

TOWN OF UNITY, MAINE

ANNUAL FINANCIAL REPORT
with Independent Auditors Report

For the Year Ending January 31, 2019

TOWN OF UNITY, MAINE
ANNUAL FINANCIAL REPORT
Year Ended January 31, 2019
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INDEPENDENT AUDITORS REPORT

May 9, 2019

Board of Selectmen
Town of Unity
Unity, Maine

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and the major fund of Town of Unity, Maine, as of and for the year ended January 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Town of Unity, Maine as of January 31, 2019 and the respective changes in financial position, and where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated May 9, 2019, on my consideration of Town of Unity, Maine's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Statement 1

TOWN OF UNITY, MAINE
Statement of Net Position
January 31, 2019

ASSETS	<u>Governmental Activities</u>
Current Assets:	
Cash	\$ 926,887
Receivables:	
Taxes	222,123
Liens	72,669
Accounts	2,235
Tax acquired property	345
Total Current Assets	<u>1,224,259</u>
Noncurrent Assets:	
Capital assets net	3,687,506
Total Assets	<u>4,911,765</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	10,368
Notes payable, current portion	25,000
Bonds payable, current portion	326,403
Total Current Liabilities	<u>361,771</u>
Noncurrent Liabilities:	
Notes payable, noncurrent portion	90,000
Bonds payable, noncurrent portion	1,639,341
Total Noncurrent Liabilities	<u>1,729,341</u>
Total Liabilities	<u>2,091,112</u>
NET POSITION	
Invested in capital assets, net of related debt	1,606,762
Unrestricted	1,213,891
Total net position \$	<u><u>2,820,653</u></u>

TOWN OF UNITY, MAINE
Statement of Activities
For the Year Ended January 31, 2019

Function/Programs	<u>Expenses</u>	Program Revenues		Net (Expense)
		Charges for	Operating	Revenues
	\$	<u>Services</u>	grants and	<u>Revenues</u>
			<u>contributions</u>	
			Capital	
			grants and	
			<u>contributions</u>	
Governmental activities:				
General government	181,076	12,554		(168,522)
Protection	181,910	6,140		(175,770)
Public works	719,541	266	69,820	(649,455)
Health and sanitation	117,491	62,655		(54,836)
Leisure services	17,613	2,649	7,943	(7,021)
Special assessments	1,605,441			(1,605,441)
Cemeteries	16,569	5,419		(11,150)
Social services	8,028		463	(7,565)
Unclassified	5,039			(5,039)
 Total governmental activities	 2,852,708	 89,683	 78,226	 0
				 (2,684,799)
				 <u>Governmental</u>
				<u>Activities</u>
Net (expense) / revenue				
General revenues:				
Property taxes				2,136,320
Excise taxes				268,997
Interest and costs on taxes				22,181
Intergovernmental:				
State revenue sharing				110,949
Homestead exemption				81,042
Tree growth				8,370
Donations				1,876
Veterans reimbursement				1,680
BETE reimbursement				4,118
Miscellaneous				12,442
Unrestricted interest				7,010
Restricted interest				111
Cable franchise fees				5,336
 Total general revenues				 2,660,432
 Change in Net position				 (24,367)
 Net position - beginning				 2,845,020
Net position - ending	\$			<u>2,820,653</u>

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

TOWN OF UNITY, MAINE
Balance Sheet
Governmental Funds
January 31, 2019

Statement 3

ASSETS	General <u>Fund</u>	Total Governmental <u>Funds</u>
Cash	\$ 926,887	\$ 926,887
Receivables		
Taxes	222,123	222,123
Liens	72,669	72,669
Accounts	2,235	2,235
Tax acquired property	345	345
Total Assets	<u>1,224,259</u>	<u>1,224,259</u>
LIABILITIES		
Accounts payable	10,368	10,368
Total Liabilities	<u>10,368</u>	<u>10,368</u>
UNEARNED REVENUE		
Unearned property taxes	233,000	233,000
Total Liabilities and Unearned Revenue	<u>243,368</u>	<u>243,368</u>
FUND BALANCES		
Fund Balances		
Capital purchases	69,175	69,175
Assigned revenues	15,066	15,066
Assigned expenditures	222,103	222,103
Unassigned	674,547	674,547
Total Fund Equity	<u>980,891</u>	<u>980,891</u>
Total Liabilities and Fund Equity	<u>\$ 1,224,259</u>	<u>\$</u>

