

Financial Statements

Town of Northport, Maine

June 30, 2022

Contents

Town of Northport, Maine

June 30, 2022

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Independent Auditors' Report

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

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, 2022, 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.

We did not audit the financial statements of the Northport School Department's general fund and other governmental funds (special revenue funds), which represent 42%, 34%, and 62%, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standard generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Northport, Maine, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Northport, Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Northport, Maine's ability to continue as a going concern for a reasonable period of time.

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

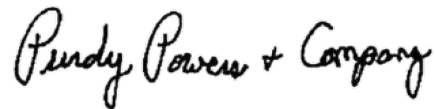
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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 MEPEERS Plan Net OPEB Liability, the Schedule of Changes in the Town's Total MMEHT Plan OPEB Liability and Related Ratios, the Schedule of Changes in the Town's Total MEABT 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 is the responsibility of management and, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's

responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Randy Powers + Company". The script is cursive and fluid.

Professional Association

Portland, Maine
August 16, 2023



Town of Northport

16 Beech Hill Road Northport, Maine 04849
(207) 338-3819 ~ (207) 338-3596 (Fax)

www.northportmaine.org
administrator@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, 2022. 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 Select Board 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 8 and 10.

THE TOWN AS A WHOLE

For the years ended June 30, 2022 and 2021, net position changed as follows:

	2022	2021
Governmental Activities		
Beginning net position	\$ 9,799,555	\$ 9,330,710
Prior period adjustments	-	13,877
Increase in net position	<u>589,813</u>	<u>454,968</u>
Ending net position	<u>\$ 10,389,368</u>	<u>\$ 9,799,555</u>

That reflects an increase of 6% for governmental activities in 2022.

The Town's overall net position has grown consistently by 5% to 8% the last few years, and the current year is in line with prior years.

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

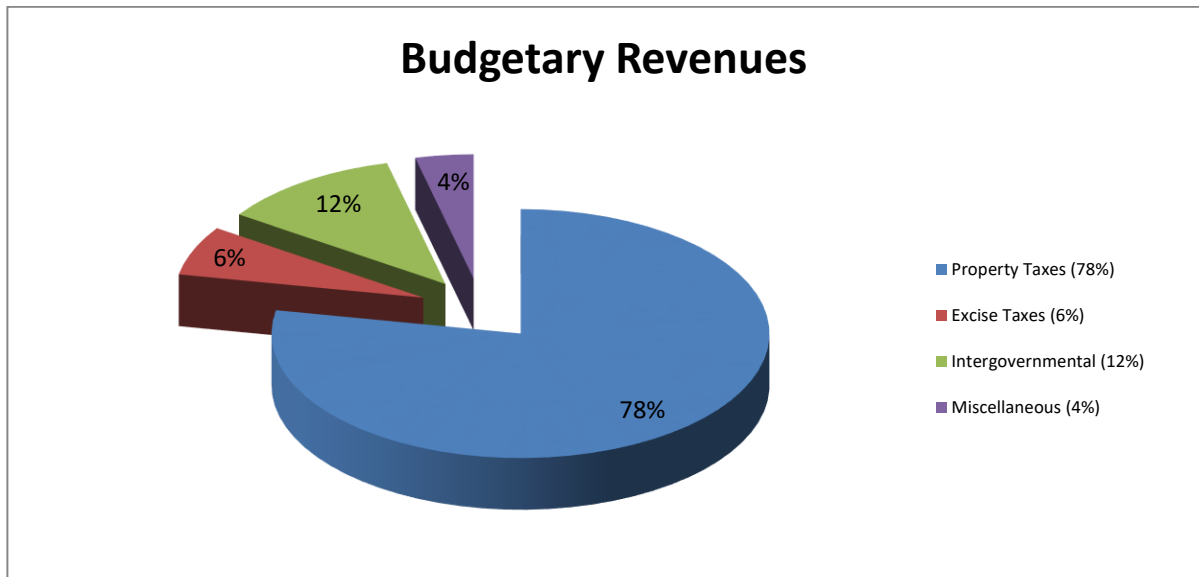
All other governmental revenues are reported as miscellaneous. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

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, 2022 and 2021, and the amount and percentage of increases and decreases in relation to the prior year.

