

James W. Wadman

CERTIFIED PUBLIC ACCOUNTANT

James W. Wadman, C.P.A.
Ronald C. Bean, C.P.A.
Kellie M. Bowden, C.P.A.
Wanese L. Lynch, C.P.A.
Amy E. Atherton, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Selectmen
Town of Surry
Surry, ME 04684

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Surry, Maine (the Town) as of and for the fiscal year ended June 30, 2019, including 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Basis for Adverse Opinion on Discretely Presented Component Unit and Qualified Opinion on Aggregate Remaining Fund Information

The financial statements referred to above do not include financial data for the Town's legally separate component unit. Accounting principles generally accepted in the United States of America require financial data for the component unit to be reported with the financial data of the Town's primary government unless the Town also issues financial statements for

the financial reporting entity that include the financial data for its component unit. The Town has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, we are unable to determine the reporting amounts for the assets, liabilities, net position, revenues, and expenses of the discretely presented component unit. In addition, we are unable to determine the amount by which the assets, liabilities, fund balances, revenues, and expenditures of the aggregate remaining fund information would have increased.

Adverse Opinion on Discretely Presented Component Unit

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Discretely Presented Component Unit and Qualified Opinion on Aggregate Remaining Fund Information” paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the Town of Surry, Maine, as of June 30, 2019, or the changes in financial position thereof for the year then ended.

Qualified Opinion on Aggregate Remaining Fund Information

In our opinion, except for the matter described in the “Basis for Adverse Opinion on Discretely Presented Component Unit and Qualified Opinion on Aggregate Remaining Fund Information” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the Town of Surry, Maine, as of June 30, 2019, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Surry, Maine as of June 30, 2019, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information and schedules of historical pension and other post-employment benefit information on pages 4 through 8 and 32 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Surry, Maine’s financial statements. The combining and individual nonmajor fund financial statements and supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the State of Maine, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Respectfully Submitted,

James W. Wadman, C.P.A.

James W. Wadman, C.P.A.

December 5, 2019

TOWN OF SURRY, MAINE

(Exhibit A-1)

SCHEDULE OF DEPARTMENTAL OPERATIONS**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<i>Budget</i>	<i>Actual Expenditure</i>	<i>Transfers (In)/Out</i>	<i>Unexpended or (Overdraft)</i>
<u>Non Continuing Appropriation Accounts:</u>				
<u>General Government</u>				
Administration	\$202,155	\$202,656	\$973	(\$1,474)
Assessing	\$26,425	\$27,509		(\$1,084)
Planning Board & Board of Appeals	\$2,000	\$1,290	\$710	\$0
Code Enforcement	\$12,823	\$8,714	\$4,109	\$0
Municipal Building Operations	\$17,550	\$21,860		(\$4,310)
Municipal Capital Outlay	\$0	(\$661)	\$661	\$0
Conservation Commission	\$700	\$340		\$360
	<u>\$261,653</u>	<u>\$261,707</u>	<u>\$6,453</u>	<u>(\$6,507)</u>
<u>Public Safety</u>				
Fire Department Operations	\$42,560	\$35,107		\$7,453
Fire Department Equipment	\$16,000	\$14,902		\$1,098
Ambulance	\$21,376	\$13,876		\$7,500
Harbor Master	\$1,075	\$525		\$550
Animal Control Officer	\$4,800	\$4,858	(\$58)	\$0
911 Addressing	\$3,975	\$3,844		\$131
Street Lights	\$1,300	\$1,333		(\$33)
	<u>\$91,086</u>	<u>\$74,445</u>	<u>(\$58)</u>	<u>\$16,699</u>
<u>Public Works</u>				
Road Commissioner	\$8,925	\$9,452	(\$527)	\$0
Winter Roads	\$161,800	\$176,338	(\$14,538)	\$0
Town Roads & Bridges	\$59,300	\$60,892	(\$1,592)	\$0
Cutting Roadside Bushes	\$5,000	\$4,960	\$40	\$0
Road Reconstruction	\$20,000	\$0	\$20,000	\$0
Cemeteries	\$15,600	\$14,582		\$1,018
Septic Sludge Disposal	\$3,500	\$3,415		\$85
Solid Waste Transfer Station	\$113,487	\$113,139		\$348
	<u>\$387,612</u>	<u>\$382,778</u>	<u>\$3,383</u>	<u>\$1,451</u>
<u>Parks & Recreation</u>				
Recreation Programs	\$7,320	\$5,511		\$1,809
Memorial Park	\$3,800	\$3,735	\$65	\$0
Waterways	\$4,750	\$7,809	(\$3,059)	\$0
Alewife Committee	\$500	\$144	\$356	\$0
Osgood Lot	\$5,050	\$4,226		\$824
	<u>\$21,420</u>	<u>\$21,426</u>	<u>(\$2,638)</u>	<u>\$2,632</u>

