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## Town of Northport, Maine

June 30, 2018

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# **Independent Auditors' Report**

**To the Selectboard  
Town of Northport  
Northport, Maine**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Northport, Maine, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

## **Management's Responsibility for the Financial Statements**

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

## **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Northport School Department's general fund, fiduciary fund (agency fund - student activity accounts) and other governmental funds (special revenue and capital projects funds), which represent 31%, 17%, and 59%, respectively, of the assets, fund balances/net position, and revenues of the Town of Northport, Maine. Those statements were audited by other auditors whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the general fund and other governmental funds, is based solely on the report of the other auditors. 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 from 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 opinion.

## **Opinions**

In our opinion, based on our audit and the report of other auditors, 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 Northport, Maine, as of June 30, 2018, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, the Schedule of the Town's Proportionate Share of the Net Pension Liability, the Schedule of the Town's Pension Contributions, the Schedule of the Town's Proportionate Share of the MEPERS Plan Net OPEB Liability, the Schedule of Changes in the Town's Total MMEHT Plan OPEB Liability and Related Ratios, and the Notes to the Schedules, as noted in the table of contents, 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Northport, Maine's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Professional Association

**Portland, Maine  
January 11, 2019**



# Town of Northport

16 Beech Hill Road  
(207) 338-3819

• Northport, Maine 04849  
• (207) 338-3596 (Fax)

[www.northportmaine.org](http://www.northportmaine.org)

*A community of neighbors, a tradition of caring since 1796.*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Northport's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2018. Please read it in conjunction with the Town's financial statements.

### Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented next. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

### Reporting the Town as a Whole

#### The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the Town's finances is, "Is the Town as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and the current year change in net position. You can think of the Town's net position - the difference between assets (and deferred outflows) and liabilities (and deferred inflows) - as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

The Statement of Activities reports the current year change in net position. This statement includes all of the current year's revenues and expenses regardless of when cash is received or paid.

- Governmental activities - Most of the Town's basic services are reported here, including the fire protection, general administration, road maintenance, funding of education, county tax payments, cemetery care, health and sanitation, and recreation. Property and excise taxes, state and federal grants, and miscellaneous reimbursements and fees finance most of these activities.

**Reporting the Town's Most Significant Funds Fund Financial Statements**

Our analysis of the Town's major funds begins with the fund financial statements on page 6 and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law. However, the Selectboard establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's funds-governmental accounting approach is as follows:

- Governmental funds - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation on pages 7 and 9.

**THE TOWN AS A WHOLE**

For the years ended June 30, 2018 and 2017, net position changed as follows:

	<b>2018</b>	<b>2017</b>
<b>Governmental Activities</b>		
Beginning net position	\$ 7,714,669	\$ 7,187,606
Prior period adjustments	95,056	58,682
Increase (decrease) in net position	<u>213,659</u>	<u>468,381</u>
Ending net position	<u>\$ 8,023,384</u>	<u>\$ 7,714,669</u>

That reflects an increase of 3% for governmental activities in 2018 (after the prior period adjustments).

The Town as a whole is doing well. The prior period adjustments is mostly attributed to school pensions yet to be expended.

## Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Town's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

General government	Building permits, planning board receipts, tax interest and charges, and fines
Health and sanitation	Landfill receipts and transfer station reimbursements
Public works	Local road assistance

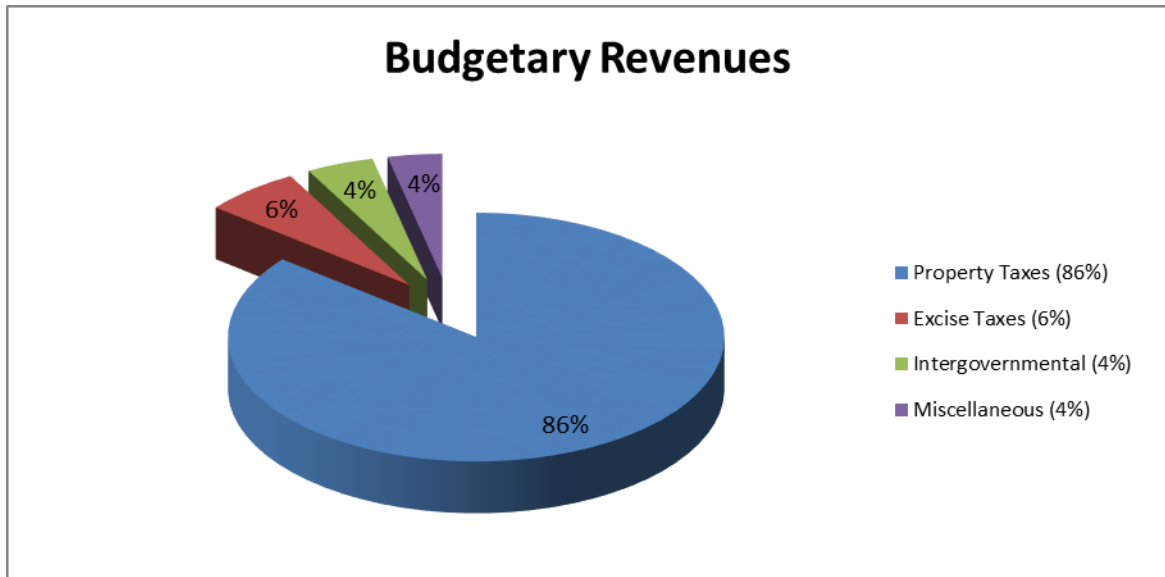
All other governmental revenues are reported as miscellaneous. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

## THE TOWN'S FUNDS

The following schedule presents a summary of general fund revenues and expenditures on a budgetary basis for the fiscal years ended June 30, 2018 and 2017, and the amount and percentage of increases and decreases in relation to the prior year.

<u>Revenue</u>	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u> <u>from 2017</u>	<u>%</u> <u>Increase</u> <u>(Decrease)</u>
Property taxes	\$ 4,271,730	\$ 4,196,643	\$ 75,087	1.8%
Excise taxes	314,340	294,042	20,298	6.9%
Intergovernmental	219,306	327,448	(108,142)	(33.0%)
Miscellaneous	176,970	129,789	47,181	36.4%
Total Revenue	<u>\$ 4,982,346</u>	<u>\$ 4,947,922</u>	<u>\$ 34,424</u>	<u>0.7%</u>

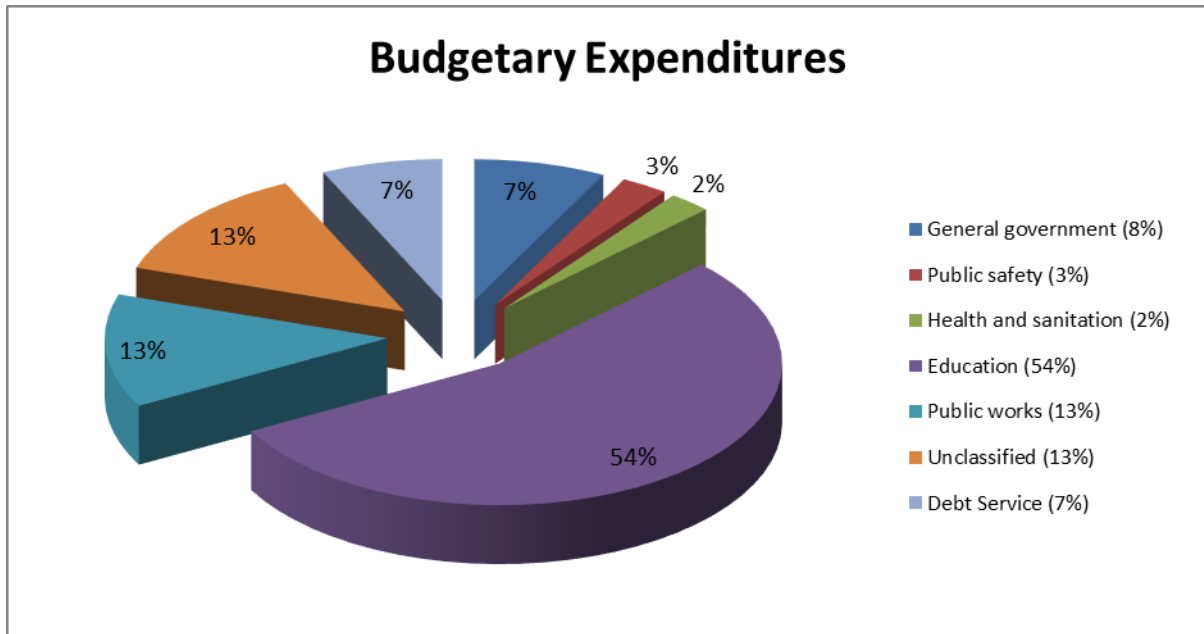
The Town's general fund operating fund revenues on a budgetary basis were as follows:



The biggest change in revenue is the decrease in intergovernmental. This could be attributed to loss and or, reduction in school funding. However, most other revenue accounts saw an increase.