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

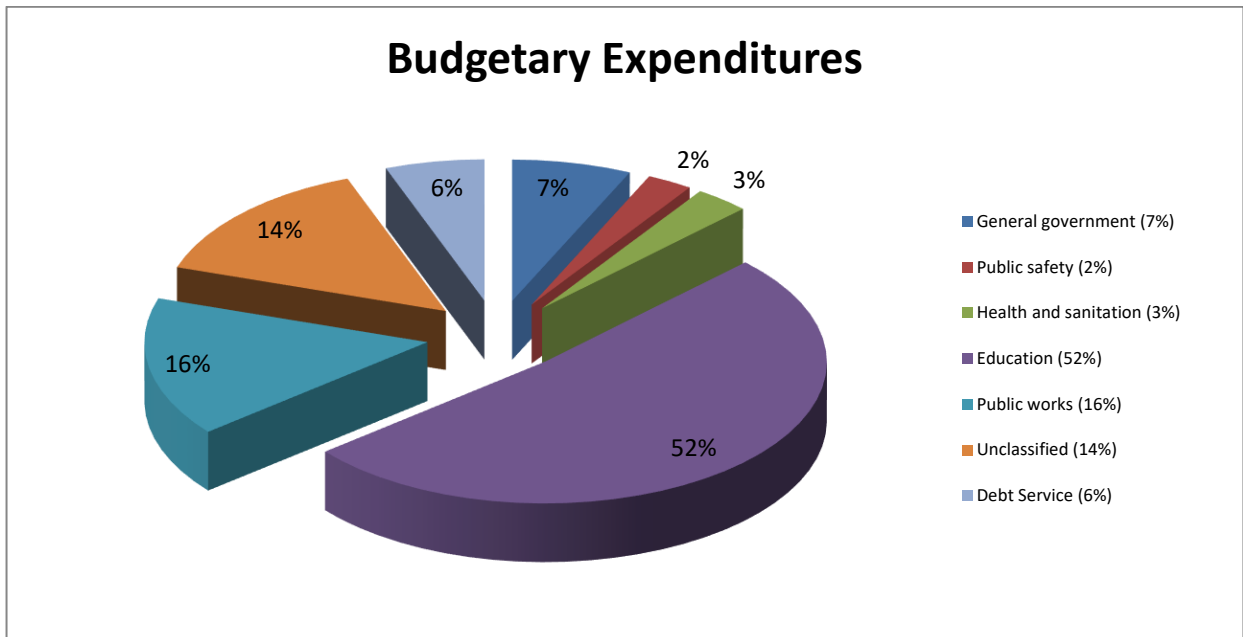
<u>Revenue</u>	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u> <u>from 2021</u>	<u>%</u> <u>Increase</u> <u>(Decrease)</u>
<i>Property taxes</i>	\$ 4,556,094	\$ 4,515,766	\$ 40,328	0.9%
<i>Excise taxes</i>	375,906	352,995	22,911	6.5%
<i>Intergovernmental</i>	688,476	413,354	275,122	66.6%
<i>Miscellaneous</i>	<u>220,479</u>	<u>174,186</u>	<u>46,293</u>	<u>26.6%</u>
Total Revenue	<u>\$ 5,840,955</u>	<u>\$ 5,456,301</u>	<u>\$ 384,654</u>	<u>7.0%</u>



The substantial increase in intergovernmental revenue from 2021 is the result of the funds the Town received as part of the American Rescue Plan Act in 2022. The substantial increase in miscellaneous revenue is because of the Town's sale of two tax-acquired properties in 2022.