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

Capital assets used in governmental activities not financial resources and, therefore, are reported in the funds.	3,687,506
Other long-term assets are not available to pay current-periods expenditures and therefore are deferred in the funds.	233,000
Long-term liabilities, including bonds payable not due and payable in the current period and therefore are not reported in the funds.	
Notes payable	(115,000)
Bonds payable	(1,965,744)
Net position of governmental	<u>\$ 2,820,653</u>

TOWN OF UNITY, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended January 31, 2019

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Revenues:		
Taxes	\$ 2,451,499	\$ 2,451,499
Intergovernmental	284,384	284,384
Interest	7,121	7,121
Charges for services	89,682	89,682
Miscellaneous	19,655	19,655
Total Revenues	2,852,341	2,852,341
Expenditures:		
Current:		
General government	176,246	176,246
Protection	140,464	140,464
Public works	571,281	571,281
Health and sanitation	117,491	117,491
Leisure services	17,613	17,613
Special assessments	1,605,441	1,605,441
Cemeteries	16,569	16,569
Social services	8,028	8,028
Unclassified	5,039	5,039
Total Expenditures	2,658,172	2,658,172
Excess of Revenues Over (Under) Expenditures	194,169	194,169
Fund Balances - beginning	786,722	786,722
Fund Balances - ending	\$ 980,891	\$ 980,891

TOWN OF UNITY, MAINE
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances
 Of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended January 31, 2019

Net change in fund balances - total governmental funds	\$	194,169
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. While governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Depreciation expense		(538,345)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position		
Capital bond obligation principal payments		343,809
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		
Deferred property tax revenue		(24,000)
Change in Net position of Governmental Activities	\$	<u>(24,367)</u>

Statement 6

TOWN OF UNITY, MAINE
Statement of Net Position
Fiduciary Fund
January 31, 2019

		Private Purpose <u>Trust</u> <u>Fund</u>
ASSETS		
Cash certificate of deposits	\$	7,149
Investments		136,898
Total Assets		<u>144,047</u>
NET POSITION		
Held in Trust		144,047
Total Net position	\$	<u><u>144,047</u></u>

Statement 7

TOWN OF UNITY, MAINE

Statement of Changes in Fiduciary Net Position
For the Year Ended January 31, 2019

	Private Purpose <u>Trust Fund</u>
Additions:	
Investment income	\$ (7,321)
Total Additions	<u>(7,321)</u>
Net position - beginning of year	<u>151,368</u>
Net position - end of year	<u>\$ 144,047</u>

TOWN OF UNITY, MAINE
Notes to Combined Financial Statements
January 31, 2019

1. Summary of Significant Accounting Policies

The Town of Unity was incorporated in 1804 under the laws of the State of Massachusetts. The Town operates under the Board of Selectmen/Town Meeting form of government.

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

A. Reporting Entity

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

B. Government-wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset

1. Summary of Significant Accounting Policies, continued

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

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

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

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

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

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

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

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are

1. Summary of Significant Accounting Policies, continued

met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

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

The Town reports the following major governmental fund:

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

Additionally, the Town reports the following fund types:

Fiduciary Funds

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

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

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

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

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

D. Capital Assets

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

1. Summary of Significant Accounting Policies, continued

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

E. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, if material, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if material, are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

F. Fund Equity

Reserved fund balance indicates that a portion of the fund balance is legally or otherwise segregated for a specific future use, and is indicated by the title of each reserve listed in the balance sheet. Unreserved-designated fund balances indicate amounts which either are required to be carried forward by law or contractual agreement, or which the Town has voted to carry forward.

G. Use of Estimates

Committed fund balance indicates that a portion of the fund balance is constrained for a specific future use, and is indicated by the title of each purpose listed in the balance sheet. Committed fund balances are voted on at Town Meetings. Assigned fund balances indicate amounts which either are intended to be carried forward by law or contractual agreement, or which the Board of Selectmen has voted to carry forward. Unassigned is the remaining amount which is available for general use.

2. Budgetary Accounting

A budget is formally adopted for the General Fund, only, through the passage of a Town warrant, and is prepared on a basis consistent with generally accepted accounting principles.