<u>Expenditures</u>	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u> <u>from 2017</u>	<u>% Increase</u> <u>(Decrease)</u>
<i>General government</i>	\$ 360,235	\$ 348,213	\$ 12,022	3.5%
<i>Public safety</i>	127,652	101,678	25,974	25.5%
<i>Health and sanitation</i>	116,078	113,421	2,657	2.3%
<i>Education</i>	2,593,017	2,712,942	(119,925)	(4.4%)
<i>Public works</i>	616,994	883,053	(266,059)	(30.1%)
<i>Unclassified</i>	621,696	797,549	(175,853)	(22.0%)
<i>Debt Service</i>	330,589	171,889	158,700	92.3%
<b>Total Expenditures</b>	<u>\$ 4,766,261</u>	<u>\$ 5,128,745</u>	<u>\$ (362,484)</u>	<u>(7.1%)</u>

The Town's general fund operating fund expenditures on a budgetary basis were as follows:



A decrease in expenditures may be attributed to no major road projects. Public Works generally accounts for most Town expenses, other than the school.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The budget to actual comparison is shown on page 10.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of June 30, 2018, the Town had \$10 million invested in capital assets including fire trucks, equipment, buildings, and town owned roads. (See table below.)

	<b>Governmental Activities</b>	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Land	\$ 924,851	\$ 924,851
Buildings	4,577,485	4,530,735
Equipment	136,070	116,298
Vehicles	726,056	681,179
Infrastructure	<u>4,086,826</u>	<u>4,086,826</u>
<b>Totals</b>	<u>\$ 10,451,288</u>	<u>\$ 10,339,889</u>



The Town applied for and was awarded a Harbor Management Access Grant for \$15,000.00 with a 25% match from the Town. With these funds two new floats were built and installed at Saturday Cove. The addition to the school was completed and a new passenger van was purchased.

## **Debt**

At year end, the Town had \$3,440,132 in long-term debt outstanding. The long-term debt is made up of four General Obligation Bonds outstanding for the Northport School Department as discussed in Note F.

Through the school, the town has four bonds, one of which will be paid off this year. The Town, on its own, does not have debt obligations.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

In planning for the needs of the Town Office, the Select Board has contracted with an architect to complete a feasibility study on the space needs of the Town Office, as well as possible renovation designs. We are running out of room at the Town Office and in need of a secure vault for permanent records. When the cost estimates on the renovations are complete, it will be presented to the voters. Whether this project goes forward or not is unknown at this time.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office.

Town of Northport  
Barbara Ashley, Administrator  
16 Beech Hill Road  
Northport, ME 04849  
Phone: (207)338-3819

# Statement of Net Position

## Town of Northport, Maine

As of June 30, 2018

	Governmental Activities
<b>Assets</b>	
Cash	\$ 3,145,761
Investments	7,595
Accounts receivable	41,213
Taxes receivable	192,470
Tax liens receivable	57,693
Inventory	887
Tax acquired property	240
Capital assets, net of accumulated depreciation	8,599,270
<b>Total Assets</b>	<u>12,045,129</u>
<b>Deferred Outflows</b>	
Deferred outflows related to pension	60,373
<b>Total Deferred Outflows</b>	<u>60,373</u>
<b>Liabilities</b>	
Accounts payable	319,778
Accrued expenses	182,296
Taxes paid in advance	30,272
Accrued interest	9,541
Long-term liabilities:	
Portion due or payable within one year:	
Bond payable	239,694
Capital lease obligation	6,250
Accrued compensated absences	12,154
Portion due or payable after one year:	
Bond payable	3,200,438
Capital lease obligation	20,145
Net pension liability	32,275
Net OPEB liability	19,225
<b>Total Liabilities</b>	<u>4,072,068</u>
<b>Deferred Inflows</b>	
Deferred inflows related to pension	9,984
Deferred inflows related to OPEB	66
<b>Total Deferred Inflows</b>	<u>10,050</u>
<b>Net Position</b>	
Net investment in capital assets	5,132,743
Restricted, nonexpendable	13,467
Restricted, expendable	31,700
Unrestricted	2,845,474
<b>Net Position</b>	<u>\$ 8,023,384</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Activities

Town of Northport, Maine

For the Year Ended June 30, 2018

Function/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
<b>Governmental Activities:</b>					
General government	\$ 379,072	\$ 44,790	\$ -	\$ -	\$ (334,282)
Public safety	153,966	-	886	-	(153,080)
Health and sanitation	116,078	63,058	-	-	(53,020)
Education	2,893,541	15,978	231,760	-	(2,645,803)
Public works	690,269	-	35,680	-	(654,589)
Unclassified	617,399	-	561	14,829	(602,009)
On-behalf pension and OPEB	70,854	-	-	-	(70,854)
Interest on long-term debt	90,252	-	-	-	(90,252)
<b>Total Governmental Activities</b>	<b>\$ 5,011,431</b>	<b>\$ 123,826</b>	<b>\$ 268,887</b>	<b>\$ 14,829</b>	<b>(4,603,889)</b>
General revenues:					
Taxes:					
					4,249,730
					314,340
					2,405
					99,326
					70,854
					80,567
					326
					<u>4,817,548</u>
					<b>Change in Net Position</b> 213,659
					Net position at beginning of year, as reported 7,714,669
					Prior period adjustments <u>95,056</u>
					Net position at beginning of year, as restated <u>7,809,725</u>
					<b>Net Position at End of Year</b> <u>\$ 8,023,384</u>

See accompanying independent auditors' report and notes to financial statements.

## Balance Sheet - Governmental Funds

### Town of Northport, Maine

As of June 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash	\$ 3,127,043	\$ 18,718	\$ 3,145,761
Investments	-	7,595	7,595
Accounts receivable	18,193	23,020	41,213
Taxes receivable	192,470	-	192,470
Tax liens	57,693	-	57,693
Inventory	-	887	887
Due from other funds	57,518	81,536	139,054
Tax acquired property	240	-	240
	<u>240</u>	<u>-</u>	<u>240</u>
<b>Total Assets</b>	<b>\$ 3,453,157</b>	<b>\$ 131,756</b>	<b>\$ 3,584,913</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 319,778	\$ -	\$ 319,778
Accrued expenses	178,372	3,924	182,296
Taxes paid in advance	30,272	-	30,272
Due to other funds	44,764	94,290	139,054
	<u>44,764</u>	<u>94,290</u>	<u>139,054</u>
<b>Total Liabilities</b>	<b>573,186</b>	<b>98,214</b>	<b>671,400</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	120,000	-	120,000
	<u>120,000</u>	<u>-</u>	<u>120,000</u>
<b>Total Deferred Inflows of Resources</b>	<b>120,000</b>	<b>-</b>	<b>120,000</b>
<b>Fund Balances</b>			
Nonspendable:			
Special revenue funds	-	887	887
Permanent funds	-	12,580	12,580
Restricted:			
Special revenue funds	-	17,967	17,967
Permanent funds	-	13,733	13,733
Committed:			
General fund	322,480	-	322,480
Assigned:			
Special revenue funds	-	5,945	5,945
General fund	1,479,459	-	1,479,459
Unassigned:			
Special revenue funds	-	(17,570)	(17,570)
General fund	958,032	-	958,032
	<u>958,032</u>	<u>-</u>	<u>958,032</u>
<b>Total Fund Balances</b>	<b>2,759,971</b>	<b>33,542</b>	<b>2,793,513</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,453,157</b>	<b>\$ 131,756</b>	<b>\$ 3,584,913</b>

See accompanying independent auditors' report and notes to financial statements.

**Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Position**

**Town of Northport, Maine**

**As of June 30, 2018**

**Total Fund Balances - Governmental Funds** \$ 2,793,513

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 as assets in governmental  
funds. The cost of capital assets, net of accumulated depreciation is: 8,599,270

Property tax revenues are presented on the modified accrual basis  
of accounting in the governmental funds but in the Statement of  
Activities, property tax revenue is reported under the accrual method.  
The balance in unavailable revenue - property taxes in the  
governmental funds as a deferred inflow is: 120,000

The following deferred outflows below are not current assets or  
financial resources and the following deferred inflows are not  
current liabilities due and payable in the current period and  
therefore are not reported in the Balance Sheet:

Deferred outflows related to pension	\$	60,373	
Deferred inflows related to pension		(9,984)	
Deferred inflows related to OPEB		<u>(66)</u>	
			50,323

Long-term liabilities are not due and payable in the current period  
and therefore are not reported as liabilities in the funds. Long-term  
and related liabilities at year-end consist of:

Bond payable		(3,440,132)	
Capital lease obligation		(26,395)	
Accrued compensated absences		(12,154)	
Net pension liability		(32,275)	
Net OPEB liability		(19,225)	
Accrued interest payable		<u>(9,541)</u>	
			<u>(3,539,722)</u>

**Net Position - Governmental Activities** \$ 8,023,384

See accompanying independent auditors' report and notes to financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds**

**Town of Northport, Maine**

**For the Year Ended June 30, 2018**

	General	Other Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property taxes	\$ 4,271,730	\$ -	\$ 4,271,730
Excise taxes	314,340	-	314,340
Intergovernmental	219,306	163,736	383,042
On-behalf pension and OPEB payments	70,854	-	70,854
Miscellaneous	187,735	19,063	206,798
<b>Total Revenues</b>	<u>5,063,965</u>	<u>182,799</u>	<u>5,246,764</u>
<b>Expenditures</b>			
Current			
General government	360,235	-	360,235
Public safety	127,652	-	127,652
Health and sanitation	116,078	-	116,078
Education	2,593,017	216,940	2,809,957
Education - on-behalf payments	70,854	-	70,854
Public works	616,994	-	616,994
Unclassified	622,130	-	622,130
Debt service - principal	239,694	-	239,694
- interest	90,895	-	90,895
Capital outlays	-	46,750	46,750
<b>Total Expenditures</b>	<u>4,837,549</u>	<u>263,690</u>	<u>5,101,239</u>
<b>Revenues Over (Under) Expenditures</b>	226,416	(80,891)	145,525
<b>Other Financing Sources (Uses)</b>			
Proceeds from borrowing	33,577	-	33,577
Operating transfers in	-	35,000	35,000
Operating transfers out	(35,000)	-	(35,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,423)</u>	<u>35,000</u>	<u>33,577</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	224,993	(45,891)	179,102
Fund balances at beginning of year	<u>2,534,978</u>	<u>79,433</u>	<u>2,614,411</u>
<b>Fund Balances at End of Year</b>	<u>\$ 2,759,971</u>	<u>\$ 33,542</u>	<u>\$ 2,793,513</u>

See accompanying independent auditors' report and notes to financial statements.

# Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

## Town of Northport, Maine

**As of June 30, 2018**

**Net Change in Fund Balances - Total Governmental Funds** \$ 179,102

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense differed from capital asset additions in the current period:

Additions to capital assets	\$ 116,399	
Depreciation expense	<u>(262,118)</u>	(145,719)

Governmental funds report the sale of capital assets as revenues. However, in the Statement of Activities, the sale of those assets is recognized as a gain or loss, depending on the sale and accumulated depreciation amounts:

Capital asset sale proceeds	(326)	
Gain on sale of capital assets	<u>326</u>	-

Debt and capital lease proceeds provide current resources to governmental funds, but issuing debt and capital lease obligations increase long-term liabilities in the Statement of Net Position. Repayment of debt and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

This is the amount of proceeds and repayment of debt obligations in the current period:

Proceeds from borrowing	(33,577)	
Principal portion of capital lease obligation payments	7,182	
Principal portion of debt service payments	<u>239,694</u>	213,299

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Change in accrued compensated absences	(6,982)	
Change in accrued interest payable	643	
Adjustment to pension expense	(3,480)	
Adjustment to OPEB expense	<u>(1,204)</u>	(11,023)

Property tax revenues are presented on the modified accrual basis of accounting in the governmental funds but in the Statement of Activities, property tax revenue is reported under the accrual method. The current year change in unavailable revenue - property tax revenue reported in the governmental funds and not in the Statement of Activities is:

(22,000)

**Change in Net Position of Governmental Activities**

**\$ 213,659**

See accompanying independent auditors' report and notes to financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - General Fund**

**Town of Northport, Maine**

**For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
<b>Revenues</b>				
Taxes				
Property taxes	\$ 4,249,729	\$ 4,249,729	\$ 4,271,730	\$ 22,001
Excise taxes	-	314,340	314,340	-
Intergovernmental revenues				
State revenue sharing	52,694	52,694	55,275	2,581
State road assistance	-	35,680	35,680	-
Homestead exemption	51,759	51,759	51,846	87
Other	2,639	3,465	76,505	73,040
Miscellaneous revenues	-	199,455	176,970	(22,485)
<b>Total Revenues</b>	<b>4,356,821</b>	<b>4,907,122</b>	<b>4,982,346</b>	<b>75,224</b>
<b>Expenditures</b>				
Current				
General government	436,103	466,367	360,235	106,132
Public safety	109,071	136,201	127,652	8,549
Health and sanitation	132,739	196,154	116,078	80,076
Education	3,001,608	3,059,107	2,593,017	466,090
Public works	748,444	1,098,353	616,994	481,359
Unclassified	628,070	650,154	621,696	28,458
Debt service - principal	239,694	239,694	239,694	-
- interest	90,895	90,895	90,895	-
<b>Total Expenditures</b>	<b>5,386,624</b>	<b>5,936,925</b>	<b>4,766,261</b>	<b>1,170,664</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(1,029,803)</b>	<b>(1,029,803)</b>	<b>216,085</b>	<b>1,245,888</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from borrowing	33,577	33,577	33,577	-
Utilization of assigned fund balance	990,465	990,465	-	(990,465)
Utilization of unassigned fund balance	150,000	150,000	-	(150,000)
Operating transfers in	6,061	6,061	6,061	-
Operating transfers out	(101,097)	(101,097)	(101,097)	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,079,006</b>	<b>1,079,006</b>	<b>(61,459)</b>	<b>(1,140,465)</b>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>\$ 49,203</b>	<b>\$ 49,203</b>	<b>154,626</b>	<b>\$ 105,423</b>
Budgetary fund balance at beginning of year			2,288,312	
<b>Budgetary Fund Balance at End of Year</b>			<b>\$ 2,442,938</b>	

See accompanying independent auditors' report and notes to financial statements.



**Statement of Net Position**  
**Fiduciary Funds - Agency Fund**  
**Town of Northport, Maine**  
**As of June 30, 2018**

	<u>Student Activity Accounts</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 6,182
<b>Total Assets</b>	<u>6,182</u>
 <b>Liabilities</b>	
Held for student activities and other purposes	<u>6,182</u>
<b>Total Liabilities</b>	<u>6,182</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ -</u></u>

See accompanying independent auditors' report and notes to financial statements.

## Notes to Financial Statement

### Town of Northport, Maine

#### Note A - Summary of Significant Accounting Policies

The Town of Northport, Maine operates under a Selectboard form of government. The accounting policies of the Town of Northport, Maine conform to United States generally accepted accounting principles (GAAP). The Town applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant accounting policies established in GAAP and used by the Town are discussed below.

#### **Principles Determining Scope of Reporting Entity**

The basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in GAAP include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization's board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is fiscal dependency by the organization on the Town

Based on the aforementioned criteria, the Town of Northport has no component units.

#### **Basis of Presentation**

##### Government-wide Financial Statements

The statement of net position and statement of activities report information about the reporting government as a whole. They include all funds of the reporting entity. 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 services for support. Currently, the Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges 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 as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

##### Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, deferred outflows and inflows of resources, fund equity, revenues, and expenditures.

##### Governmental Activities

Governmental funds are identified as either general, special revenue, capital projects, or permanent funds based upon the following guidelines.

The *General Fund* is the operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* are used to account for the proceeds of specific sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

*Capital Projects Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

*Permanent Funds* are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization as stipulated by the specific trust instrument.

##### Fiduciary Funds (not included in Government-wide statements)

The Town's fiduciary funds are presented in the fiduciary fund statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Town, these funds are not incorporated into the Government-wide statements.

Agency funds are used to account for assets held by the Town as an agent for individuals, private organizations, and/or other government units.

##### 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 is related to the timing of the measurements made, regardless of the measurement focus applied.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

##### **Basis of Accounting - Continued**

###### **Accrual**

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

###### **Modified Accrual**

Governmental funds 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 within 60 days after year-end. 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 is recognized when due.

##### **Cash and Cash Equivalents**

The Town'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.

##### **Investments**

The Town follows GASBS No. 31, Accounting and Reporting of Certain Investments and External Investment Pools. Under GASBS No. 31, certain investments held by governments are reported at their fair value in the balance sheet. Unrealized gains and losses are included in the statement of revenues, expenditures and changes in fund balance.

##### **Inventories**

Inventories consisting of food and supplies are accounted for at the lower of cost or net realizable value on a first-in, first-out (FIFO) basis. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

##### **Accounts Receivable**

Accounts receivable are stated at the amount the Town expects to collect from outstanding balances. Town management closely monitors outstanding balances and records an allowance for doubtful accounts as necessary based upon historical trends of bad debts as well as a detailed review of current year receivables and their aging. Management has estimated no allowance for doubtful accounts is necessary as of June 30, 2018.

##### **Capital Assets**

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line method.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

##### Capital Assets - Continued

Estimated useful lives are as follows: buildings and improvements, 20 to 40 years; infrastructure, 5 to 40 years; and vehicles and equipment, 3 to 25 years.

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

##### Accrued Compensated Absences

Under the terms of personnel policies, personal time off is granted in varying amounts. The Town accrues unpaid personal time off when earned (or estimated to be earned) by the employee.

##### Budget

The Town of Northport'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:

- Early in the second half of the last fiscal year the Town prepared a budget for this fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- A meeting of the inhabitants of the Town of Northport was then called for the purpose of adopting the proposed budget after public notice of the meeting was given.
- The budget was adopted subsequent to passage by the inhabitants of the Town.

##### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

##### **Interfund Activity**

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund loan receivables and payables as appropriate and are subject to elimination upon consolidation in the government-wide presentation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. Since not all funds maintain a separate cash account, cash is pooled in the General Fund cash account and activity for individual funds are recorded through the General Fund and each respective individual fund through the recognition of a "due to/due from" as appropriate. The due to/from other funds balances are subject to elimination upon consolidation in the government-wide presentation. All interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements

##### **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are recognized as an expense in the period incurred.

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 is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### **Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and the governmental funds balance sheet will sometimes 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 and so will not be recognized as an expense or expenditure until that time. The Town has two items that meet this criterion: the deferred other postemployment benefits (OPEB) related to the Town and the deferred pension, related to the Northport School Department. These items are reported in the statement of financial position.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

##### Deferred Outflows and Inflows of Resources - Continued

In addition to liabilities, the statement of financial position and the governmental funds balance sheet will sometimes 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 and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items: 1) unavailable revenue, which results from property taxes, which arises under the modified accrual basis of accounting that qualifies for reporting in this category and is reported in the governmental funds balance sheet and 2) deferred inflows related to the OPEB liability, which is reported in the statement of financial position. The Northport School Department also has one type of item, deferred pensions, which is reported in the statement of financial position.