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

<u>Expenditures</u>	<u>2022</u>	<u>2021</u>	<u>Increase</u>	<u>% Increase</u>
	<u>Amount</u>	<u>Amount</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
			<u>from 2021</u>	
<i>General government</i>	\$ 363,254	\$ 374,229	\$ (10,975)	(2.9%)
<i>Public safety</i>	138,708	132,485	6,223	4.7%
<i>Health and sanitation</i>	166,305	169,556	(3,251)	(1.9%)
<i>Education</i>	2,685,087	2,794,197	(109,110)	(3.9%)
<i>Public works</i>	846,219	842,145	4,074	0.5%
<i>Unclassified</i>	760,672	779,354	(18,682)	(2.4%)
<i>Debt Service</i>	301,351	310,572	(9,221)	(3.0%)
Total Expenditures	\$ 5,261,596	\$ 5,402,538	\$ (140,942)	(2.6%)



The Town's budgetary expenditures have remained somewhat stable, with the exception of the substantial decrease in school spending, which was the result of changes in special education personnel needs at the school.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget to actual comparison is shown on page 11.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2022, the Town had \$11.6 million invested in capital assets including fire trucks, equipment, buildings, and town owned roads. (See table below.)

	Governmental Activities	
	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Land	\$ 924,851	\$ 924,851
Buildings	4,663,836	4,663,836
Equipment	182,285	182,285
Vehicles	867,584	956,970
Infrastructure	<u>4,938,127</u>	<u>4,810,889</u>
Totals	\$ <u>11,576,683</u>	\$ <u>11,538,831</u>

The increased value of infrastructure reflects the completion of a paving project on Priest Road. Other work included maintenance of Beech Hill Road and Rocky Road.

Debt

At year end, the Town had \$2,513,456 in long-term debt outstanding. The long-term debt is made up of three General Obligation Bonds outstanding for the Northport School Department as discussed in Note F.

The Town on its own has no debt obligation; the three bonds are for education purposes only.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the June 2023 annual town meeting, the Town voted to appropriate funds to set aside for a Town-wide property revaluation in the coming years; the last revaluation was completed in 2004 and are recommended every ten years. The Town also voted to appropriate funds for the design and planning for a new Town Office, because the current building has heating, cooling, and structural concerns that will require it to be replaced. Unpredictable weather events and conditions may continue impact road repair and maintenance costs.

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
James Kossuth, Administrator
16 Beech Hill Road
Northport, ME 04849
Phone: (207)338-3819

Statement of Net Position

Town of Northport, Maine

As of June 30, 2022

	Governmental Activities
Assets	
Cash	\$ 4,400,642
Investments	6,070
Accounts receivable	70,316
Taxes receivable	391
Tax liens receivable	113,461
Inventory	1,446
Tax acquired property	240
Capital assets, net of accumulated depreciation	8,660,683
Total Assets	13,253,249
Deferred Outflows	
Deferred outflows related to pension	118,965
Deferred outflows related to OPEB	44,058
Total Deferred Outflows	163,023
Liabilities	
Accounts payable	78,995
Accrued expenses	177,726
Taxes paid in advance	7,828
Accrued interest	12,308
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	228,994
Accrued compensated absences	18,430
Portion due or payable after one year:	
Bonds payable	2,284,462
Net pension liability	46,740
Net OPEB liability	93,055
Total Liabilities	2,948,538
Deferred Inflows	
Deferred inflows related to pension	65,001
Deferred inflows related to OPEB	13,365
Total Deferred Inflows	78,366
Net Position	
Net investment in capital assets	6,147,227
Restricted, nonexpendable	14,026
Restricted, expendable	103,037
Unrestricted	4,125,078
Net Position	\$ 10,389,368

