

TOWN OF UNITY, MAINE

ANNUAL FINANCIAL REPORT
with Independent Auditors Report

For the Year Ending January 31, 2012

TOWN OF UNITY, MAINE
ANNUAL FINANCIAL REPORT
Year Ended January 31, 2012
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KEEL J. HOOD

Certified Public Accountant

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INDEPENDENT AUDITORS REPORT

February 6, 2012

Board of Selectmen
Town of Unity
Unity, Maine

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of Town of Unity, Maine, as of and for the year ended January 31, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Unity, Maine's management. My responsibility is to express an opinion on these financial statements based on my audit.

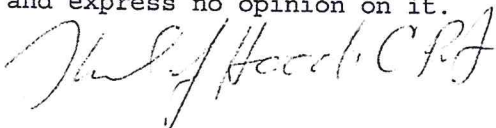
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information, of the Town of Unity, Maine as of January 31, 2012, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 6, 2012 on my consideration of the Town of Unity's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 the 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.

The Town of Unity has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the basic financial statements.

The budgetary comparison information, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.



Statement 1

TOWN OF UNITY, MAINE
Statement of Net Assets
January 31, 2012

| ASSETS | <u>Governmental Activities</u> |
|--|------------------------------------|
| Current Assets: | |
| Cash | \$ 448,262 |
| Cash certificates of deposit | 229,947 |
| Investments | 8,720 |
| Receivables | |
| Taxes | 174,288 |
| Liens | 57,356 |
| Total Current Assets | 918,573 |
| Noncurrent Assets: | |
| Capital assets net | 6,657,344 |
| Total Assets | 7,575,917 |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts payable | 4,758 |
| Notes payable, current portion | 12,636 |
| Total Current Liabilities | 17,394 |
| Noncurrent Liabilities: | |
| Notes payable, noncurrent portion | 564,950 |
| Total Liabilities | 582,344 |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 6,079,758 |
| Unrestricted | 913,815 |
| Total net assets | \$ 6,993,573 |

TOWN OF UNITY, MAINE
Statement of Activities
For the Year Ended January 31, 2012

Statement 2

| Function/Programs | Program Revenues | | | Net (Expense) Revenues |
|--------------------------------------|------------------|---------------------------------|---|---------------------------|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating grants and contributions</u> | |
| Governmental activities: | \$ | | | |
| General government | 132,338 | 17,923 | | (114,415) |
| Protection | 150,766 | 10,952 | | (139,814) |
| Public works | 982,586 | 277 | 118,871 | (863,438) |
| Health and sanitation | 138,596 | 65,393 | 378 | (72,825) |
| Leisure services | 13,636 | | 8,751 | (4,885) |
| Special assessments | 1,128,631 | | | (1,128,631) |
| Cemeteries | 15,856 | 1,350 | | (14,506) |
| Social services | 31,848 | | 4,427 | (27,421) |
| Unclassified | 30,449 | | 19,187 | (11,262) |
| Total governmental activities | 2,624,706 | 95,895 | 151,614 | 0 |
| | | | | (2,377,197) |

| | <u>Governmental Activities</u> |
|-------------------------------|------------------------------------|
| Net (expense) / revenue | |
| General revenues: | |
| Property taxes | 1,400,740 |
| Excise taxes | 226,350 |
| Interest and costs on taxes | 15,479 |
| Intergovernmental: | |
| State revenue sharing | 110,763 |
| Homestead exemption | 23,809 |
| Tree growth | 14,964 |
| US Wildlife | 76 |
| Veterans reimbursement | 721 |
| BETE reimbursement | 394 |
| Miscellaneous | 3,192 |
| Unrestricted interest | 7,038 |
| Cable franchise fees | 9,763 |
| Total general revenues | 1,813,289 |
| Change in Net Assets | (563,908) |
| Net Assets - beginning | 7,557,481 |
| Net Assets - ending | 6,993,573 |