##### Pensions

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Note H and the required supplementary information following the financial statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the Northport School Department recognizes a net pension liability, which represents the School Department's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Maine Public Employees Retirement System (MainePERS). The net pension liability is measured as of the School Department's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension Plan (TPP) and additions to/deductions from the TPP's fiduciary net position have been determined on the same basis as they are reported by the TPP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

##### **Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the Town's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Maine Municipal Employees Health Trust, an agent single-employer defined benefit postretirement healthcare plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

##### **Revenue Recognition - Property Taxes**

The Town's property tax for the current year was levied August 2, 2017, on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Taxes were due September 30, 2017 and March 1, 2018. Interest on unpaid taxes commenced on October 1, 2017 and March 2, 2018, at 7% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as unavailable revenue from property taxes.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$49,203 for the year ended June 30, 2018.

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.

##### **Government-wide Fund Net Position**

Government-wide net position is divided into three components:

*Net investment in capital assets* - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

*Restricted net position* - consist of net assets that are restricted by the Town's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

*Unrestricted* - All other net asset positions are reported in this category.



## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

##### **Governmental Fund Balances**

In the governmental fund financial statements, fund balances are classified as follows:

*Nonspendable* - resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

*Restricted* - resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed through constitutional provisions or enabling legislation.

*Committed* - resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

*Assigned* - resources neither restricted nor committed for which a government has a stated intended use as established by the Selectboard or a body or official to which the Selectboard has designated the authority to assign amounts for specific purposes.

*Unassigned* - resources which cannot be properly classified in one of the other four categories.

##### **Use of Restricted Resources**

The Town has no formal fund balance policy. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

##### **New Accounting Pronouncement**

During the year ended June 30, 2018, the Town implemented Governmental Accounting Standards Board Statement (GASBS) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. See Notes I and O for balances restated due to the new pronouncement.

#### Note B - Cash and Investments

The Town conducts all its banking and investment transactions with its depository banks and investment firm.

##### **Custodial Credit Risk**

At June 30, 2018, the carrying amount of the Town's deposits was \$3,151,943, and the bank balance was \$3,177,984. The difference between the carrying amount and the bank balance relates to deposits in transit, outstanding checks and cash on hand at year-end.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note B - Cash and Investments - Continued

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy on custodial credit risk. As of June 30, 2018, \$2,677,659 of the Town's bank balance of \$3,177,984 was exposed to credit risk as follows:

Collateralized with securities held by the pledging financial institution \$ 2,677,659

#### Investments

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, certain corporate stocks and bonds and mutual funds.

#### Interest Rate Risk

In accordance with the Town's investment policy, to the extent possible, investment maturities will be matched with anticipated cash requirements. At June 30, 2018, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Maturity</u>		
			<u>Less than 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Corporate stocks	<u>\$ 7,595</u>	<u>\$ 7,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is minimized by diversifying investments held. At June 30, 2018, the Town had no investments subject to credit risk.

#### Concentration of Credit Risk

The Town does not have an investment policy on concentration of credit risk. At June 30, 2018, the Town held the following common stock which represented greater than 5% of the total investments held: AT&T \$6,807.

#### Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have an investment policy on custodial credit risk. As of June 30, 2018, the Town had no investments subject to custodial credit risk.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note C - Capital Assets

A summary of capital asset activity for the year ended June 30, 2018 follows:

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements/ In service</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Non-Depreciable Assets:				
Land	\$ 924,851	\$ -	\$ -	\$ 924,851
Depreciable Assets:				
Buildings	4,530,735	46,750	-	4,577,485
Equipment	116,298	19,772	-	136,070
Vehicles	681,179	49,877	(5,000)	726,056
Infrastructure	<u>4,086,826</u>	<u>-</u>	<u>-</u>	<u>4,086,826</u>
Totals at historical cost	10,339,889	116,399	(5,000)	10,451,288
Less Accumulated Depreciation:				
Buildings	239,845	121,920	-	361,765
Equipment	86,217	3,157	-	89,374
Vehicles	414,858	48,381	(5,000)	458,239
Infrastructure	<u>853,980</u>	<u>88,660</u>	<u>-</u>	<u>942,640</u>
Total accumulated depreciation	<u>1,594,900</u>	<u>262,118</u>	<u>(5,000)</u>	<u>1,852,018</u>
Capital Assets, Net	<u>\$ 8,744,989</u>	<u>\$ (145,719)</u>	<u>\$ -</u>	<u>\$ 8,599,270</u>

Depreciation expense was charged to the following functions:

General government	\$ 10,651
Public safety	42,288
Education	120,863
Public works	73,275
Unclassified (Harbor)	<u>15,041</u>
Total governmental activities depreciation expense	<u>\$ 262,118</u>

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note D - Interfund Receivables and Payables

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables:

	Receivables <u>Due from</u>	Payables <u>(Due to)</u>	Net Internal <u>Balances</u>
<b>Governmental Activities</b>			
General Fund:			
<i>Special Revenue Funds:</i>			
School Lunch	\$ 14,467	\$ -	
Title IA	26,977	-	
Title IVA	-	(9,856)	
IDEA	-	(2,375)	
IDEA Preschool	12,336	-	
Title VI REAP	2,697	-	
Title IIA	-	(11,614)	
Fresh Fruit and Vegetables	1,041	-	
Insurance Fund	-	(1,287)	
Maine Community Foundation	-	(140)	
Whole Kids	-	(200)	
Withdrawal Grants	-	(3,032)	
Lowe's Greenhouse	-	(2,044)	
Private Library Grant	-	(10,000)	
Proficiency Based Education	-	(4,216)	
	<u>57,518</u>	<u>(44,764)</u>	\$ 12,754

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note D - Interfund Receivables and Payables - Continued

##### Special Revenue Funds:

##### *General Fund:*

School Lunch	-	(14,467)	
Title IA	-	(26,977)	
Title IVA	9,856	-	
IDEA	2,375	-	
IDEA Preschool	-	(12,336)	
Title VI REAP	-	(2,697)	
Title IIA	11,614	-	
Fresh Fruit and Vegetables	-	(1,041)	
Insurance Fund	1,287	-	
Maine Community Foundation	140	-	
Whole Kids	200	-	
Withdrawal Grants	3,032	-	
Lowe's Greenhouse	2,044	-	
Private Library Grant	10,000	-	
Proficiency Based Education	4,216	-	
	<u>44,764</u>	<u>(57,518)</u>	(12,754)

##### *Other Special Revenue Fund:*

Withdrawal Grants	2,913	-	
Lowe's Greenhouse	79	-	
Maine Agriculture in Classrooms	-	(79)	
Title IA	21,471	-	
Title IVA	-	(9,856)	
IDEA	-	(14,181)	
IDEA Preschool	11,268	-	
Title IIA	-	(11,615)	
School Lunch	-	(1,041)	
Fresh Fruit and Vegetables	1,041	-	
	<u>36,772</u>	<u>(36,772)</u>	-
	<u>81,536</u>	<u>(94,290)</u>	<u>(12,754)</u>
Net Governmental Activities	<u>\$ 139,054</u>	<u>\$ (139,054)</u>	<u>\$ -</u>

Interfund balances resulted from (1) the Town pooling cash in the General Fund for other funds disclosed above, for greater efficiency and physical control, (2) the time lag between the dates that interfund goods or reimbursable expenditures occur, or (3) the time lag between the dates payments between funds are made.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note E - Interfund Transfers

Interfund transfers are used to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year consisted of the following amounts:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
<u>General Fund:</u>			
<i>Special Revenue Fund:</i>			
School Lunch	\$ -	\$ (35,000)	
<u>Special Revenue Fund:</u>			
<i>General Fund:</i>			
School Lunch	<u>35,000</u>	<u>-</u>	
<b>Total Interfund Transfers</b>	<b><u>\$ 35,000</u></b>	<b><u>\$ (35,000)</u></b>	<b><u>\$ -</u></b>

#### Note F - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due within One Year</u>
<b>Governmental Activities:</b>					
General obligation debt	\$ 3,679,826	\$ -	\$ 239,694	\$ 3,440,132	\$ 239,694
Capital lease obligation	-	33,577	7,182	26,395	6,250
Net pension liability	16,412	15,863	-	32,275	-
Net OPEB liability	18,087	1,138	-	19,225	-
Compensated absences	<u>5,172</u>	<u>16,143</u>	<u>9,161</u>	<u>12,154</u>	<u>12,154</u>
	<b><u>\$ 3,719,497</u></b>	<b><u>\$ 66,721</u></b>	<b><u>\$ 256,037</u></b>	<b><u>\$ 3,530,181</u></b>	<b><u>\$ 258,098</u></b>

#### Long-Term Debt

At June 30, 2018 long-term debt consisted of the following:

Northport School Department 2016 General Obligation Bond, interest rates varying from 1.16% to 3.42% with annual principal payments of \$150,000. The bond matures in 2037. \$ 2,850,000

Northport School Department 1998 General Obligation Bond, interest rate at 4.827% with annual principal payments of \$10,700. The bond matures in 2018. 10,700

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note F - Long-Term Liabilities - Continued

Northport School Department 2004 General Obligation Bond, interest rates varying from 3.557% to 7.497% with annual principal payments of \$52,511. The bond matures in 2024.