TOWN OF SURRY, MAINE

(Exhibit A-1)

SCHEDULE OF DEPARTMENTAL OPERATIONS - CONTINUED**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual Expenditures</u>	<u>Transfers (In)/Out</u>	<u>Unexpended or (Overdraft)</u>
<u>Health & Human Services</u>				
General Assistance	\$6,000	\$4,276		\$1,724
Libraries	\$10,722	\$10,749		(\$27)
Community Service Agencies	\$9,779	\$9,779		\$0
Historical Society (Old Town Hall)	\$500	\$191		\$309
Age-Friendly Committee	\$0	\$167		(\$167)
Backpack Food Program	\$10,250	\$13,101	(\$2,851)	\$0
Old School House	\$30,240	\$8,449	\$21,791	\$0
	<u>\$67,491</u>	<u>\$46,712</u>	<u>\$18,940</u>	<u>\$1,839</u>
<u>Overlay</u>	\$40,228	\$0		\$40,228
<u>Assessments & Debt Service</u>				
County Tax	\$146,707	\$146,708		(\$1)
Long-Term Debt	\$40,000	\$50,274		(\$10,274)
Contingency	\$10,000	\$0		\$10,000
	<u>\$196,707</u>	<u>\$196,981</u>	<u>\$0</u>	<u>(\$274)</u>
<u>Totals</u>	<u>\$1,066,197</u>	<u>\$984,049</u>	<u>\$26,080</u>	<u>\$56,068</u>

TOWN OF SURRY, MAINE

(Exhibit A-2)

SCHEDULE OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Beginning Unassigned Fund Balance</u>		\$649,231
<u>Additions:</u>		
Lapsed Accounts (Exhibit A-1)	\$56,068	
Decrease in Unavailable Tax Revenue	\$2,687	
Appropriated Abatements	\$10,000	
Supplemental Taxes	\$35,473	
Interest Earned	\$42,185	
Interest on Delinquent Taxes	\$12,945	
Licenses, Permits & Fees	\$8,712	
Veteran's Reimbursement	\$964	
Other Revenues	<u>\$3,265</u>	
<u>Total Additions</u>		\$172,299
<u>Reductions:</u>		
Appropriated Revenues	\$125,000	
Abatements	<u>\$381</u>	
<u>Total Reductions</u>		<u>\$125,381</u>
<u>Ending Unassigned Fund Balance</u>		<u><u>\$696,149</u></u>

TOWN OF SURRY, MAINE

(Exhibit A-3)

SCHEDULE OF VALUATION, COMMITMENT AND COLLECTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Total Taxable Valuation</u>		\$314,327,300
Tax Rate per \$1,000 Valuation		<u>\$8.85</u>
<u>Tax Assessment</u>		\$2,781,797
<u>Collections and Adjustments:</u>		
Cash Collections	\$2,640,038	
Abatements Granted	\$381	
Supplemental Taxes	<u>(\$35,469)</u>	
<u>Total Collections and Adjustments</u>		<u>\$2,604,950</u>
<u>Uncollected Taxes June 30:</u>		<u><u>\$176,847</u></u>

