

Audited Financial Statements and  
Other Financial Information

**Blue Hill/Surry Transfer Station**

December 31, 2022



*Proven Expertise & Integrity*

BLUE HILL/SURRY TRANSFER STATION

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DECEMBER 31, 2022

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BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
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## INDEPENDENT AUDITOR'S REPORT

Members of the Solid Waste Committee  
Blue Hill/Surry Transfer Station  
Blue Hill, Maine

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities and each major fund of the Blue Hill/Surry Transfer Station as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Blue Hill/Surry Transfer Station's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Blue Hill/Surry Transfer Station as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Blue Hill/Surry Transfer Station and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Blue Hill/Surry Transfer Station's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Blue Hill/Surry Transfer Station's ability to continue as a going concern for a reasonable period of time.

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

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 31 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.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2023, on our consideration of the Blue Hill/Surry Transfer Station's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Blue Hill/Surry Transfer Station's internal control over financial reporting and compliance.



Buxton, Maine  
November 6, 2023

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

**(UNAUDITED)**

The following management's discussion and analysis of Blue Hill/Surry Transfer Station's financial performance provides an overview of the Transfer Station's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the Transfer Station's financial statements.

**Financial Statement Overview**

The Transfer Station's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule and other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Transfer Station's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Transfer Station's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have one column for the Transfer Station's activity. The type of activity presented for the Transfer Station is:

- *Governmental activities* - The activities in this section are mostly supported by assessments and charges for services. All of the Transfer Station's basic services are reported in governmental activities, which include wages and benefits, transportation and tipping fees, repairs and maintenance, telephone and utilities, administrative costs, engineering, other professional fees, supplies and other.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Transfer Station, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Transfer Station can be divided into one category: governmental funds.

*Governmental funds:* All of the basic services provided by the Transfer Station are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Transfer Station's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Transfer Station.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.



The Transfer Station presents one column in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Transfer Station's major governmental fund is the general fund. There are no nonmajor funds.

The general fund is the only fund for which the Transfer Station legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund.

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the Transfer Station's governmental activities. The Transfer Station's total net position increased by \$160,236 from \$1,263,135 to \$1,423,371.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased by \$174,721 to a balance of \$585,725 at the end of this year.

**Table 1**  
**Blue Hill/Surry Transfer Station**  
**Net Position**  
**December 31,**

	<b>2022</b>	<b>2021 (Restated)</b>
<b>Assets:</b>		
Current Assets	\$ 881,136	\$ 713,405
Noncurrent Assets - Capital Assets	543,524	579,678
Total Assets	1,424,660	1,293,083
<b>Liabilities:</b>		
Current Liabilities	459	29,118
Total Liabilities	459	29,118
<b>Deferred Inflows of Resources:</b>		
Deferred Revenue	830	830
Total Deferred Inflows of Resources	830	830
<b>Net Position:</b>		
Net Investment in Capital Assets	543,524	579,678
Restricted	294,122	272,453
Unrestricted	585,725	411,004
Total Net Position	\$ 1,423,371	\$ 1,263,135

### Revenues and Expenses

Revenues for the Transfer Station's governmental activities increased by 21.81%, while total expenses increased by 3.70%. The largest increase in revenues was in Town assessments while the largest increase in expenses was in transportation and tipping fees.

**Table 2**  
**Blue Hill/Surry Transfer Station**  
**Change in Net Position**  
**For the Years Ended December 31,**

	<b>2022</b>	<b>2021</b>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 231,290	\$ 205,703
<i>General Revenues:</i>		
Town assessments	805,443	642,844
Grants and contributions not restricted to specific programs	46,568	40,000
Miscellaneous	2,583	2,938
Total Revenues	1,085,884	891,485
<b>Expenses</b>		
Wages and benefits	160,899	158,076
Transportation and tipping fees	640,639	616,745
Repairs and maintenance	25,494	36,641
Telephone and utilities	9,002	7,444
Administrative costs	3,302	8,045
Engineering	12,965	11,330
Other professional fees	27,770	15,368
Supplies	1,300	2,014
Other	8,123	561
Depreciation	36,154	36,373
Total Expenses	925,648	892,597
Change in Net Position	160,236	(1,112)
Net Position - January 1, Restated	1,263,135	1,264,247
Net Position - December 31	\$ 1,423,371	\$ 1,263,135

**Financial Analysis of the Transfer Station's Fund Statements**

*Governmental funds:* The financial reporting focus of the Transfer Station's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Transfer Station's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

**Table 3**  
**Blue Hill/Surry Transfer Station**  
**Fund Balances - Governmental Funds**  
**December 31,**

	<u>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Restricted	\$ 294,122	\$ 272,453	\$ 21,669
Assigned	389,702	389,702	-
Unassigned	195,514	21,302	174,212
Total Major Funds	<u>\$ 879,847</u>	<u>\$ 683,457</u>	<u>\$ 195,881</u>

The changes to total fund balance for the general fund occurred due to the regular activity of operations.

