

TOWN OF UNITY, MAINE

ANNUAL FINANCIAL REPORT
with Independent Auditors Report

For the Year Ending January 31, 2018

TOWN OF UNITY, MAINE
ANNUAL FINANCIAL REPORT
Year Ended January 31, 2018
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KEEL J. HOOD

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INDEPENDENT AUDITORS REPORT

July 5, 2018

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, 2018, 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, 2018 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 July 5, 2018, 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.

A handwritten signature in cursive script that reads "Paul J. Hood, CPA". The signature is written in dark ink and is positioned in the lower-left quadrant of the page.

Statement 1

TOWN OF UNITY, MAINE
Statement of Net Position
January 31, 2018

ASSETS	<u>Governmental Activities</u>
Current Assets:	
Cash	\$ 742,237
Receivables:	
Taxes	234,963
Liens	77,657
Accounts	1,365
Tax acquired property	214
Total Current Assets	<u>1,056,436</u>
Noncurrent Assets:	
Capital assets net	4,225,851
Total Assets	<u>5,282,287</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	12,713
Notes payable, current portion	25,000
Bonds payable, current portion	172,009
Total Current Liabilities	<u>209,722</u>
Noncurrent Liabilities:	
Notes payable, noncurrent portion	115,000
Bonds payable, noncurrent portion	2,112,544
Total Noncurrent Liabilities	<u>2,227,544</u>
Total Liabilities	<u>2,437,266</u>
NET POSITION	
Invested in capital assets, net of related debt	1,801,298
Unrestricted	1,043,723
Total net position \$	<u>2,845,021</u>

TOWN OF UNITY, MAINE
Statement of Activities
For the Year Ended January 31, 2018

Function/Programs	<u>Expenses</u>	Program Revenues		Net (Expense) <u>Revenues</u>
		<u>Charges for Services</u>	<u>Operating grants and contributions</u>	
Governmental activities:	\$			
General government	166,671	12,899		(153,772)
Protection	163,995	10,069		(153,926)
Public works	958,629	16	35,524	(923,089)
Health and sanitation	138,793	69,533	1,875	(67,385)
Leisure services	5,371		1,013	(4,358)
Special assessments	1,548,163			(1,548,163)
Cemeteries	14,843			(14,843)
Social services	12,411		3,622	(8,789)
Unclassified	4,189			(4,189)
 Total governmental activities	 3,013,065	 92,517	 42,034	 0
				 (2,878,514)

	<u>Governmental Activities</u>
Net (expense) / revenue	
General revenues:	
Property taxes	2,128,268
Excise taxes	260,588
Interest and costs on taxes	19,894
Intergovernmental:	
State revenue sharing	96,576
Homestead exemption	69,258
Tree growth	9,538
US Wildlife	100
Veterans reimbursement	1,798
BETE reimbursement	248
Miscellaneous	13,846
Unrestricted interest	7,286
Cable franchise fees	4,671
 Total general revenues	 2,612,071
 Change in Net position	 (266,443)
Net position - beginning	3,111,464
Net position - ending	\$ 2,845,021

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

TOWN OF UNITY, MAINE
Balance Sheet
Governmental Funds
January 31, 2018

ASSETS	General <u>Fund</u>	Total Governmental <u>Funds</u>
Cash	\$ 742,237	\$ 742,237
Receivables		
Taxes	234,963	234,963
Liens	77,657	77,657
Accounts	1,365	1,365
Tax acquired property	214	214
Total Assets	<u>1,056,436</u>	<u>1,056,436</u>
LIABILITIES		
Accounts payable	12,713	12,713
Total Liabilities	<u>12,713</u>	<u>12,713</u>
UNEARNED REVENUE		
Unearned property taxes	257,000	257,000
Total Liabilities and Unearned Revenue	<u>269,713</u>	<u>269,713</u>
FUND BALANCES		
Fund Balances		
Capital purchases	58,502	58,502
Assigned revenues	21,917	21,917
Assigned expenditures	198,805	198,805
Unassigned	507,499	507,499
Total Fund Equity	<u>786,723</u>	<u>786,723</u>
Total Liabilities and Fund Equity	<u>\$ 1,056,436</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.	4,225,851
Other long-term assets are not available to pay current-periods expenditures and therefore are deferred in the funds.	257,000
Long-term liabilities, including bonds payable not due and payable in the current period and therefore are not reported in the funds.	
Notes payable	(140,000)
Bonds payable	(2,284,553)
Net position of governmental	<u>\$ 2,845,021</u>