TOWN OF SURRY, MAINE**SCHEDULE OF CHANGES IN DESIGNATED FUND BALANCES - GENERAL FUND****FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>7/1/2018 Balance</u>	<u>Revenue Appropriations</u>	<u>Interest Earned</u>	<u>Investment Gains/(Losses)</u>
<u>General Administration:</u>				
Legal Services	\$50,017			
Unified Development Ordinance	\$193			
Municipal Capital Outlay	\$162,209			\$6,895
Code Enforcement	\$0			
Tree Growth	\$0			
<u>Public Safety:</u>				
Fire Department Capital	\$190,398	\$10,000		\$8,329
Civil Emergency Preparedness	\$300			
Animal Control	\$5,714			
<u>Public Works:</u>				
Boat Excise	\$6,406			
State Road Assistance	\$46,687			\$968
Cemetery Capital Outlay	\$2,516			
Town Line	\$860			
Construction Project	\$41,093			
<u>Education:</u>				
Education	\$323,889	\$2,367,117	\$1,543	
School Operation Contingency	\$59,061		\$1,122	
<u>Parks & Recreation:</u>				
Recreation	\$5,556			
Memorial Park	\$4,688		\$74	
Waterfront Improvement Capital	\$5,484			
Patten Stream Fishway	\$1,158			
<u>Health & Human Services:</u>				
Old School House Project Contribution	\$1,494		\$15	
Old School House Capital Outlay	\$15,000		\$353	
Child Backpack Program	\$5,089		\$52	
<u>Other:</u>				
Excise Taxes	\$904,549			
Capital Improvements	\$14,475		\$275	
Flag Fund	\$324			
State Revenue Sharing	\$29,832			
Sinking Fund - Long-Term Debt	\$0	\$17,500		
<u>Totals</u>	<u>\$1,876,992</u>	<u>\$2,394,617</u>	<u>\$3,434</u>	<u>\$16,191</u>

<i>Other Revenues</i>	<i>Total Available</i>	<i>Transfers In/(Out)</i>	<i>Expenditures</i>	<i>Expenditure Appropriations</i>	<i>6/30/2019 Balance</i>
	\$50,017	\$973		\$18,500	\$32,489
	\$193	\$710			\$903
	\$169,104	\$661			\$169,765
\$4,498	\$4,498	\$4,109		\$7,200	\$1,407
\$19,909	\$19,909			\$15,325	\$4,584
\$79,000	\$287,727		\$79,000		\$208,727
	\$300				\$300
\$607	\$6,321	(\$58)		\$1,250	\$5,013
\$4,758	\$11,165			\$5,825	\$5,340
\$28,488	\$76,142			\$20,000	\$56,142
\$70	\$2,586				\$2,586
	\$860				\$860
	\$41,093		\$41,093		\$0
\$279,837	\$2,972,386		\$2,546,236		\$426,150
	\$60,183				\$60,183
\$855	\$6,411				\$6,411
	\$4,762	\$65			\$4,827
	\$5,484	(\$3,059)			\$2,425
	\$1,158	\$356		\$500	\$1,014
\$6,800	\$8,309	\$21,791		\$30,000	\$100
	\$15,353				\$15,353
\$21,545	\$26,687	(\$2,851)		\$10,250	\$13,585
\$336,190	\$1,240,739	\$3,383		\$402,312	\$841,810
	\$14,750				\$14,750
	\$324				\$324
\$30,460	\$60,292			\$2,000	\$58,292
	\$17,500				\$17,500
<u>\$813,017</u>	<u>\$5,104,251</u>	<u>\$26,080</u>	<u>\$2,666,329</u>	<u>\$513,162</u>	<u>\$1,950,840</u>

TOWN OF SURRY, MAINE

(Exhibit A-6)