**Budgetary Highlights**

There was no difference between the original and final budget for the general fund.

The general fund actual revenues exceeded budgeted amounts by \$44,734. All revenue categories were in excess of budgeted amounts with the exception of intergovernmental - Town assessments, charges for services - demolition and miscellaneous revenues.

The general fund actual expenditures were under budgeted amounts by \$151,656. All expenditure categories were under budgeted amounts.

## Capital Asset and Debt Administration

### Capital Assets

As of December 31, 2022, the net book value of capital assets recorded by the Town decreased by \$36,154 from the prior year. This is a result of current year depreciation.

**Table 4**  
**Blue Hill/Surry Transfer Station**  
**Capital Assets (Net of Depreciation)**  
**December 31,**

	<u>2022</u>	<u>2021</u> <u>(Restated)</u>
Land	\$ 27,303	\$ 27,303
Buildings and Improvements	401,303	429,371
Machinery and Equipment	<u>114,918</u>	<u>123,004</u>
Total	<u>\$ 543,524</u>	<u>\$ 579,678</u>

### Debt

At December 31, 2022, the Transfer Station had no long-term debt.

### Currently Known Facts, Decisions or Conditions

#### Economic Factors and Next Year's Budgets and Rates

The Transfer Station's unassigned fund balance is at a level to sustain government operations for a period of approximately three months, while also maintaining reserve funds for capital needs.

### Contacting the Transfer Station's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Transfer Station's finances and to show the Transfer Station's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Transfer Station Treasurer's Office at 18 Union Street, Blue Hill, Maine 04614.

## BLUE HILL/SURRY TRANSFER STATION

STATEMENT OF NET POSITION  
DECEMBER 31, 2022

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 873,614
Accounts receivable (net of allowance for uncollectibles):	
Other	7,013
Prepaid items	<u>509</u>
Total current assets	<u>881,136</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	27,303
Buildings and vehicles, net of accumulated depreciation	<u>516,221</u>
Total noncurrent assets	<u>543,524</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,424,660</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accrued expenses	\$ 169
Due to other governments	<u>290</u>
Total current liabilities	<u>459</u>
<b>TOTAL LIABILITIES</b>	<u>459</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenues	<u>830</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>830</u>
<b>NET POSITION</b>	
Net investment in capital assets	543,524
Restricted	294,122
Unrestricted	<u>585,725</u>
<b>TOTAL NET POSITION</b>	<u>1,423,371</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 1,424,660</u></u>

See accompanying independent auditor's report and notes to financial statements.

BLUE HILL/SURRY TRANSFER STATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Wages and benefits	\$ 160,899	\$ -	\$ -	\$ -	\$ (160,899)
Transportation and tipping fees	640,639	231,290	-	-	(409,349)
Repairs and maintenance	25,494	-	-	-	(25,494)
Telephone and utilities	9,002	-	-	-	(9,002)
Administrative costs	3,302	-	-	-	(3,302)
Engineering	12,965	-	-	-	(12,965)
Other professional fees	27,770	-	-	-	(27,770)
Supplies	1,300	-	-	-	(1,300)
Other	8,123	-	-	-	(8,123)
Depreciation	36,154	-	-	-	(36,154)
Total governmental activities	<u>\$ 925,648</u>	<u>\$ 231,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(694,358)</u>

STATEMENT B (CONTINUED)  
BLUE HILL/SURRY TRANSFER STATION

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(694,358)</u>
General revenues:	
Town assessments	805,443
Grants and contributions not restricted to specific programs	46,568
Miscellaneous	<u>2,583</u>
Total general revenues	<u>854,594</u>
Change in net position	160,236
NET POSITION - JANUARY 1, RESTATED	<u>1,263,135</u>
NET POSITION - DECEMBER 31	<u><u>\$ 1,423,371</u></u>

See accompanying independent auditor's report and notes to financial statements.