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

Statement of Activities

Town of Northport, Maine

For the Year Ended June 30, 2022

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense)
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
				<u>Governmental</u>
				<u>Activities</u>
Governmental Activities:				
General government	\$ 374,660	\$ 47,939	\$ -	\$ (326,721)
Public safety	192,646	-	742	(191,904)
Health and sanitation	166,305	76,327	-	(89,978)
Education	3,190,537	298	356,358	(2,833,881)
Public works	808,646	-	36,160	(772,486)
Unclassified	779,790	-	-	(779,790)
On-behalf pension and OPEB	135,162	-	-	(135,162)
Interest on long-term debt	71,350	-	-	(71,350)
Total Governmental Activities	<u>\$ 5,719,096</u>	<u>\$ 124,564</u>	<u>\$ 393,260</u>	(5,201,272)
General revenues:				
Taxes:				
Property taxes				4,584,094
Excise taxes				375,906
Interest income				1,044
Intergovernmental				606,557
On-behalf payments				135,162
Miscellaneous				111,216
Loss on disposal of capital assets				(22,894)
Total General Revenues				<u>5,791,085</u>
Change in Net Position				589,813
Net position at beginning of year				<u>9,799,555</u>
Net Position at End of Year				<u>\$ 10,389,368</u>

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

Balance Sheet - Governmental Funds

Town of Northport, Maine

As of June 30, 2022

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 4,338,612	\$ 62,030	\$ 4,400,642
Investments	-	6,070	6,070
Accounts receivable	21,750	48,566	70,316
Taxes receivable	391	-	391
Tax liens	113,461	-	113,461
Inventory	-	1,446	1,446
Due from other funds	153,154	328,676	481,830
Tax acquired property	240	-	240
Total Assets	\$ 4,627,608	\$ 446,788	\$ 5,074,396
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 78,995	\$ -	\$ 78,995
Accrued expenses	154,597	23,129	177,726
Taxes paid in advance	7,828	-	7,828
Due to other funds	199,152	282,678	481,830
Total Liabilities	440,572	305,807	746,379
Deferred Inflows of Resources			
Unavailable revenue - property taxes	103,000	-	103,000
Total Deferred Inflows of Resources	103,000	-	103,000
Fund Balances			
Nonspendable:			
Special revenue funds	-	1,446	1,446
Permanent funds	-	12,580	12,580
Restricted:			
General fund	167,173	-	167,173
Special revenue funds	-	86,260	86,260
Permanent funds	-	16,777	16,777
Committed:			
General fund	523,000	-	523,000
Capital reserve fund	-	50,000	50,000
Assigned:			
General fund	2,152,630	-	2,152,630
Unassigned:			
Special revenue funds	-	(26,082)	(26,082)
General fund	1,241,233	-	1,241,233
Total Fund Balances	4,084,036	140,981	4,225,017
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,627,608	\$ 446,788	\$ 5,074,396

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, 2022

Total Fund Balances - Governmental Funds \$ 4,225,017

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: 8,660,683

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: 103,000

The following deferred outflows 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	\$ 118,965	
Deferred outflows related to OPEB	44,058	
Deferred inflows related to pension	(65,001)	
Deferred inflows related to OPEB	<u>(13,365)</u>	
		84,657

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	(2,513,456)	
Accrued compensated absences	(18,430)	
Net pension liability	(46,740)	
Net OPEB liability	(93,055)	
Accrued interest payable	<u>(12,308)</u>	
		<u>(2,683,989)</u>

Net Position - Governmental Activities \$ 10,389,368

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, 2022

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 4,556,094	\$ -	\$ 4,556,094
Excise taxes	375,906	-	375,906
Intergovernmental	688,476	311,341	999,817
On-behalf pension and OPEB payments	135,162	-	135,162
Miscellaneous	230,161	6,663	236,824
Total Revenues	5,985,799	318,004	6,303,803
Expenditures			
Current			
General government	363,254	-	363,254
Public safety	138,708	-	138,708
Health and sanitation	166,305	-	166,305
Education	2,685,087	365,052	3,050,139
Education - on-behalf payments	135,162	-	135,162
Public works	846,219	-	846,219
Unclassified	761,171	-	761,171
Debt service - principal	228,994	-	228,994
- interest	72,357	-	72,357
Total Expenditures	5,397,257	365,052	5,762,309
Revenues Over (Under) Expenditures	588,542	(47,048)	541,494
Other Financing Sources (Uses)			
Operating transfers in	-	50,000	50,000
Operating transfers out	(50,000)	-	(50,000)
Total Other Financing Sources (Uses)	(50,000)	50,000	-
Revenues and Other Sources Over Expenditures and Other Uses	538,542	2,952	541,494
Fund balances at beginning of year	3,545,494	138,029	3,683,523
Fund Balances at End of Year	\$ 4,084,036	\$ 140,981	\$ 4,225,017