In the General Fund, the level of control (level at which expenditures may not exceed budget and applied revenues) is the accounts within each department. Unexpended appropriations and

2. Budgetary Accounting, continued

unexpended revenues are lapsed at the close of the year. Once adopted, the budget can only be amended by the townspeople at a special Town meeting.

3. Deposits and Investments

A. Deposits

At year end, the Town's carrying amount of deposits was \$934,036. The bank balances for all funds totaled \$971,569. Custodial credit risk is the risk that, in the event of a bank failure the District's deposits might not be recovered. As of January 31, 2019, all of the Town's deposits were insured or collateralized.

B. Investment

At January 31, 2019, the Town's investment balances were as follows:

<u>Investment Type</u>	<u>Fund Type</u>	<u>Rating</u>	<u>Fair Value</u>
Pace program	Trust Fund	N/A	\$ 132,497 97%
NStar	Trust Fund	N/A	3,054 2%
First Energy	Trust Fund	N/A	1,347 0.98%
			\$ <u>136,898</u>

The Town does not have a formal investment policy. Most equities are managed by the town's financial institution in the Town's name. The other investments are held by the Town.

4. Property Tax

Property taxes for the year were committed on August 3, 2018, on the assessed value listed as of April 1, 2018, for all taxable real and personal property located in the Town. Payment of taxes was due at the date of commitment with interest at 8.00% on all tax bills unpaid as of November 30, 2018.

Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. The assessed value for the list of April 1, 2018 upon which the levy for the year ended January 31, 2019, was based, was \$129,353,700. This assessed value was 100% of the estimated market value.

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

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

5. Operating Property

Operating and nonoperating property are recorded at cost or, in the case of contributed property, at the fair market value at the date of

2. Budgetary Accounting, continued

acquisition. Depreciation is computed on the straight line method based upon the estimated useful lives of the assets as follows:

Governmental Activities:	Balance February 1 2018	<u>Increases</u>	<u>Decreases</u>	Balance January 31 2019
Assets not being depreciated				
Land	\$ 140,963	\$	\$	\$ 140,963
Assets being depreciated				
Land improvements	72,688			72,688
Buildings	1,108,503			1,108,503
Equipment	41,350			41,350
Vehicles	526,964			526,964
Infrastructure	19,840,413			19,840,413
	<u>21,730,881</u>	<u>0</u>	<u>0</u>	<u>21,730,881</u>
Less accumulated depreciation				
Land improvements	19,787	1,817		21,604
Buildings	340,834	29,055		369,889
Equipment	41,350			41,350
Vehicles	356,973	20,555		377,528
Infrastructure	16,746,086	486,918		17,233,004
	<u>17,505,030</u>	<u>538,345</u>	<u>0</u>	<u>18,043,375</u>
Capital Assets, net	\$ <u>4,225,851</u>	\$ <u>(538,345)</u>	\$ <u>0</u>	\$ <u>3,687,506</u>
Depreciation Expense:				
Public safety	\$ 41,446			
General government	4,829			
Public works	492,070			
	<u>\$ 538,345</u>			

6. Long-term Debt

The following is a summary of long-term debt transactions of the Town for the year ended January 31, 2019:

<u>Long-term debt payable at February 1, 2018</u>	\$ 2,424,553
Debt proceeds	
Debt Retired	(343,809)
Long-term debt payable at January 31, 2019	<u>\$ 2,080,744</u>
Interest Paid	<u>58,817</u>

Long-term debt payable at January 31, 2019 is comprised of the following:

<u>Long-term Debt Account Group</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Balance End of Year</u>
Firehouse refinance	1.5 to 3.7%	2032	\$ 446,402
Fire truck	2.2%	2023	115,000
Town office	2.38%	2021	943,762
Road loan	2.38%	2021	575,580
			<u>\$ 2,080,744</u>

6. Long-term Debt, continued

The annual requirement to amortize all long-term debt outstanding as of January 31, 2019 are as follows:

Year	Principal <u>Payable</u>	Interest <u>Payable</u>
2019	\$ 351,403	\$ 50,925
2020	359,060	42,704
2021	367,132	34,055
2022	370,979	25,240
2023	122,267	17,780
2024-2028	362,762	48,717
2029-2031	147,141	13,320

Total \$ 2,080,744 \$ 232,741

In accordance with 30-A MRSA, Section 5702, as amended, no municipality shall incur debt for specified purposes in excess of 15 percent of the state valuation of such municipality. At January 31, 2019, the Town was in compliance with these regulations.