## BLUE HILL/SURRY TRANSFER STATION

BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2022

	General Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 873,614	\$ 873,614
Accounts receivable (net of allowance for uncollectibles):		
Other	7,013	7,013
Prepaid items	509	509
<b>TOTAL ASSETS</b>	<u>\$ 881,136</u>	<u>\$ 881,136</u>
<b>LIABILITIES</b>		
Accrued expenses	\$ 169	\$ 169
Due to other governments	290	290
<b>TOTAL LIABILITIES</b>	<u>459</u>	<u>459</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenues	830	830
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>830</u>	<u>830</u>
<b>FUND BALANCES</b>		
Nonspendable	509	509
Restricted	294,122	294,122
Committed	-	-
Assigned	389,702	389,702
Unassigned	195,514	195,514
<b>TOTAL FUND BALANCES</b>	<u>879,847</u>	<u>879,847</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 881,136</u>	<u>\$ 881,136</u>

See accompanying independent auditor's report and notes to financial statements.

BLUE HILL/SURRY TRANSFER STATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2022

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 879,847
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	<u>543,524</u>
Net position of governmental activities	<u><u>\$ 1,423,371</u></u>

See accompanying independent auditor's report and notes to financial statements.

## BLUE HILL/SURRY TRANSFER STATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>
REVENUES		
Town assessments	\$ 805,443	\$ 805,443
Intergovernmental revenues	46,568	46,568
Charges for services	231,290	231,290
Miscellaneous revenues	2,583	2,583
TOTAL REVENUES	<u>1,085,884</u>	<u>1,085,884</u>
EXPENDITURES		
Current:		
Wages and benefits	160,899	160,899
Transportation and tipping fees	640,639	640,639
Repairs and maintenance	25,494	25,494
Telephone and utilities	9,002	9,002
Administrative costs	3,302	3,302
Engineering	12,965	12,965
Other professional fees	27,770	27,770
Supplies	1,300	1,300
Other	8,123	8,123
TOTAL EXPENDITURES	<u>889,494</u>	<u>889,494</u>
NET CHANGE IN FUND BALANCES	196,390	196,390
FUND BALANCES - JANUARY 1	<u>683,457</u>	<u>683,457</u>
FUND BALANCES - DECEMBER 31	<u>\$ 879,847</u>	<u>\$ 879,847</u>

See accompanying independent auditor's report and notes to financial statements.

BLUE HILL/SURRY TRANSFER STATION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 196,390</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocated those expenditures over the life of the assets:	
Depreciation expense	<u>(36,154)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 160,236</u></u>

See accompanying independent auditor’s report and notes to financial statements.

BLUE HILL/SURRY TRANSFER STATION

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

Blue Hill/Surry Transfer Station was formed in 1984 by joint resolution of the Towns of Blue Hill and Surry providing for the establishment and operation of solid waste disposal facilities. The Transfer Station is governed by a Solid Waste Committee consisting of three selectboard members from each town. Capital expenditures and operating expenses of the Transfer Station are paid by five towns (Blue Hill, Surry, Sedgwick, Brooksville and Brooklin) in the proportion defined by the license agreement amongst the participating towns.

The Transfer Station'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).

The Transfer Station's combined financial statements include all accounts and all operations of the Transfer Station. We have determined that the Transfer Station has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

**Implementation of New Accounting Standards**

During the year ended December 31, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 98 "The Annual Comprehensive Financial Report". This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

The Transfer Station's basic financial statements include both government-wide (reporting the Transfer Station as a whole) and fund financial statements (reporting the Transfer Station's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All activities of the Transfer Station are categorized as governmental.

BLUE HILL/SURRY TRANSFER STATION

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Transfer Station's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Transfer Station first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Transfer Station's functions (wages and benefits, tipping fees, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (assessments, charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (assessments, certain intergovernmental revenues and charges for services, etc.).

The Transfer Station does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Transfer Station as an entity and the change in the Transfer Station's net position resulting from the current year's activities.

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

The financial transactions of the Transfer Station are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Transfer Station:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Transfer Station:

BLUE HILL/SURRY TRANSFER STATION

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Fund:

- a. The General Fund is the general operating fund of the Transfer Station. It is used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental activity category. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The Transfer Station has no nonmajor funds.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

BLUE HILL/SURRY TRANSFER STATION

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Budget**

The Transfer Station's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Transfer Station prepares a budget for the fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Committee was called for the purpose of adopting the proposed budget.
3. The budget was adopted subsequent to passage by the Committee of the Transfer Station.