COMBINED BALANCE SHEET - PERMANENT FUNDS**JUNE 30, 2019**

	<u>Good Citizen- ship Award</u>	<u>Ministerial School Trust</u>	<u>Cemetery Trust</u>	<u>Jordan Trust</u>	<u>Adams Book Trust</u>	<u>Bicentennial Scholarship</u>	<u>Total 2019</u>	<u>2018</u>
<u>Assets</u>								
Cash & Cash Equivalents	\$2,034	\$6,336	\$16,828				\$25,198	\$24,724
Investments, at Fair Market Value				\$188,448	\$59,882	\$20,498	\$268,829	\$256,215
Due from Other Funds			\$1,655				\$1,655	\$1,375
<u>Total Assets</u>	<u>\$2,034</u>	<u>\$6,336</u>	<u>\$18,483</u>	<u>\$188,448</u>	<u>\$59,882</u>	<u>\$20,498</u>	<u>\$295,682</u>	<u>\$282,314</u>
<u>Fund Balances</u>								
Restricted	\$1,909	\$1,595	\$19,285	\$109,922	\$45,720	\$16,996	\$195,427	\$193,329
Unrestricted	\$125	\$4,741	(\$802)	\$78,526	\$14,163	\$3,502	\$100,255	\$88,985
<u>Total Fund Balances</u>	<u>\$2,034</u>	<u>\$6,336</u>	<u>\$18,483</u>	<u>\$188,448</u>	<u>\$59,882</u>	<u>\$20,498</u>	<u>\$295,682</u>	<u>\$282,314</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$2,034</u>	<u>\$6,336</u>	<u>\$18,483</u>	<u>\$188,448</u>	<u>\$59,882</u>	<u>\$20,498</u>	<u>\$295,682</u>	<u>\$282,314</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SURRY, MAINE

(Exhibit A-7)

COMBINED STATEMENT OF REVENUES, EXPENSES & CHANGES**IN FUND BALANCE - PERMANENT FUNDS****FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Good Citizen- ship Award</u>	<u>Ministerial School Trust</u>	<u>Cemetery Trust</u>	<u>Jordan Trust</u>	<u>Adams Book Trust</u>	<u>Bicentennial Scholarship</u>	<u>Total 2019</u>	<u>2018</u>
<u>Revenues:</u>								
Perpetual Care			\$280				\$280	\$0
Investment Earnings, net of Fees	\$38	\$119	\$316	\$4,333	\$1,331	\$452	\$6,589	\$6,047
Investment Gains (Losses)				\$6,067	\$1,921	\$627	\$8,616	\$3,971
Increase (Decrease) in Fair Market Value				\$8,614	\$2,642	\$906	\$12,163	\$183
<u>Total Revenue</u>	<u>\$38</u>	<u>\$119</u>	<u>\$596</u>	<u>\$19,015</u>	<u>\$5,894</u>	<u>\$1,985</u>	<u>\$27,647</u>	<u>\$10,201</u>
<u>Expenses:</u>								
Scholarships/Books				\$9,500	\$2,699		\$12,199	\$4,000
Bank Charges/Fees				\$1,473	\$453	\$153	\$2,080	\$2,049
<u>Total Expenses</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,973</u>	<u>\$3,153</u>	<u>\$153</u>	<u>\$14,279</u>	<u>\$6,049</u>
<u>Excess Revenue over Expenses</u>	<u>\$38</u>	<u>\$119</u>	<u>\$596</u>	<u>\$8,041</u>	<u>\$2,741</u>	<u>\$1,831</u>	<u>\$13,368</u>	<u>\$4,152</u>
<u>Beginning Fund Balance</u>	<u>\$1,996</u>	<u>\$6,217</u>	<u>\$17,887</u>	<u>\$180,407</u>	<u>\$57,141</u>	<u>\$18,667</u>	<u>\$282,314</u>	<u>\$278,162</u>
<u>Ending Fund Balance</u>	<u>\$2,034</u>	<u>\$6,336</u>	<u>\$18,483</u>	<u>\$188,448</u>	<u>\$59,882</u>	<u>\$20,498</u>	<u>\$295,682</u>	<u>\$282,314</u>
<u>Analysis of Fund Balance:</u>								
Nonexpendable Principal - Beg of Year	\$1,909	\$1,595	\$19,005	\$109,922	\$44,360	\$16,538	\$193,329	\$192,752
Additions (Reductions) to Principal			\$280		\$1,360	\$458	\$2,098	\$576
Nonexpendable Principal - End of Year	\$1,909	\$1,595	\$19,285	\$109,922	\$45,720	\$16,996	\$195,427	\$193,329
Expendable	\$125	\$4,741	(\$802)	\$78,526	\$14,163	\$3,502	\$100,255	\$88,985
<u>Total Fund Balance</u>	<u>\$2,034</u>	<u>\$6,336</u>	<u>\$18,483</u>	<u>\$188,448</u>	<u>\$59,882</u>	<u>\$20,498</u>	<u>\$295,682</u>	<u>\$282,314</u>

The Notes to the Financial Statements are an Integral Part of this Statement.