TOWN OF UNITY, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended January 31, 2018

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Revenues:		
Taxes	\$ 2,405,750	\$ 2,405,750
Intergovernmental	217,678	217,678
Interest	7,286	7,286
Charges for services	92,517	92,517
Miscellaneous	20,392	20,392
Total Revenues	2,743,623	2,743,623
Expenditures:		
Current:		
General government	161,842	161,842
Protection	122,548	122,548
Public works	777,921	777,921
Health and sanitation	138,793	138,793
Leisure services	5,371	5,371
Special assessments	1,548,163	1,548,163
Cemeteries	14,843	14,843
Social services	12,411	12,411
Unclassified	4,189	4,189
Total Expenditures	2,786,081	2,786,081
Excess of Revenues Over (Under) Expenditures	(42,458)	(42,458)
Fund Balances - beginning	829,181	829,181
Fund Balances - ending	\$ 786,723	\$ 786,723

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

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, 2018

Net change in fund balances - total governmental funds	\$	(42,458)
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		311,360
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		3,000
Change in Net position of Governmental Activities	\$	(266,443)

Statement 6

TOWN OF UNITY, MAINE
Statement of Net Position
Fiduciary Fund
January 31, 2018

		Private Purpose <u>Trust</u> <u>Fund</u>
ASSETS		
Cash certificate of deposits	\$	7,088
Investments		144,280
Total Assets		<u>151,368</u>
NET POSITION		
Held in Trust		151,368
Total Net position	\$	<u><u>151,368</u></u>

Statement 7

TOWN OF UNITY, MAINE
Statement of Changes in Fiduciary Net Position
For the Year Ended January 31, 2018

		Private Purpose <u>Trust Fund</u>
Additions:		
Investment income	\$	22,770
Total Additions		22,770
Deductions:		
Cemeteries		3,100
Scholarships		1,758
Total Deductions		4,858
Change in Net position		17,912
Net position - beginning of year		133,456
Net position - end of year	\$	151,368

TOWN OF UNITY, MAINE
Notes to Combined Financial Statements
January 31, 2018

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 \$749,326. The bank balances for all funds totaled \$911,172. 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, 2018, all of the Town's deposits were insured or collateralized.

B. Investment

At January 31, 2018, 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	General Fund		
Pace program	Trust Fund	N/A	\$ 138,854 96%
NStar	Trust Fund	N/A	4,318 3%
First Energy	Trust Fund	N/A	1,108 0.77%
			\$ <u>144,280</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 July 5, 2017, on the assessed value listed as of April 1, 2017, for all taxable real and personal property located in the Town. Payment of taxes was due at the date of commitment with interest at 7.00% on all tax bills unpaid as of November 30, 2017.

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, 2017 upon which the levy for the year ended January 31, 2018, was based, was \$130,658,200. 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.

