls necessary to allow the prevention or detection and correction of misstatements on a timely basis. Without a documented system of internal control related policies and procedures it cannot be determined that the procedures being followed during the day to day accounting activities are adequate to prevent or detect and correct misstatements on a timely basis. We do consider this condition to represent a significant deficiency in internal control over financial reporting during the current fiscal year.

Context:

The finance office of the County of Washington, Maine performs the accounting function for the Unorganized Territories as they process and record all of the revenues and expenditures of the Unorganized Territories within the general ledger. The County does not currently have an accurate and in-depth accounting policies and procedures manual which would document the policies and procedures which they following in performing the accounting function for the Unorganized Territories. This type of manual is used to provide a general description of the general functions and specific duties of all personnel involved in the accounting, cash receipting, and bill paying system of the Unorganized Territories. The manual is also used to document the specific steps to be used in all accounting functions such as the processing of cash disbursements, the recording and deposit of cash receipts and the steps necessary to process payroll.

Effect and cause:

The two main goals of developing and documenting an effective set of accounting policies and procedures is to provide reasonable assurance that the Unorganized Territories specific objectives will be achieved and to set up a system of checks and balances which safeguard the assets of the Unorganized Territories. Without this set of policies and procedures there can be no reasonable assurance present that the Unorganized Territories specific objective are being achieved or that its' assets are being safeguarded.

The reason for this condition would appear to be a lack of available time and available resources within the accounting function of the County as it relates to creating such an accounting policies and procedures manual which would be applicable to the activities of the Unorganized Territories.

Recommendation:

The Supervisor of the Unorganized Territories and the County Commissioners should be involved with the development of a written policies and procedures manual that addresses the financial operations of the Unorganized Territories and specific duties of all personnel involved in the accounting, cash receipting, and bill paying system of the Unorganized Territories. This manual, drafted by the finance office of the County, should address the general accounting functions and the overall financial policies of the Unorganized Territories as well as any other specific area (s) as so requested by the County Commissioners or other members of management. The final draft should be presented to the County Commissioners for approval. The finance office of the County would be responsible for implementing the specific policies and procedures. Any questions or disputes in regard to the implementation and operation of these policies and procedures should be presented to the County Commissioners for resolution.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do understand the importance of such a set of policies and procedures. The County is currently in the process of developing an accounting policies and procedures manual that would be applicable to the activities of the Unorganized Territories, as time allows. Once an adequate manual has been developed, implemented and is being followed, management believes that this significant deficiency will be eliminated.