367,573

Northport School Department 2005 General Obligation Bond, interest rate at 4.000% with annual principal payments of \$26,483. The bond matures in 2025.

211,859

\$ 3,440,132

#### Long-Term Debt - Continued

The annual requirements to amortize long-term debt are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 239,694	\$ 55,804	\$ 295,498
2020	228,994	52,424	281,418
2021	228,994	49,428	278,422
2022	228,994	47,690	276,684
2023	228,994	45,952	274,946
2024-2028	934,462	182,593	1,117,055
2029-2033	750,000	176,862	926,862
2034-2037	600,000	130,186	730,186
	<u>\$ 3,440,132</u>	<u>\$ 740,939</u>	<u>\$ 4,181,071</u>

#### Capital Lease Obligation:

The present value of the capital lease obligation and future years' minimum lease payments are as follows:

Year ending June 30,	
2019	\$ 7,208
2020	7,208
2021	7,208
2022	<u>7,208</u>
	28,832
Less amount representing interest (at 3.63%)	<u>2,437</u>
Obligation under capital leases	<u>\$ 26,395</u>

As of June 30, 2018, the gross amount of fixed assets associated with capital lease obligation was \$33,577 with accumulated depreciation of \$1,959.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note G - Landfill Closure and Post Closure Costs

The Town stopped accepting solid waste at its landfill site. State and federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Any amounts for future post-closure landfill costs are uncertain. There were no costs associated with post closure maintenance and monitoring for the year ended June 30, 2018.

#### Note H - Pension - Northport School Department

The Northport School Department provides retirement pension plan for its employees through a defined benefit pension plan.

##### Defined Benefit Pension Plan - Maine Public Employees Retirement System (MEPERS)

###### Plan Description

Qualifying personnel of the School Department participate in the Maine Public Employees Retirement System. The plan is a multiple employer, cost-sharing pension plan with a special funding situation. The State of Maine is a non-employer contributing entity in that the state pays the unfunded actuarial liability (UAL) on behalf of the teachers, while the School Department contributes the normal cost, which is actuarially calculated. The School Department has been enrolled in the MEPERS system since July 1, 2017. MEPERS is established under Maine law found in 5 MRSA Part 20. The authority to establish and amend benefit provisions rests with the State legislature.

###### Funding Policy

The School Department makes available to all full time employees the option to make a one-time irrevocable election to participate in the Maine Public Employees Retirement System (MEPERS), State Employees and Teachers Plan. The employee shall pay, through payroll deduction(s), his/her required contribution determined by MEPERS, 7.65%. The School shall pay its required contribution determined by MEPERS. This benefit shall be offered to eligible employees on the date of hire.

###### Pension Benefits

Benefit terms are established in Maine Statute. The System's retirement programs provide defined retirement benefits based on member's average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility of benefits upon reaching qualification) occurs upon the earning of 25 years of service credit for School Department employees.

Normal retirement age of State Employees and Teachers members is age 60 to 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute.



## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note H - Pension - Northport School Department - Continued

##### Pension Benefits - Continued

The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual interest credited to member's accounts is set by the System's Board of Trustees.

##### Member and Employer Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the plan under which a member is covered. Employer contributions rates are determined through actuarial valuations. For the year ended June 30, 2018, the member contribution rate was 7.65%, the School Department's contribution rate was 3.97% (normal cost), and the State of Maine contributed 15.65% (UAL).

##### Revenue Recognition

Employer contributions to the System are recognized as additions in the period when they become due pursuant to formal commitments or statutory requirements. Investment income is recognized when earned and investment expenses are recorded when incurred.

##### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the School Department reported a net pension liability of \$32,275. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The School Department proportion of the net pension liability was based on a projection of the School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At the June 30, 2016 measurement date, the School Department proportion was 0.000929%. At the June 30, 2017 measurement date, the School Department proportion was 0.002221%.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note H - Pension - Northport School Department - Continued

##### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

At June 30, 2018, the reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources are as follows:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 1,357	\$ -
Changes in assumptions	-	504
Net difference between projected and actual earnings on pension plan investments	9,004	9,479
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,767	1
School Department contributions subsequent to the measurement date	33,245	-
Total	<u>\$ 60,373</u>	<u>\$ 9,984</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended June 30,		
2019		\$ 43,369
2020		8,534
2021		214
2022		<u>(1,728)</u>
Total		<u>\$ 50,389</u>

At June 30, 2018, the School Department's reported net pension liability was a portion of the total proportionate share of the collective net pension liability associated with the School Department's participation in the Teacher plan, as follows:

School Department's proportionate share of net pension liability	\$ 32,275
State of Maine's proportionate share of net pension liability	<u>822,890</u>
Total	<u>\$ 855,165</u>

For the fiscal year ended June 30, 2018, the School Department recognized pension expense of \$98,832, State support of \$62,107, and on-behalf payments of \$69,211.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note H - Pension - Northport School Department - Continued

##### Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.75% to 14.50%
Investment Rate of Return	6.875%
Cost of Living Benefit Increases	2.20%

For the School Department employees, the mortality rate is based on the RP2014 Combined Mortality Tables for males and females.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates or return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equities	30%	6.0%
U.S. Government	7.5%	2.3%
Private Equity	15%	7.6%
Real Assets:		
Real Estate	10%	5.2%
Infrastructure	10%	5.3%
Hard Assets	5%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5%	4.2%
Diversifiers	<u>10%</u>	5.9%
	<u>100%</u>	

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note H - Pension - Northport School Department - Continued

##### Discount Rate

The discount rate used to measure the total pension liability was 6.875%. The projection of cash flows used to determine the discount rate assumed that plan member contribution will be made the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

##### Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School Department's proportionate share of the net pension liability calculated using the discount rate of 6.875%, as well as what the School Department proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.875%) or 1 percentage point higher (7.875%) than the current rate:

	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
Proportionate Share of the Net Pension Liability	\$ 56,634	\$ 32,275	\$ 12,164

##### Pension Plan Financial and Actuarial Information

Additional financial information and actuarial information can be found in the Maine PERS 2017 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

#### Note I - Postemployment Benefits Other than Pensions (OPEB)

The Town of Northport provides certain other postemployment benefits to its employees through the following plans:

##### **Northport School Department - Group Life Insurance Plan - Maine Public Employees Retirement System (MEPERS)**

###### Plan Description

Qualifying personnel of the School Department participate in the Maine Public Employees Retirement System, including that system's Group Life Insurance Plan. This plan is a multiple employer, cost-sharing OPE plan with a special funding situation. The State of Maine is a non-employer contributing entity in that the state pays 100% of the actuarially determined contributions for retirees.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note I - Postemployment Benefits Other than Pensions (OPEB) - Continued

##### Northport School Department - Group Life Insurance Plan - Maine Public Employees Retirement System (MEPERS) - Continued

###### Benefits Provided

Under the GLI OPEB plan, MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees' average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

###### Contributions

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution.

###### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the School Department reported a net pension liability of \$0, as the State of Maine's non-employer contributing entity required participation level is 100%. At June 30, 2018, the School Department's reported net OPEB liability was a portion of the total proportionate share of the collective net OPEB liability associated with the School Department's participation in the Teacher plan, as follows:

School Department's proportionate share of net OPEB liability	\$	-
State of Maine's proportionate share of net OPEB liability		<u>18,132</u>
Total	\$	<u>18,132</u>

For the fiscal year ended June 30, 2018, the School Department recognized OPEB expense of \$2,017, State support of \$2,012, and on-behalf payments of \$1,643.

No deferred inflows of resources or deferred outflows of resources arising in connection with this plan are reportable by the School Department given that the State of Maine is obligated to fund 100% of the actuarially required contributions attributable to retirees.

###### Plan Financial and Actuarial Information

Additional financial information and actuarial information can be found in the Maine PERS 2017 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note I - Postemployment Benefits Other than Pensions (OPEB) - Continued

##### **Northport School Department - Group Health Insurance Plan - Maine Education Association Benefits Trust (MEABT)**

The School Department provides health insurance benefits to its employees through a group plan administered through the Maine Education Association Benefits Trust. Under this plan, retirees are eligible to continue such coverage post-employment, with the premium cost being born by the State of Maine and the retirees, with no ongoing financial obligation on the part of the School Department. The amount, if any, of OPEB liability and similar amounts arising from any implicit rate subsidy existing under this plan has not been determined.

##### **Town of Northport - Group Health Insurance Plan - Maine Municipal Employees Health Trust (MMEHT Plan)**

###### Plan Description

Eligible Town employees are provided with health and life insurance through Maine Municipal Employees Health Trust (MMEHT Plan). The MMEHT Plan is a single-employer defined benefit OPEB plan. The Town's Board of Selectmen has authority to establish and amend the benefit terms. Employees are eligible if over the age of 55 with at least five years of service at retirement.