2. Budgetary Accounting, continued

5. Operating Property

Operating and nonoperating property are recorded at cost or, in the case of contributed property, at the fair market value at the date of acquisition. Depreciation is computed on the straight line method based upon the estimated useful lives of the assets as follows:

Governmental Activities:	Balance February 1 2017	Increases	Decreases	Balance January 31 2018
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	17,970	1,817		19,787
Buildings	311,779	29,055		340,834
Equipment	41,350			41,350
Vehicles	336,418	20,555		356,973
Infrastructure	16,259,168	486,918		16,746,086
	<u>16,966,685</u>	<u>538,345</u>	<u>0</u>	<u>17,505,030</u>
Capital Assets, net	\$ <u>4,764,196</u>	\$ <u>(538,345)</u>	\$ <u>0</u>	\$ <u>4,225,851</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, 2018:

<u>Long-term debt payable at February 1, 2017</u>	\$ 2,735,913
Debt proceeds	
Debt Retired	(311,360)
Long-term debt payable at January 31, 2018	\$ <u>2,424,553</u>
Interest Paid	<u>67,885</u>

Long-term debt payable at January 31, 2018 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	\$ 472,919
Town office	2.25%	2023	140,000
Road loans	2.38%	2027	1,166,847
Road loan	2.38%	2034	644,787
			\$ <u>2,424,553</u>

6. Long-term Debt, continued

The annual requirement to amortize all long-term debt outstanding as of January 31, 2018 are as follows:

Year	Principal <u>Payable</u>	Interest <u>Payable</u>
2018	\$ 197,009	\$ 38,708
2019	198,812	36,335
2020	201,369	33,215
2021	203,425	30,582
2022	206,034	27,403
2023-2027	955,425	92,138
2028-2032	379,640	31,840
2033-2037	82,839	1,507
Total	\$ <u>2,424,553</u>	\$ <u>291,728</u>

In accordance with 30-A M.R.S.A., 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, 2018, 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, 2018:

Sale of lots	\$ 7,531
State revenue sharing	14,386
Total	\$ <u>21,917</u>

8. Unassigned General Fund Fund Equity

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

Balance - February 1, 2017	\$ 424,970
Increase (Decrease):	
Actual over (under) budgeted revenues	52,248
Actual under (over) budgeted expenditures	40,281
Utilization per town vote	<u>(10,000)</u>
Net Increase (Decrease)	82,529
Balance - January 31, 2018	\$ <u>507,499</u>

9. 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, 2018, will not materially affect the financial condition of the Town.

10. 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, 2018:

Protection	\$	1,500
Fire house repair		12,507
TIF		184,798

Total \$ 198,805

11. Subsequent Events

Management has made an evaluation of subsequent events to and including May 5, 2018, 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, 2018

	<u>Budgeted Amounts</u>			Variance with final budget positive (negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:	\$	\$	\$	\$
Taxes	2,406,293	2,406,293	2,405,750	(543)
Intergovernmental	204,882	204,882	217,678	12,796
Interest	3,100	3,100	7,286	4,186
Charges for services	66,614	66,614	92,517	25,903
Miscellaneous	12,300	12,300	20,392	8,092
Total revenues	2,693,189	2,693,189	2,743,623	50,434
Expenditures:				
Current:				
General government	192,725	192,725	161,842	30,883
Protection	137,386	137,386	122,548	14,838
Public works	781,361	781,361	777,921	3,440
Health and sanitation	154,535	154,535	138,793	15,742
Leisure services	4,500	4,500	5,371	(871)
Special assessments	1,738,411	1,738,411	1,548,163	190,248
Unclassified			4,189	(4,189)
Cemeteries	15,000	15,000	14,843	157
Social services	11,250	11,250	12,411	(1,161)
Total expenditures	3,035,168	3,035,168	2,786,081	249,087
Excess (deficiency) of revenues over (under expenditures)	(341,979)	(341,979)	(42,458)	299,521
Excess (deficiency) of revenues and Other Financing Sources Over (Under) Expenditures	(341,979)	(341,979)	(42,458)	299,521
Fund Balance - beginning of year	829,181	829,181	829,181	0
Fund Balance - ending of year	\$ 487,202	\$ 487,202	\$ 786,723	\$ 299,521

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

KEEL J. HOOD

Certified Public Accountant

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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

July 5, 2018

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, 2018, which collectively comprise Town of Unity, Maine's basic financial statements and have issued my report thereon dated July 5, 2018. 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.