TOWN OF UNITY, MAINE
Balance Sheet
Governmental Funds
January 31, 2012

Statement 3

| ASSETS | General Fund | Total Governmental Funds |
|-----------------------------------|-----------------|--------------------------------|
| Cash | \$ 448,262 | \$ 448,262 |
| Cash certificate of deposit | 229,947 | 229,947 |
| Investments | 8,720 | 8,720 |
| Receivables | | |
| Taxes | 174,288 | 174,288 |
| Liens | 57,356 | 57,356 |
| Total Assets | 918,573 | 918,573 |
| LIABILITIES | | |
| Accounts payable | 4,758 | 4,758 |
| Deferred property taxes | 191,000 | 191,000 |
| Total Liabilities | 195,758 | 195,758 |
| FUND BALANCES | | |
| Fund Balances | | |
| Committed for capital purchases | 238,668 | 238,668 |
| Assigned revenues | 70,198 | 70,198 |
| Assigned expenditures | 52,594 | 52,594 |
| Unassigned | 361,355 | 361,355 |
| Total Fund Equity | 722,815 | 722,815 |
| Total Liabilities and Fund Equity | \$ 918,573 | \$ 918,573 |

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

| | |
|---|--------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 6,657,344 |
| Other long-term assets are not available to pay for current-periods expenditures and therefore are deferred in the funds. | 191,000 |
| Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds. | |
| Bonds payable | (577,586) |
| Net assets of governmental activities | \$ 6,993,573 |

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

TOWN OF UNITY, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended January 31, 2012

| | General <u>Fund</u> | Total Governmental <u>Funds</u> |
|---|------------------------|---------------------------------------|
| Revenues: | | |
| Taxes | \$ 1,642,569 | \$ 1,642,569 |
| Licenses and permits | 6,302 | 6,302 |
| Intergovernmental | 301,963 | 301,963 |
| Interest | 7,038 | 7,038 |
| Charges for services | 89,592 | 89,592 |
| Miscellaneous | 13,333 | 13,333 |
| Total Revenues | <u>2,060,797</u> | <u>2,060,797</u> |
| Expenditures: | | |
| Current: | | |
| General government | 132,338 | 132,338 |
| Protection | 136,844 | 136,844 |
| Public works | 486,287 | 486,287 |
| Health and sanitation | 138,596 | 138,596 |
| Leisure services | 13,636 | 13,636 |
| Special assessments | 1,128,631 | 1,128,631 |
| Cemeteries | 15,856 | 15,856 |
| Social services | 31,848 | 31,848 |
| Unclassified | 30,449 | 30,449 |
| Total Expenditures | <u>2,114,485</u> | <u>2,114,485</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(53,688)</u> | <u>(53,688)</u> |
| Net Change in fund balances | (53,688) | (53,688) |
| Fund Balances - beginning | 776,503 | 776,503 |
| Fund Balances - ending | <u>\$ 722,815</u> | <u>\$ 722,815</u> |

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, 2012

| | | |
|--|----|-----------|
| Net change in fund balances - total governmental funds | \$ | (53,688) |
| 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 | | (522,855) |
| | | |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets: | | |
| Note principal payments | | 12,635 |
| | | |
| Change in Net Assets of Governmental Activities | \$ | (563,908) |

Statement 6

TOWN OF UNITY, MAINE
Statement of Net Assets
Fiduciary Fund
January 31, 2012

| | | Private Purpose <u>Trust</u> <u>Fund</u> |
|------------------------------|----|---|
| ASSETS | | |
| Cash certificate of deposits | \$ | 6,606 |
| Investments | | 105,079 |
| Total Assets | | <u>111,685</u> |
| NET ASSETS | | |
| Held in Trust | | 111,685 |
| Total Net Assets | \$ | <u><u>111,685</u></u> |

Statement 7

TOWN OF UNITY, MAINE
Statement of Changes in Fiduciary Net Assets
For the Year Ended January 31, 2012

| | | Private Purpose <u>Trust Fund</u> |
|--------------------------------|----|---|
| Additions: | | |
| Investment income | \$ | 2,783 |
| Donations | | 643 |
| Total Additions | | 3,426 |
| Deductions: | | |
| Administration | | 1,466 |
| Scholarships | | 377 |
| Total Deductions | | 1,843 |
| Change in Net Assets | | 1,583 |
| Net Assets - beginning of year | | 110,102 |
| Net Assets - end of year | \$ | 111,685 |

TOWN OF UNITY, MAINE
Notes to Combined Financial Statements
January 31, 2012

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 assets and the statement of changes in net assets) 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 assets. 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 \$684,816. The bank balances for all funds totaled \$728,994. 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, 2012, all of the Town's deposits were insured or collateralized.