###### Benefits Provided

The MMEHT Plan provides healthcare and life insurance benefits for retirees and their dependents through payment of 100% of insurance premiums for single and family coverage. For employees eligible for Medicare, Medicare Parts A and B are primary coverage and the MMEHT Plan will determine a family member's benefit allowance based on applicable Medicare statutes and regulations.

###### Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the MMEHT Plan benefit terms:

Inactive employees (or beneficiaries) currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>2</u>
	<u>2</u>

###### Contributions

The Town's contributions are determined by a rate set out by MMEHT. Contributions from the Town for the MMEHT Plan year ended December 31, 2018 were \$284. Employees are generally required to contribute 20% of the cost of the Plan, unless the employee's contract with the Town states otherwise.

##### **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the Town reported an OPEB liability of \$19,225. The OPEB liability was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note I - Postemployment Benefits Other than Pensions (OPEB) - Continued

##### Town of Northport - Group Health Insurance Plan - Maine Municipal Employees Health Trust (MMEHT Plan) - Continued

##### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Continued

As a result of implementing GASB Statement No. 75, the Town has restated beginning net position in the government-wide statement of net position. Changes as of June 30, 2017 consist of an \$18,087 increase in net OPEB liability, and a decrease of the Town's net position by \$18,087.

Changes in Total MMEHT OPEB liability during the year are as follows:

	Total MMEHT Plan OPEB Liability
Balance at June 30, 2017	\$ 18,087
Changes for the year:	
Service costs	812
Interest	709
Differences between expected and actual experience	(64)
Changes of assumptions	(35)
Benefit payments	(284)
Net changes	<u>1,138</u>
Balance at June 30, 2018	<u>\$ 19,225</u>

The change in assumptions reflects a change in the discount rate from 3.78% in 2017 to 3.44% in 2018 as well as a change in the funding method from Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

For the year ended June 30, 2018, the Town recognized OPEB expense of \$1,488 related to the MMEHT Plan. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 43
Changes in assumptions	-	23
Total	<u>\$ -</u>	<u>\$ 66</u>

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note I - Postemployment Benefits Other than Pensions (OPEB) - Continued

##### Town of Northport - Group Health Insurance Plan - Maine Municipal Employees Health Trust (MMEHT Plan) - Continued

##### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended June 30,			
	2019	\$	33
	2020		33
	Total	\$	<u>66</u>

##### Actuarial Assumptions

The total OPEB liability in the January 1, 2018 actuarial valuation for the MMEHT Plan was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.44%
Salary increases	2.75%, average, including inflation
Healthcare cost trend rates (applied with a grading over 14 years to 4.00% per annum)	
Pre-Medicare Medical	8.20%
Pre-Medicare Drug	9.60%
Medicare Medical	4.93%
Medicare Drug	9.60%
Administrative and claims expense	3.00%

Mortality rates for the MMEHT Plan were based on the RP-2014 Total Dataset Healthy Annuitant Mortality Table for males and females.

The actuarial assumptions used in the January 1, 2018 valuation for the MMEHT Plan were based on the results of an actuarial experience study covering the period June 30, 2012 through June 30, 2015.

##### Sensitivity of the Total MMEHT Plan OPEB Liability to Changes in the Discount Rate

The following presents the Town's total OPEB liability calculated using a discount rate of 3.44%, as well as what the Town's OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.44%) or 1% higher (4.44%) than the current rate:

	1% Decrease (2.44%)	Current Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB liability	\$ 21,966	\$ 19,225	\$ 16,939



## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note I - Postemployment Benefits Other than Pensions (OPEB) - Continued

##### Town of Northport - Group Health Insurance Plan - Maine Municipal Employees Health Trust (MMEHT Plan) - Continued

##### Sensitivity of the Total MMEHT Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Town's total OPEB liability, as well as what the Town's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 16,939	\$ 19,225	\$ 21,947

#### Note J - Risk Management

The Town 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 the Town either carries commercial insurance or is effectively self-insured. Currently, the Town carries commercial insurance for any risks of loss to which it may be exposed.

Based on the coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2018.

#### Note K - Commitments

The Town has entered into separate agreements with unrelated third parties for certain services. Future required payments under the four agreements (two are for plowing and sanding) are as follows:

	<u>2019</u>	<u>2020</u>	<u>Total</u>
Assessing	\$ 22,000	\$ 22,750	\$ 44,750
Septage removal	4,000	4,000	8,000
Plowing and sanding	<u>131,300</u>	<u>131,300</u>	<u>262,600</u>
	<u>\$ 157,300</u>	<u>\$ 158,050</u>	<u>\$ 315,350</u>

The Town has also entered into two contracts for waste removal through June 30, 2020. The Town will pay for waste removal based on the amount of waste removed. Under similar contracts, the total expenses paid for the year ended June 30, 2018 was approximately \$67,000.

The School Department has entered into a contract with a local company to provide bus services for its students. This contract is in effect through June 30, 2021 and calls for monthly payments of between \$7,000 and \$7,400 through the term of the agreement.



## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note M - Assigned Fund Balance

At June 30, 2018 the assigned general fund balance consisted of the following:

	Balance at <u>7/1/2017</u>	Transfers/ <u>Appropriations</u>	<u>Revenues</u>	<u>Expenditures</u>	Balance at <u>6/30/2018</u>
Personal Time	\$ 3,713	\$ 2,661	\$ -	\$ -	\$ 6,374
Town Hall Building	-	25,000	-	-	25,000
Planning Board	5,302	-	425	660	5,067
AED	120	-	-	-	120
Animal Control	3,991	5,000	1,336	7,325	3,002
Roads and Bridges	348,444	200,000	349,909	428,863	469,490
Cemetery	1,980	10,000	-	9,450	2,530
Cemetery Development	4,614	-	-	-	4,614
General Assistance	4,700	-	561	1,646	3,615
Snowmobile Reimbursement	192	-	265	192	265
Northport Harbor Fund	2,147	12,943	18,858	27,388	6,560
Northport Needy Families	1,074	-	200	-	1,274
Northport Warm Neighbors Fund	8,091	-	2,200	1,026	9,265
Transfer Station	53,739	75,000	63,415	112,078	80,076
Children's Community Christmas	1,067	-	949	434	1,582
Records Preservation Reserve	4,275	2,500	1,473	-	8,248
Digital Mapping Fund	12,841	-	(1,037)	-	11,804
Cemetery Capital Reserve Fund	2,057	-	19	-	2,076
Wyman Park	3,687	-	34	-	3,721
Fire Truck Replacement	111,084	28,597	1,065	-	140,746
Sand/Salt Shed	15,858	-	148	-	16,006
Marine Reserve Fund	51,130	25,057	6,592	-	82,779
First Responders Equip. Reserve	44,666	5,000	405	-	50,071
Education	109,574	2,570,977	91,076	2,628,017	143,610
Education - MainePERS	398,930	-	-	-	398,930
Tree Growth Reimbursement	1,271	-	1,404	1,271	1,404
Veterans Exemption Reimb.	1,163	-	1,230	1,163	1,230
	<u>\$ 1,195,710</u>	<u>\$ 2,962,735</u>	<u>\$ 540,527</u>	<u>\$ 3,219,513</u>	<u>\$ 1,479,459</u>

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note N - Fund Balance

Fund balance consisted of the following as of June 30, 2018:

	General <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Fund Balances:</b>			
Nonspendable fund balance:			
School Lunch	\$ -	\$ 887	\$ 887
Cemetery Trust	-	5,080	5,080
Wyman Needy Trust	-	5,000	5,000
Christmas Charity	-	2,500	2,500
Total Nonspendable fund balance	<u>-</u>	<u>13,467</u>	<u>13,467</u>
Restricted fund balance:			
Insurance Fund	-	1,287	1,287
Lowe's Greenhouse	-	2,124	2,124
Private Library	-	10,000	10,000
Maine Community Foundation	-	140	140
Whole Kids	-	200	200
Proficiency Based Education	-	4,216	4,216
Cemetery Trust	-	13,627	13,627
Wyman Needy Trust	-	32	32
Christmas Charity	-	74	74
Total Restricted fund balance	<u>-</u>	<u>31,700</u>	<u>31,700</u>
Committed fund balance:			
General Fund - School appropriations	<u>322,480</u>	<u>-</u>	<u>322,480</u>
Total Committed fund balance	<u>322,480</u>	<u>-</u>	<u>322,480</u>
Assigned fund balance:			
Withdrawal Grants	-	5,945	5,945
General Fund (See Note M)	<u>1,479,459</u>	<u>-</u>	<u>1,479,459</u>
Total Assigned fund balance	<u>1,479,459</u>	<u>5,945</u>	<u>1,485,404</u>
Unassigned fund balance (deficit):			
IDEA	-	(8,403)	(8,403)
Title VI	-	(79)	(79)
School Lunch	-	(9,088)	(9,088)
General fund	<u>958,032</u>	<u>-</u>	<u>958,032</u>
Total Unassigned fund balance (deficit)	<u>958,032</u>	<u>(17,570)</u>	<u>940,462</u>
<b>Total Fund Balances</b>	<u>\$ 2,759,971</u>	<u>\$ 33,542</u>	<u>\$ 2,793,513</u>

## **Notes to Financial Statement - Continued**

### **Town of Northport, Maine**

#### **Note O - Prior Period Adjustments**

As a result of implementing GASB Statement No. 75, the Town has restated beginning net position in the government-wide statement of net position. Changes as of June 30, 2017 consist of an \$18,087 increase of net OPEB liability, and a decrease of the Town's net position by \$18,087. (See Note I.)