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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 541,494

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	\$ 127,238	
Depreciation expense	<u>(303,291)</u>	
		(176,053)

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:

Loss on disposal of capital assets	(22,894)
------------------------------------	----------

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 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 repayment of debt obligations in the current period:

Principal portion of lease obligation payments	6,956	
Principal portion of debt service payments	<u>228,994</u>	
		235,950

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	(1,666)	
Change in accrued interest payable	1,007	
Adjustment to net pension and OPEB liabilities and related deferred inflows and outflows for the Northport School Department	(16,299)	
Adjustment to net OPEB liability and related deferred inflows and outflows for the Town of Northport	<u>274</u>	
		(16,684)

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:

28,000

Change in Net Position of Governmental Activities	<u>\$ 589,813</u>
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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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
Revenues				
Taxes				
Property taxes	\$ 4,582,569	\$ 4,582,569	\$ 4,556,094	\$ (26,475)
Excise taxes	-	375,906	375,906	-
Intergovernmental revenues				
State revenue sharing	104,970	104,970	172,296	67,326
State road assistance	-	36,160	36,160	-
Homestead exemption	87,321	87,321	87,321	-
Other	3,237	192,020	392,699	200,679
Miscellaneous revenues	-	370,740	220,479	(150,261)
Total Revenues	4,778,097	5,749,686	5,840,955	91,269
Expenditures				
Current				
General government	478,515	701,001	363,254	337,747
Public safety	127,229	161,088	138,708	22,380
Health and sanitation	156,912	233,239	166,305	66,934
Education	3,795,814	3,980,278	2,685,087	1,295,191
Public works	1,002,851	1,413,956	846,219	567,737
Unclassified	812,407	855,755	760,672	95,083
Debt service - principal	228,994	228,994	228,994	-
- interest	72,357	72,357	72,357	-
Total Expenditures	6,675,079	7,646,668	5,261,596	2,385,072
Revenues Over (Under) Expenditures	(1,896,982)	(1,896,982)	579,359	2,476,341
Other Financing Sources (Uses)				
Utilization of assigned fund balance	1,730,039	1,730,039	-	(1,730,039)
Utilization of unassigned fund balance	200,000	200,000	-	(200,000)
Operating transfers in	101,819	101,819	1,819	(100,000)
Operating transfers out	(93,466)	(93,466)	(93,466)	-
Total Other Financing Sources (Uses)	1,938,392	1,938,392	(91,647)	(2,030,039)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 41,410	\$ 41,410	487,712	\$ 446,302
Budgetary fund balance at beginning of year			3,274,875	
Budgetary Fund Balance at End of Year			\$ 3,762,587	

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

Notes to Financial Statements

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 Statements - 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.

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.

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.

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.

Notes to Financial Statements - Continued

Town of Northport, Maine

Note A - Summary of Significant Accounting Policies - Continued

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, 2022.

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.

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.

Notes to Financial Statements - Continued

Town of Northport, Maine

Note A - Summary of Significant Accounting Policies - Continued

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.

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.

Notes to Financial Statements - Continued

Town of Northport, Maine

Note A - Summary of Significant Accounting Policies - Continued

Long-Term Obligations - Continued

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 net 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 net position.

In addition to liabilities, the statement of net 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 net position. The Northport School Department also has one type of item, deferred pensions, which is reported in the statement of net 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 G 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.