**Deposits and Investments**

The Transfer Station's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Transfer Station's policy to value investments at fair value. None of the Transfer Station's investments are reported at amortized cost. The Transfer Station is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

**Receivables**

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible



BLUE HILL/SURRY TRANSFER STATION

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accounts is estimated to be \$0 as of December 31, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$7,013 for the year ended December 31, 2022.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Equipment	5 - 10 years

BLUE HILL/SURRY TRANSFER STATION

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Long-term Obligations**

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The Transfer Station currently has no long-term obligations.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Transfer Station or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balances**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Transfer Station is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

BLUE HILL/SURRY TRANSFER STATION

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a Town meeting vote by both the Towns of Blue Hill and the Town of Surry and does not lapse at year end.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given by the Solid Waste Committee.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Transfer Station considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Transfer Station considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Solid Waste Committee meeting vote has provided otherwise in its commitment or assignment actions.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Transfer Station currently has no deferred outflows of resources.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet and the

BLUE HILL/SURRY TRANSFER STATION

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided; operating or capital grants and contributions, including special assessments).

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Transfer Station does not utilize encumbrance accounting for its general fund.

**Use of Estimates**

During the preparation of the Transfer Station's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Transfer Station consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Transfer Station funds.

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Transfer Station will not be able to recover its deposits. The Transfer Station does not have a policy covering custodial credit risk for deposits. However, the Transfer Station maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

BLUE HILL/SURRY TRANSFER STATION

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At December 31, 2022, the Transfer Station's cash balances amounting to \$873,614 were comprised of bank deposits of \$956,652. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Transfer Station's cash balance. \$250,000 of these bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk. The remaining \$706,652 in deposits was collateralized by the financial institution in the Transfer Station's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	<u>\$ 956,652</u>

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Transfer Station will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Transfer Station does not have a policy for custodial credit risk for investments; however, the Transfer Station seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers.

At December 31, 2022, the Transfer Station had no investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Transfer Station does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

Credit risk - Statutes for the State of Maine authorize the Transfer Station to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Transfer Station does not have an investment policy on credit risk.

BLUE HILL/SURRY TRANSFER STATION

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 3 - CAPITAL ASSETS

A summary of capital assets for the year ended December 31, 2022 is as follows:

	Balance, 1/1/22 (Restated)	Additions	Disposals	Balance, 12/31/22
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 27,303	\$ -	\$ -	\$ 27,303
Depreciated assets:				
Buildings and improvements	900,633	-	-	900,633
Machinery and equipment	306,652	-	-	306,652
	1,207,285			1,207,285
Less: accumulated depreciation	(654,910)	(36,154)	-	(691,064)
	552,375	(36,154)	-	516,221
Net capital assets	<u>\$ 579,678</u>	<u>\$ (36,154)</u>	<u>\$ -</u>	<u>\$ 543,524</u>

NOTE 4 - RESTRICTED NET POSITION AND FUND BALANCE

The Transfer Station had the following restricted net position and fund balance at June 30, 2022:

Closing	<u>\$ 294,122</u>
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NOTE 5 - ASSIGNED FUND BALANCES

The Transfer Station has the following assigned fund balances at June 30, 2022:

Reserves	
Equipment purchases	\$ 120,232
Capital improvements	269,470
	<u>\$ 389,702</u>

## BLUE HILL/SURRY TRANSFER STATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

#### NOTE 6 - RISK MANAGEMENT

The Transfer Station is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which it carries municipal and commercial insurance.

Based on the coverage provided by the insurance purchased, the Transfer Station is not aware of any material actual or potential claim liabilities which should be recorded as of December 31, 2022. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

#### NOTE 7 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Transfer Station's financial position.

#### NOTE 8 - JOINT VENTURE

The Transfer Station is a member of a non-profit corporation, the Municipal Review Committee, Inc. (MRC), whose mission is to ensure the continuing availability of long-term, reliable, safe and environmentally sound methods of solid waste disposal. Per communications from the MRC, members' proportionate interests in the net position of the MRC vary from year to year based on a variety of factors, including relative tonnage amounts from various sources. MRC's draft preliminary audit for the eighteen-month period ending December 31, 2020 sets the value of the Transfer Station's share of the MRC's net position at \$323,793. This reflects two major markdowns: the complete write-off of the loan to Coastal Resources, former operator of the Fiberight facility, of \$1.5 million; and the markdown of the value of the Hampden site where the Fiberight facility is located as a result of MRC's transfer of the access road and other infrastructure to the Town of Hampden. The net position values for members as of the end of 2022 have not been calculated.

As of March 31, 2018, the waste disposal contract between MRC and Penobscot Energy Recovery Company (PERC) expired. As a result of this expiring contract and negotiated agreement, MRC no longer has ownership interest in PERC as of March 31, 2018.