A correction was made to the beginning net position in the government-wide statement of net position to properly correct depreciation erroneously taken in a previous year. Changes as of June 30, 2017 consist of a decrease to accumulated depreciation and an increase to the Town's net position of \$113,143.

**Combining Balance Sheet  
Nonmajor Governmental Funds - Other Governmental Funds**

**Town of Northport, Maine**

**As of June 30, 2018**

	<u>Special Revenue</u>	<u>Capital Projects Fund</u>	<u>Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 18,718	\$ 18,718
Investments	-	-	7,595	7,595
Accounts receivable	23,020	-	-	23,020
Inventory	887	-	-	887
Due from other funds	81,536	-	-	81,536
<b>Total Assets</b>	<u>\$ 105,443</u>	<u>\$ -</u>	<u>\$ 26,313</u>	<u>\$ 131,756</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accrued expenses	\$ 3,924	\$ -	\$ -	\$ 3,924
Due to other funds	94,290	-	-	94,290
<b>Total Liabilities</b>	<u>98,214</u>	<u>-</u>	<u>-</u>	<u>98,214</u>
 <b>Fund Balances (Deficits)</b>				
Nonspendable	887	-	12,580	13,467
Restricted	17,967	-	13,733	31,700
Assigned	5,945	-	-	5,945
Unassigned	(17,570)	-	-	(17,570)
<b>Total Fund Balances (Deficits)</b>	<u>7,229</u>	<u>-</u>	<u>26,313</u>	<u>33,542</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 105,443</u>	<u>\$ -</u>	<u>\$ 26,313</u>	<u>\$ 131,756</u>

See accompanying independent auditors' report.

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds - Other Governmental Funds**

**Town of Northport, Maine**

**For the Year Ended June 30, 2018**

	<u>Special Revenue</u>	<u>Capital Projects Fund</u>	<u>Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>				
Intergovernmental	\$ 163,736	\$ -	\$ -	\$ 163,736
Interest income	-	-	87	87
Net investment return	-	-	(902)	(902)
Contributions	-	-	-	-
Miscellaneous	19,878	-	-	19,878
<b>Net Revenues</b>	<u>183,614</u>	<u>-</u>	<u>(815)</u>	<u>182,799</u>
<b>Expenditures</b>				
Current	216,940	-	-	216,940
Capital outlay	-	46,750	-	46,750
<b>Total Expenditures</b>	<u>216,940</u>	<u>46,750</u>	<u>-</u>	<u>263,690</u>
<b>Revenues Over (Under) Expenditures</b>	(33,326)	(46,750)	(815)	(80,891)
<b>Other Financing Sources (Uses)</b>				
Operating transfers - in	35,000	-	-	35,000
Operating transfers - out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>35,000</u>
<b>Revenues and Other Sources Over (Under) Expenses and Other Uses</b>	1,674	(46,750)	(815)	(45,891)
Fund balances (deficit) at beginning of year	<u>5,555</u>	<u>46,750</u>	<u>27,128</u>	<u>79,433</u>
<b>Fund Balances (Deficits) at End of Year</b>	<u>\$ 7,229</u>	<u>\$ -</u>	<u>\$ 26,313</u>	<u>\$ 33,542</u>

See accompanying independent auditors' report.

**Combining Balance Sheet  
Permanent Funds - Trust Funds**

**Town of Northport, Maine**

**As of June 30, 2018**

	<u>Cemetery</u>	<u>Wyman Needy</u>	<u>Christmas Charity</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 11,112	\$ 5,032	\$ 2,574	\$ 18,718
Investments	<u>7,595</u>	<u>-</u>	<u>-</u>	<u>7,595</u>
<b>Total Assets</b>	<u>\$ 18,707</u>	<u>\$ 5,032</u>	<u>\$ 2,574</u>	<u>\$ 26,313</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <b>Fund Balances</b>				
Nonspendable	5,080	5,000	2,500	12,580
Restricted	<u>13,627</u>	<u>32</u>	<u>74</u>	<u>13,733</u>
<b>Total Fund Balances</b>	<u>18,707</u>	<u>5,032</u>	<u>2,574</u>	<u>26,313</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 18,707</u>	<u>\$ 5,032</u>	<u>\$ 2,574</u>	<u>\$ 26,313</u>

See accompanying independent auditors' report.



**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Permanent Funds - Trust Funds**

**Town of Northport, Maine**

**For the Year Ended June 30, 2018**

	<u>Cemetery</u>	<u>Wyman Needy</u>	<u>Christmas Charity</u>	<u>Total</u>
<b>Revenues</b>				
Interest income	\$ 51	\$ 24	\$ 12	\$ 87
Net investment return	(902)	-	-	(902)
Contributions	-	-	-	-
<b>Net Revenues</b>	<u>(851)</u>	<u>24</u>	<u>12</u>	<u>(815)</u>
<b>Expenditures</b>				
Current	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues Over (Under) Expenditures</b>	(851)	24	12	(815)
<b>Other Financing Sources (Uses)</b>				
Operating transfers - out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-
<b>Revenues and Other Sources Over (Under) Expenses and Other Uses</b>	(851)	24	12	(815)
Fund balances at beginning of year	<u>19,558</u>	<u>5,008</u>	<u>2,562</u>	<u>27,128</u>
<b>Fund Balances at End of Year</b>	<u>\$ 18,707</u>	<u>\$ 5,032</u>	<u>\$ 2,574</u>	<u>\$ 26,313</u>

See accompanying independent auditors' report.

## Schedule of Valuation, Assessment and Collection of Taxes

### Town of Northport, Maine

For the Year Ended June 30, 2018

#### Valuation

Real estate	\$ 292,209,300
Personal property	<u>2,297,200</u>

**Total Valuation** \$ 294,506,500

#### Assessment

Valuation x Rate - \$294,506,500 x .01443	\$ 4,249,729
Supplemental taxes	<u>-</u>

**Total Assessment Charged to Tax Collector** \$ 4,249,729

#### Collection and Credits

Cash collections	\$ 4,055,278
Tax abatements	<u>1,981</u>

**Total Collection and Credits** 4,057,259

**2018 Taxes Receivable - June 30, 2018** \$ 192,470

See accompanying independent auditors' report.

## Schedule of Departmental Operations (1 of 3)

### Town of Northport, Maine

For the Year Ended June 30, 2018

	Beginning	Appropriations	Budget	Other	Total	Expended	Balances	
	Balance		Transfer	Credits	Available		Lapsed	Carried
<b>General Government</b>								
Office operations	\$ -	\$ 45,000	\$ -	\$ 22,731	\$ 67,731	56,750	\$ 10,981	\$ -
Assessing	-	20,500	-	-	20,500	20,500	-	-
Administration	-	172,091	-	-	172,091	172,019	72	-
Payroll taxes	-	25,700	-	-	25,700	22,542	3,158	-
Employee benefits	-	27,000	-	-	27,000	20,183	6,817	-
Personal time	3,713	1,459	-	-	5,172	(1,202)	-	6,374
Contingency	-	10,000	-	-	10,000	272	9,728	-
Town Hall operations	-	25,000	-	-	25,000	12,889	12,111	-
Town Hall building	-	25,000	-	-	25,000	-	-	25,000
Legal	-	25,000	-	-	25,000	7,026	17,974	-
Planning Board	5,302	-	-	425	5,727	660	-	5,067
Code Enforcement office	-	24,220	-	7,108	31,328	22,478	8,850	-
Northport Village Corp.	-	25,000	-	-	25,000	25,000	-	-
Digital mapping	-	-	1,118	-	1,118	1,118	-	-
	<u>9,015</u>	<u>425,970</u>	<u>1,118</u>	<u>30,264</u>	<u>466,367</u>	<u>360,235</u>	<u>69,691</u>	<u>36,441</u>
<b>Public Safety</b>								
Fire department	-	52,500	(8,597)	25,496	69,399	69,399	-	-
Fire department chief's salary	-	9,000	-	-	9,000	6,300	2,700	-
Emergency management	-	2,100	-	-	2,100	2,000	100	-
AED	120	-	-	-	120	-	-	120
Ambulance	-	14,257	-	-	14,257	14,257	-	-
First response medical team	-	12,500	(5,000)	250	7,750	7,750	-	-
Insurance	-	22,000	-	-	22,000	19,580	2,420	-
Street lights	-	1,200	-	-	1,200	1,041	159	-
E911 Signs	-	-	-	48	48	-	48	-
Animal control	3,991	5,000	-	1,336	10,327	7,325	-	3,002
	<u>4,111</u>	<u>118,557</u>	<u>(13,597)</u>	<u>27,130</u>	<u>136,201</u>	<u>127,652</u>	<u>5,427</u>	<u>3,122</u>

See accompanying independent auditors' report.