7. Assigned Revenues

The Town has set aside certain balances for accumulation until expenditure in future years. These accounts were as follows at January 31, 2019:

Sale of lots	\$ 6,207
State revenue sharing	8,859
Total	\$ <u>15,066</u>

8. Assigned Expenditures

The portion of the General Fund fund equity which has been assigned for subsequent year's expenditure represents amounts budgeted during the current accounting period that are to be expended in the subsequent year. These accounts, were as follows at January 31, 2019:

Protection	\$ 1,500
Fire house repair	13,557
TIF	207,046

Total \$ 222,103

9. Reserved for Capital Purchases

At January 31, 2019 the reserve for capital purchases consisted of the following:

Protection	\$ 1,500
Health and sanitation	13,557
TIF	207,046
Total	\$ <u>222,103</u>

6. Long-term Debt, continued

10. Unassigned General Fund Fund Equity

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

Balance - February 1, 2018		\$	507,499
Increase (Decrease):			
Actual over (under) budgeted revenues	125,318		
Actual under (over) budgeted expenditures	64,337		
Utilization per town vote	(22,607)		
Net Increase (Decrease)			167,048
Balance - January 31, 2019		\$	<u>674,547</u>

11. Risk Management

The Town of Unity is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage for part of its risk management. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. The Town's management estimates that the amount of actual or potential claims against the Town as of January 31, 2019, will not materially affect the financial condition of the Town.

12. Subsequent Events

Management has made an evaluation of subsequent events to and including the May 9, 2019, which was the date the financial statements were available to be issued, and determined that there are no events that would require recognition or disclosure in these financial statements

TOWN OF UNITY, MAINE
Budget Comparison Schedule
General Fund
For the year ended January 31, 2019

	<u>Budgeted Amounts</u>			Variance with final budget positive (negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:	\$	\$	\$	\$
Taxes	2,411,674	2,411,674	2,451,499	39,825
Intergovernmental	243,897	243,897	284,384	40,487
Interest			7,121	7,121
Charges for services	63,828	63,828	89,682	25,854
Miscellaneous	13,800	13,800	19,655	5,855
Total revenues	<u>2,733,199</u>	<u>2,733,199</u>	<u>2,852,341</u>	<u>119,142</u>
Expenditures:				
Current:				
General government	193,070	193,070	176,246	16,824
Protection	153,836	153,836	140,464	13,372
Public works	601,885	601,885	571,281	30,604
Health and sanitation	161,016	161,016	117,491	43,525
Leisure services	17,500	17,500	17,613	(113)
Special assessments	1,857,567	1,857,567	1,605,441	252,126
Unclassified	3,600	3,600	5,039	(1,439)
Cemeteries	16,450	16,450	16,569	(119)
Social services	9,950	9,950	8,028	1,922
Total expenditures	<u>3,014,874</u>	<u>3,014,874</u>	<u>2,658,172</u>	<u>356,702</u>
Excess (deficiency) of revenues over (under expenditures)	<u>(281,675)</u>	<u>(281,675)</u>	<u>194,169</u>	<u>475,844</u>
Excess (deficiency) of revenues and Other Financing Sources Over (Under) Expenditures	<u>(281,675)</u>	<u>(281,675)</u>	<u>194,169</u>	<u>475,844</u>
Fund Balance - beginning of year	786,722	786,722	786,722	0
Fund Balance - ending of year	<u>\$ 505,047</u>	<u>\$ 505,047</u>	<u>\$ 980,891</u>	<u>\$ 475,844</u>

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

KEEL J. HOOD
Certified Public Accountant
PO Box 302 - Fairfield, Maine 04937 - (207)453-2006

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

May 9, 2019

Board of Selectmen
Town of Unity, Maine

I have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Town of Unity, Maine as of and for the year ended January 31, 2019, which collectively comprise Town of Unity, Maine's basic financial statements and have issued my report thereon dated May 9, 2019. I conducted my audits 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.

Internal Control over Financial Reporting

In planning and performing my audits, I considered Town of Unity, Maine's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Unity, Maine's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Town of Unity, Maine's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Selectmen, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