B. Investment

At January 31, 2012, the Town's investment balances were as follows:

| <u>Investment Type</u> | <u>Fund Type</u> | <u>Rating</u> | <u>Fair Value</u> |
|-----------------------------|------------------|---------------|-------------------|
| UBS Financial Services Inc. | | | |
| PACE Program | General Fund | N/A | \$ 8,720 8% |
| PACE Program | Trust Fund | N/A | 99,484 87% |
| NStar | Trust Fund | N/A | 3,774 3.32% |
| First Energy | Trust Fund | N/A | 1,431 1.26% |
| Navistar | Trust Fund | N/A | 390 0.34% |
| | | | <u>\$ 113,799</u> |

The Town does not have a formal investment policy. The UBS Financial Services Inc. PACE Program is 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 15, 2011, on the assessed value listed as of April 1, 2011, 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, 2011.

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, 2011 upon which the levy for the year ended January 31, 2012, was based, was \$127,960,600. 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 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 <u>2011</u> | <u>Increases</u> | <u>Decreases</u> | Balance January 31 <u>2012</u> |
|-------------------------------|--------------------------------------|---------------------|------------------|--------------------------------------|
| Assets not being depreciated | | | | |
| Land | \$ 140,963 | \$ | | \$ 140,963 |
| Assets being depreciated | | | | |
| Land improvements | 94,688 | | | 94,688 |
| Buildings | 915,336 | | | 915,336 |
| Equipment | 41,350 | | | 41,350 |
| Vehicles | 226,645 | | | 226,645 |
| Infrastructure | 19,645,812 | | | 19,645,812 |
| | <u>21,064,794</u> | <u>0</u> | <u>0</u> | <u>21,064,794</u> |
| Less accumulated depreciation | | | | |
| Land improvements | 7,066 | 1,817 | | 8,883 |
| Buildings | 151,934 | 24,226 | | 176,160 |
| Equipment | 41,350 | | | 41,350 |
| Vehicles | 216,979 | 5,667 | | 222,646 |
| Infrastructure | 13,467,264 | 491,145 | | 13,958,409 |
| | <u>13,884,593</u> | <u>522,855</u> | <u>0</u> | <u>14,407,448</u> |
| Capital Assets, net | \$ <u>7,180,201</u> | \$ <u>(522,855)</u> | \$ <u>0</u> | \$ <u>6,657,346</u> |
| Depreciation Expense: | | | | |
| Public safety | \$ 26,558 | | | |
| Public works | 496,297 | | | |
| | <u>\$ 522,855</u> | | | |

6. Long-term Debt

The following is a summary of long-term debt transactions of the Town for the year ended January 31, 2012:

| | |
|---|-------------------|
| <u>Long-term debt payable at February 1, 2011</u> | \$ 590,222 |
| Debt proceeds | |
| Debt Retired | (12,636) |
| Long-term debt payable at January 31, 2012 | <u>\$ 577,586</u> |
| Interest Paid | <u>25,821</u> |

Long-term debt payable at January 31, 2012 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 | 4.375% | 2037 | \$ 577,586 |
| | | | <u>\$ 577,586</u> |

The annual requirement to amortize all long-term debt outstanding as of January 31, 2012 are as follows:

| Year | Principal Payable | Interest Payable |
|-----------|-------------------|------------------|
| 2013 | 13,189 | 25,268 |
| 2014 | 13,766 | 24,691 |
| 2015 | 14,368 | 24,089 |
| 2016 | 14,996 | 23,460 |
| 2017 | 15,653 | 22,804 |
| 2018-2022 | 89,154 | 103,131 |
| 2023-2027 | 110,439 | 81,846 |
| 2028-2032 | 136,806 | 55,479 |
| 2033-2037 | 169,215 | 22,814 |