In September 2016, in anticipation of the end of the PERC contract, the Towns of Blue Hill and Surry, as the owners of the Transfer Station, signed a new "Municipal Joinder Agreement" with MRC, as did 100+ other member towns. This Agreement committed the Transfer Station to send its solid waste to a new facility to be developed by Fiberight, LLC. in Hampden, or as otherwise directed by MRC, for 15 years after the

## BLUE HILL/SURRY TRANSFER STATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

#### NOTE 8 - JOINT VENTURE (CONTINUED)

facility began commercial operation, which occurred on November 1, 2019. The commitment was thus to run until November 1, 2034. The Fiberright plant closed in 2020 for financial reasons and since then, per MRC's direction, the Transfer Station's solid waste has been delivered to the PERC facility in Orrington or to the Juniper Ridge landfill in Old Town. Bondholders and MRC are working to find a new owner/operator for the Hampden facility. To increase the facility's attractiveness to a new owner/ operator, in 2020 the MRC Board used a "Fundamental Matter" provision in its by-laws to extend the time that its members' trash is committed to the facility to 15 years from the date that a new owner/operator begins commercial operations, which date as of December 31, 2022 is unknown.

#### NOTE 9 - LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

State and Federal laws and regulations require the Transfer Station to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The term for the monitoring obligation is open-ended, but the maintenance obligation is in perpetuity.

During 2015, the Transfer Station stopped accepting waste and performed closure procedures. Over a number of years, prior to the closure, money from Transfer Station budget surpluses was added to a closure reserve fund to pay for the costs of the closure. Those funds were used for that purpose. The State of Maine, through its Department of Environmental Protection (DEP), agreed to reimburse the Transfer Station for 75% of those costs. The reimbursement total was \$211,669, with payments made quarterly by the State, beginning in 2017. As of December 31, 2022, there was no outstanding balance of reimbursement. As confirmed by DEP, the State reimbursement funds are unrestricted as to their use.

#### NOTE 10 - RESTATEMENT

In 2022, the Transfer Station determined that certain transactions had, prior to January 1, 2022, been recorded incorrectly or omitted. The capital asset balance was restated by a decrease of \$5,182 from \$584,860 to \$579,678 to record depreciation. The governmental activities beginning net position was decreased by \$5,183 from \$1,268,318 to 1,263,135 for the change in accumulated depreciation and a rounding error.



## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund

## BLUE HILL/SURRY TRANSFER STATION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1	\$ 683,457	\$ 683,457	\$ 683,457	\$ -
Resources (Inflows):				
Intergovernmental revenues:				
Town assessments	807,950	807,950	805,443	(2,507)
MRC	16,700	16,700	21,752	5,052
Other	-	-	24,816	24,816
Charges for services:				
Recycling	37,450	37,450	60,358	22,908
Demolition	172,000	172,000	165,648	(6,352)
White goods	2,000	2,000	1,765	(235)
Burn pile	3,000	3,000	3,519	519
Interest	2,000	2,000	2,574	574
Miscellaneous revenues	50	50	9	(41)
Amounts Available for Appropriation	<u>1,724,607</u>	<u>1,724,607</u>	<u>1,769,341</u>	<u>44,734</u>
Charges to Appropriations (Outflows):				
Wages and benefits	214,700	214,700	160,899	53,801
Transportation and tipping fees	710,400	710,400	640,639	69,761
Repairs and maintenance	31,500	31,500	25,494	6,006
Telephone and utilities	10,000	10,000	9,002	998
Administrative costs	8,100	8,100	3,302	4,798
Engineering	17,500	17,500	12,965	4,535
Other professional fees	30,750	30,750	27,770	2,980
Supplies	4,200	4,200	1,300	2,900
Other	14,000	14,000	8,123	5,877
Total Charges to Appropriations	<u>1,041,150</u>	<u>1,041,150</u>	<u>889,494</u>	<u>151,656</u>
Budgetary Fund Balance, December 31	<u>\$ 683,457</u>	<u>\$ 683,457</u>	<u>\$ 879,847</u>	<u>\$ 196,390</u>

See accompanying independent auditor's report and notes to financial statements.



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S 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

Members of the Solid Waste Committee  
Blue Hill/Surry Transfer Station  
Blue Hill, Maine

We have audited, 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, the financial statements of the governmental activities and each major fund of Blue Hill/Surry Transfer Station as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise Blue Hill/Surry Transfer Station's basic financial statements and have issued our report thereon dated November 6, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Blue Hill/Surry Transfer Station's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Blue Hill/Surry Transfer Station's internal control. Accordingly, we do not express an opinion on the effectiveness of Blue Hill/Surry Transfer Station's internal control.

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. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

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

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
November 6, 2023