Notes to Financial Statements - Continued

Town of Northport, Maine

Note A - Summary of Significant Accounting Policies - Continued

Pensions - Continued

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.

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.

Notes to Financial Statements - Continued

Town of Northport, Maine

Note A - Summary of Significant Accounting Policies - Continued

Revenue Recognition - Property Taxes

The Town's property tax for the current year was levied August 1, 2021, on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. Taxes were due September 30, 2021 and March 1, 2022. Interest on unpaid taxes commenced on October 1, 2021 and March 2, 2022, at 6% 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 \$41,410 for the year ended June 30, 2022.

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.

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.

Notes to Financial Statements - Continued

Town of Northport, Maine

Note A - Summary of Significant Accounting Policies - Continued

Governmental Fund Balances - Continued

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, 2022, the Town implemented Governmental Accounting Standards Board Statement No. 87, *Leases*. The implementation of this accounting standard did not have an effect on the beginning net position or fund balance of the Town as previously reported.

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, 2022, the carrying amount of the Town's deposits was \$4,400,642 and the bank balance was \$4,459,378. The difference between the carrying amount and the bank balance relates to deposits in transit, outstanding checks and cash on hand at year-end.

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, 2022, \$3,959,378 of the Town's bank balance of \$4,459,378 was exposed to credit risk as follows:

Collateralized with securities held by the pledging financial institution	<u>\$ 3,959,378</u>
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Notes to Financial Statements - Continued

Town of Northport, Maine

Note B - Cash and Investments - Continued

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, 2022, 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>\$ 6,070</u>	<u>\$ 6,070</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, 2022, 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, 2022, the Town held the following common stock which represented greater than 5% of the total investments held: AT&T \$4,444, Comcast \$942, and Warner Brothers \$684.

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, 2022, the Town had no investments subject to custodial credit risk.

Notes to Financial Statements - Continued

Town of Northport, Maine

Note C - Capital Assets

A summary of capital asset activity for the year ended June 30, 2022 follows:

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements/ In-service</u>	<u>Ending Balance</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 924,851	\$ -	\$ -	\$ 924,851
Depreciable Assets:				
Buildings	4,663,836	-	-	4,663,836
Equipment	182,285	-	-	182,285
Vehicles	956,970	-	(89,386)	867,584
Infrastructure	<u>4,810,889</u>	<u>127,238</u>	<u>-</u>	<u>4,938,127</u>
Totals at historical cost	11,538,831	127,238	(89,386)	11,576,683
Less Accumulated Depreciation:				
Buildings	729,643	126,127	-	855,770
Equipment	89,013	13,475	-	102,488
Vehicles	632,863	58,973	(66,494)	625,342
Infrastructure	<u>1,227,684</u>	<u>104,716</u>	<u>-</u>	<u>1,332,400</u>
Total accumulated depreciation	<u>2,679,203</u>	<u>303,291</u>	<u>(66,494)</u>	<u>2,916,000</u>
Capital Assets, Net	<u>\$ 8,859,628</u>	<u>\$ (176,053)</u>	<u>\$ (22,892)</u>	<u>\$ 8,660,683</u>

Depreciation expense was charged to the following functions:

General government	\$ 10,014
Public safety	53,938
Education	131,055
Public works	89,665
Unclassified (Harbor)	<u>18,619</u>
Total governmental activities depreciation expense	<u>\$ 303,291</u>

Notes to Financial Statements - Continued

Town of Northport, Maine

Note D - Interfund Receivables and Payables

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	Receivables <u>Due from</u>	Payables <u>(Due to)</u>	Net Internal <u>Balances</u>
Governmental Activities			
General Fund:			
<i>Non-major Special Revenue Funds:</i>	\$ 153,154	\$ (199,152)	\$ (45,998)
Non-Major Special Revenue Funds:			
<i>General Fund:</i>	199,152	(153,154)	45,998
<i>Other Special Revenue Fund:</i>	129,524	(129,524)	-
	<u>328,676</u>	<u>(282,678)</u>	<u>45,998</u>
Net Governmental Activities	\$ <u>481,830</u>	\$ <u>(481,830)</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.