Total \$ 577,586 \$ 383,582

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, 2012, 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, 2012:

| | | |
|-----------------|----|---------------|
| Revenue sharing | \$ | 63,463 |
| Sale of lots | | 6,735 |
| Total | \$ | <u>70,198</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, 2011 | \$ | 429,354 |
| Increase (Decrease): | | |
| Actual over (under) budgeted revenues | | 50,875 |
| Actual under (over) budgeted expenditures | | (34,594) |
| Utilization per town vote | | <u>(84,280)</u> |
| Net Increase (Decrease) | | (67,999) |
| Balance - January 31, 2012 | \$ | <u>361,355</u> |

10. Capital Reserves

At January 31, 2012 the Capital Reserve fund equity consisted of the following.

| | | |
|----------------|----|----------------|
| Mills property | \$ | 2,193 |
| Recreation | | 1,418 |
| Fire truck | | 229,947 |
| Land sales | | <u>5,110</u> |
| Total | \$ | <u>238,668</u> |

9. Assigned Expenditures

Historically, the selectmen vote to carry certain departmental unexpended balances and/or overdrafts forward to the following year for

expenditure. This is usually in lieu of additional appropriations in any particular account. At January 31, 2012, the following operating account balances were carried forward:

| | | |
|----------------------------------|----|--------|
| Comprehensive planning committee | \$ | 516 |
| Officials salaries | | 7,263 |
| Constable | | 1,552 |
| Sand and salt shed | | 1,096 |
| Summer road | | 17,593 |
| Small community grant | | 15,000 |
| Cemetery | | 9,437 |
| Efficiency grant | | 137 |

Totals \$ 52,594

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, 2012, will not materially affect the financial condition of the Town.

12. Commitments

The Town of Unity has entered into a contract for the disposal of solid waste and recyclables. The contract is for five years with provision for an additional five years. The annual cost per year is \$44,592. The amount paid in the current fiscal year for these services was \$47,883.

The Town has entered into a contract for winter road maintenance. The contract for three years was extended for an additional two years. The annual cost per year is \$125,800. The amount paid in the current year for these services was \$125,800.

TOWN OF UNITY, MAINE
Budget Comparison Schedule
General Fund
For the year ended January 31, 2012

| | <u>Budgeted Amounts</u> | | | Variance with final budget positive (negative) |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | \$ | \$ | \$ | \$ |
| Taxes | 1,651,553 | 1,651,553 | 1,642,569 | (8,984) |
| Licenses and permits | | | 6,302 | 6,302 |
| Intergovernmental | 168,874 | 280,558 | 301,963 | 21,405 |
| Interest | | | 7,038 | 7,038 |
| Charges for services | 24,038 | 64,990 | 89,592 | 24,602 |
| Miscellaneous | 1,000 | 1,000 | 13,333 | 12,333 |
| Total revenues | <u>1,845,465</u> | <u>1,998,101</u> | <u>2,060,797</u> | <u>62,696</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 120,991 | 120,991 | 132,338 | (11,347) |
| Protection | 154,090 | 164,090 | 136,844 | 27,246 |
| Public works | 385,500 | 469,819 | 486,287 | (16,468) |
| Health and sanitation | 114,628 | 155,580 | 138,596 | 16,984 |
| Leisure services | 4,725 | 13,476 | 13,636 | (160) |
| Special assessments | 1,161,212 | 1,151,212 | 1,128,631 | 22,581 |
| Unclassified | 11,399 | 30,586 | 30,449 | 137 |
| Cemeteries | 24,200 | 24,200 | 15,856 | 8,344 |
| Social services | 26,190 | 30,617 | 31,848 | (1,231) |
| Total expenditures | <u>2,002,935</u> | <u>2,160,571</u> | <u>2,114,485</u> | <u>46,086</u> |
| Excess (deficiency) of revenues over (under expenditures) | <u>(157,470)</u> | <u>(162,470)</u> | <u>(53,688)</u> | <u>108,782</u> |
| Fund Balance - beginning of year | 776,503 | 776,503 | 776,503 | 0 |
| Fund Balance - ending of year | <u>\$ 619,033</u> | <u>\$ 614,033</u> | <u>\$ 722,815</u> | <u>\$ 108,782</u> |

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

February 6, 2012

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, 2012, which collectively comprise Town of Unity, Maine's basic financial statements and have issued my report thereon dated February 6, 2012. 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.