## Schedule of Departmental Operations (2 of 3)

### Town of Northport, Maine

For the Year Ended June 30, 2018

	Beginning	Appropriations	Budget	Other	Total	Expended	Balances	
	Balance		Transfer	Credits	Available		Lapsed	Carried
<b>Public Works</b>								
Roads and bridges	\$ 348,444	\$ 200,000	\$ -	\$ 349,909	\$ 898,353	428,863	\$ -	\$ 469,490
Snow removal and sanding	-	200,000	-	-	200,000	188,131	11,869	-
	<u>348,444</u>	<u>400,000</u>	<u>-</u>	<u>349,909</u>	<u>1,098,353</u>	<u>616,994</u>	<u>11,869</u>	<u>469,490</u>
<b>Health &amp; Sanitation</b>								
Septage contract	-	4,000	-	-	4,000	4,000	-	-
Transfer station	<u>53,739</u>	<u>75,000</u>	<u>-</u>	<u>63,415</u>	<u>192,154</u>	<u>112,078</u>	<u>-</u>	<u>80,076</u>
	<u>53,739</u>	<u>79,000</u>	<u>-</u>	<u>63,415</u>	<u>196,154</u>	<u>116,078</u>	<u>-</u>	<u>80,076</u>
<b>Unclassified</b>								
Cemetery	1,980	10,000	-	-	11,980	9,450	-	2,530
Cemetery development	4,614	-	-	-	4,614	-	-	4,614
Social services	-	7,500	-	-	7,500	7,500	-	-
County tax	-	569,229	-	-	569,229	569,229	-	-
General assistance	4,700	-	-	561	5,261	1,646	-	3,615
Wyman Park Maintenance Fund	-	600	-	-	600	600	-	-
Snowmobile club payment	192	-	-	265	457	192	-	265
Northport Harbor Fund	2,147	8,000	4,943	18,858	33,948	27,388	-	6,560
Northport needy families	1,074	-	-	200	1,274	-	-	1,274
Northport scholarship	-	5,000	-	-	5,000	2,000	3,000	-
Northport Warm Neighbors Fund	8,091	-	-	2,200	10,291	1,026	-	9,265
Abatements	-	-	-	-	-	2,665	(2,665)	-
	<u>22,798</u>	<u>600,329</u>	<u>4,943</u>	<u>22,084</u>	<u>650,154</u>	<u>621,696</u>	<u>335</u>	<u>28,123</u>

See accompanying independent auditors' report.

## Schedule of Departmental Operations (3 of 3)

### Town of Northport, Maine

For the Year Ended June 30, 2018

	Beginning Balance	Appropriations	Budget Transfer	Other Credits	Total Available	Expended	Other Debits	Balances	
								Lapsed	Carried
<b>Education</b>									
Education	\$ 552,358	\$ 2,450,673	\$ -	\$ 91,076	\$ 3,094,107	\$ 2,593,017	\$ 35,000	\$ -	\$ 466,090
<b>Debt Service</b>	-	330,589	-	-	330,589	330,589	-	-	-
<b>Assigned Accounts</b>									
Education - MainePERS	398,930	-	-	-	398,930	-	-	-	398,930
Children's Community Christmas Reserve	1,067	-	-	949	2,016	434	-	-	1,582
Records Preservation Reserve	4,275	2,500	-	1,473	8,248	-	-	-	8,248
Digital Mapping Reserve	12,841	-	(1,118)	81	11,804	-	-	-	11,804
Cemetery Capital Reserve	2,057	-	-	19	2,076	-	-	-	2,076
Wyman Park	3,687	-	-	34	3,721	-	-	-	3,721
Fire Truck Replacement	111,084	20,000	8,597	1,065	140,746	-	-	-	140,746
Sand/Salt Shed	15,858	-	-	148	16,006	-	-	-	16,006
First Responders Equipment Reserve	44,666	-	5,000	405	50,071	-	-	-	50,071
Marine Reserve Fund	51,130	30,000	(4,943)	6,592	82,779	-	-	-	82,779
	<u>645,595</u>	<u>52,500</u>	<u>7,536</u>	<u>10,766</u>	<u>716,397</u>	<u>434</u>	<u>-</u>	<u>-</u>	<u>715,963</u>
	<u>\$ 1,636,060</u>	<u>\$ 4,457,618</u>	<u>\$ -</u>	<u>\$ 594,644</u>	<u>\$ 6,688,322</u>	<u>\$ 4,766,695</u>	<u>\$ 35,000</u>	<u>\$ 87,322</u>	<u>\$ 1,799,305</u>

See accompanying independent auditors' report.

## Schedule of the Town's Proportionate Share of the Net Pension Liability

### Town of Northport, Maine Northport School Department

#### Last ten fiscal years\*

	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
Town's proportion of the net pension liability (asset)	0.002221%	0.000929%	0.000000%
Town's proportionate share of the net pension liability (asset)	\$ 32,275	\$ 16,412	\$ -
State's proportionate share of the net pension liability (asset) associated with the Town	<u>822,890</u>	<u>608,460</u>	<u>-</u>
Total	\$ 855,165	\$ 624,872	\$ -
Town's covered-employee payroll	<u>\$ 706,262</u>	<u>\$ 479,390</u>	<u>\$ -</u>
Town's portortionate share of the net pension liability (asset) as a percentage of its covered employee payroll	4.57%	3.42%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	83.35%	76.21%	83.55%

\*The amounts presented for each fiscal year were determined as of June 30 of the preceeding fiscal year. The data above was determined by the actuarial valuation which was one year prior to the audit report date. Retroactive information is not required to be presented. A full ten year schedule will be displayed as it becomes available.

See accompanying independent auditors' report.

## Schedule of the Town's Pension Contributions

### Town of Northport, Maine Northport School Department

#### Last ten fiscal years\*

	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
Contractually required contribution	\$ 35,789	\$ 26,482	\$ 17,430
Contributions in relation to the contractually required contribution	<u>35,789</u>	<u>26,482</u>	<u>17,430</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered-employee payroll	<u>\$ 801,457</u>	<u>\$ 706,262</u>	<u>\$ 479,280</u>
Contributions as a percentage of covered-employee payroll	4.47%	3.75%	3.64%

\*The amounts presented for each fiscal year were determined as of June 30 of the preceeding fiscal year, which differs from the timeframes used in the Schedule of the Town's Proportionate Share of the Net Pension Liability. Retroactive information is not required to be presented. A full ten year schedule will be displayed as it becomes available.

See accompanying independent auditors' report.

## Schedule of the Town's Proportionate Share of the MEPERS Plan Net OPEB Liability

### Town of Northport, Maine Northport School Department

#### Last ten fiscal years\*

	<u>6/30/2018</u>
Town's proportion of net OPEB liability	0.000000%
Town's proportionate share of the net OPEB liability	\$ -
State of Maine's proportionate share of the net pension liability	<u>18,132</u>
Total	<u>\$ 18,132</u>
Town's covered employee payroll	<u>\$ 706,262</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	60.11%
Contractually required contributions	\$ -
Contributions made in relation to contractually required amounts	<u>-</u>
Contribution excess (deficiency)	<u>\$ -</u>
Contributions as a percentage of covered employee payroll	0.00%

\*The amounts presented for each fiscal year were determined as of June 30. The data above was determined by the actuarial valuation date which was one year prior to the audit report date. Retroactive information is not required to be presented. A full ten year schedule will be displayed as it becomes available.

See accompanying independent auditors' report.



**Schedule of Changes in the Town's Total MMEHT Plan OPEB Liability  
and Related Ratios**

**Town of Northport, Maine**

**Last ten fiscal years\***

	<u>6/30/2018</u>
Total OPEB Liability:	
Service cost	\$ 812
Interest	709
Differences between expected and actual experience	(64)
Changes of assumptions or other inputs	(35)
Benefit payments	<u>(284)</u>
Net change in total OPEB liability	1,138
Total OPEB liability, beginning of year	<u>18,087</u>
Total OPEB liability, end of year	<u>\$ 19,225</u>
Covered employee payroll	\$ 87,779
Net OPEB liability as a percentage of covered employee payroll	21.90%

\*The amounts presented for each fiscal year were determined as of January 1 of the current fiscal year. The first year of implementation was June 30, 2018. Therefore, only one year is shown. A full ten year schedule will be displayed as it becomes available.

See accompanying independent auditors' report.

## **Notes to the Required Supplemental Information**

### **Town of Northport, Maine**

#### **Notes to the Schedule of the Town's Proportionate Share of the Net Pension Liability and the Schedule of Town Contributions**

The information presented in the Schedule of the Town's Proportionate Share of the Net Pension Liability and the Schedule of Town Contributions was determined as part of the actuarial valuation at the dates indicated.

The information presented relates solely to the Town of Northport School Department and not to the System as a whole.

#### **Notes to the Schedule of Changes in the Town's Total MMEHT Plan OPEB Liability and Related Ratios**

There were no changes to benefit terms aside from changes in claims costs and contributions which will reflect market changes in healthcare costs during the year ended June 30, 2018.

There were no changes in size of the population during the year ended June 30, 2018.

Changes in assumptions for the year ended June 30, 2018 included a decrease in the discount rate from 3.78% to 3.44%. The actuarial valuation also now reflects the use of the Entry Age Normal Cost Method. (The Projected Unit Credit funding method was used previously.)

See accompanying independent auditors' report.