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	\$ -	\$ (50,000)	
	-	(50,000)	\$ (50,000)
Special Revenue Funds:			
<i>General Fund:</i>			
School Lunch	50,000	-	
	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total Interfund Transfers	\$ <u>50,000</u>	\$ <u>(50,000)</u>	\$ <u>-</u>

Notes to Financial Statements - Continued

Town of Northport, Maine

Note F - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022 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>
Governmental Activities:					
General obligation debt	\$ 2,742,450	\$ -	\$ 228,994	\$ 2,513,456	\$ 228,994
Leases payable	6,956	-	6,956	-	-
Net pension liability	35,420	11,320	-	46,740	-
Net OPEB liability	100,002	-	6,947	93,055	-
Compensated absences	<u>16,764</u>	<u>8,886</u>	<u>7,220</u>	<u>18,430</u>	<u>18,430</u>
	<u>\$ 2,901,592</u>	<u>\$ 20,206</u>	<u>\$ 250,117</u>	<u>\$ 2,671,681</u>	<u>\$ 247,424</u>

Long-Term Debt

At June 30, 2022 long-term debt consisted of the following:

Northport School Department 2016 General Obligation Bond, interest rates varying from 1.16% to 3.492% with annual principal payments of \$150,000. The bond matures in 2037.

\$ 2,250,000

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.

157,529

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

105,927
\$ 2,513,456

Notes to Financial Statements - Continued

Town of Northport, Maine

Note F - Long-Term Liabilities - 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>
2023	\$ 228,994	\$ 70,847	\$ 299,841
2024	228,994	64,816	293,810
2025	228,990	57,884	286,874
2026	176,478	54,857	231,335
2027	150,000	51,424	201,424
2028-2032	750,000	203,606	953,606
2033-2037	750,000	81,207	831,207
	<u>\$ 2,513,456</u>	<u>\$ 584,641</u>	<u>\$ 3,098,097</u>

Note G - Pension - Northport School Department

The Northport School Department provides a 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, 2015. 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.

Notes to Financial Statements - Continued

Town of Northport, Maine

Note G - Pension - Northport School Department - Continued

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.

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, 2022, the member contribution rate was 7.65%, the School Department's contribution rate was 4.18% (normal cost), and the State of Maine contributed 14.89% (UAL).

Notes to Financial Statements - Continued

Town of Northport, Maine

Note G - Pension - Northport School Department - Continued

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, 2022, the School Department reported a net pension liability of \$46,740. The net pension liability was measured as of June 30, 2021, 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, 2021 measurement date, the School Department proportion was 0.005526%. At the June 30, 2020 measurement date, the School Department proportion was 0.002170%.

At June 30, 2022, the reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 693	\$ 956
Changes in assumptions	31,867	-
Net difference between projected and actual earnings on pension plan investments	-	63,686
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,612	359
School Department contributions subsequent to the measurement date	51,793	-
Total	<u>\$ 118,965</u>	<u>\$ 65,001</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,	
2023	\$ 67,028
2024	19,154
2025	(14,467)
2026	(17,751)
Total	<u>\$ 53,964</u>

Notes to Financial Statements - Continued

Town of Northport, Maine

Note G - 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, 2022, 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	\$	46,740
State of Maine's proportionate share of net pension liability		589,962
Total	\$	<u>636,702</u>

For the fiscal year ended June 30, 2022, the School Department recognized pension expense of \$57,583, State support of \$44,858, and on-behalf payments of \$132,196.

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.80% to 13.03%
Investment Rate of Return	6.50%
Cost of Living Benefit Increases	2.20%

For the School Department employees, the mortality rate is based on the RP2014 Total Dataset Healthy Annuitant 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.

Notes to Financial Statements - Continued

Town of Northport, Maine

Note G - Pension - Northport School Department - Continued

Actuarial Assumptions - Continued

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, 2021 are summarized in the following table:

	Target <u>Allocation</u>	Long-Term Expected Real Rate <u>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%	7.2%
Diversifiers	<u>10%</u>	5.9%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at 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 6.50%, 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 (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	1% Decrease <u>(5.50%)</u>	Current Discount <u>Rate (6.50%)</u>	1% Increase <u>(7.50%)</u>
Proportionate Share of the Net Pension Liability	\$ 122,745	\$ 46,740	\$ (16,542)

Notes to Financial Statements - Continued

Town of Northport, Maine

Note G - Pension - Northport School Department - Continued

Pension Plan Financial and Actuarial Information

Additional financial information and actuarial information can be found in the Maine PERS 2021 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

Note H - 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 OPEB 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.

Benefits Provided

Under the GLI OPEB plan, MEPERS 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.

Notes to Financial Statements - Continued

Town of Northport, Maine

Note H - Postemployment Benefits Other than Pensions (OPEB) - Continued

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

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

At June 30, 2021, the School Department reported a net OPEB liability of \$0, as the State of Maine's non-employer contributing entity required participation level is 100%. At June 30, 2022, 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		12,663
Total	\$	<u>12,663</u>

For the fiscal year ended June 30, 2022, the School Department recognized OPEB expense of \$159, State support of \$159, and on-behalf payments of \$2,966.

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 2021 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

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

Plan Description

Qualifying personnel of the School participate in the MEABT Group Health Plan. This plan is a single-employee OPEB plan not administered through a trust or similar arrangement. Accordingly, no assets are accumulated within the plan for the payment of future benefits.

Benefits Provided

Under the Health Plan, MEABT provides healthcare and life insurance benefits for retirees and their dependents. School employees over the age 55 with at least 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 45% of the single coverage premium and 100% of the family coverage premium. At June 30, 2021 there were 20 active employees participating in this plan and 2 inactive employees, retirees or beneficiaries entitled to and/or receiving benefits.

Notes to Financial Statements - Continued

Town of Northport, Maine

Note H - Postemployment Benefits Other than Pensions (OPEB) - Continued

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

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

The School's total Health Plan OPEB liability reported as of June 30, 2022 of \$79,812 was measured as of June 30, 2021 and was determined by an actuarial valuation at that date. For the year ended June 30, 2022 the School recognized OPEB expense of \$11,865 related to the Health Plan. At June 30, 2022 the School reported deferred inflows of resources and deferred outflows of resources related to the Health Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,550	\$ -
Changes in assumptions	20,736	1,721
Contributions subsequent to measurement date	1,270	-
Total	<u>\$ 43,556</u>	<u>\$ 1,721</u>

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

For the Year Ended June 30,		
2023		\$ 7,009
2024		5,739
2025		5,739
2026		5,739
2027		5,739
Thereafter		11,870
Total		<u>\$ 41,835</u>

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Salary Increases	2.75%
Discount Rate	2.16%
Healthcare Cost Trend Rates (Non-Medicare)	6.83% for 2022, decreasing thereafter
Healthcare Cost Trend Rates (Medicare)	6.30% for 2022, decreasing thereafter
Retirees' Share of Benefit Costs	45% of projected premiums

Notes to Financial Statements - Continued

Town of Northport, Maine

Note H - Postemployment Benefits Other than Pensions (OPEB) - Continued

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

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

For the Health Plan, the mortality rate is based on the RP2014 Total Dataset Healthy Annuitant Mortality Tables for males and females. The discount rate of 2.16% used to measure the Health Plan OPEB liability was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

The following presents the School's total OPEB liability related to the Health Plan calculated using the discount rate of 2.16%, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 102,738	\$ 79,812	\$ 62,351

The following presents the School's total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates as noted above, as well as what the liability would be if it were calculated using a discount rate that 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Health Care Cost Trend Rates	1% Increase
Total OPEB liability	\$ 60,066	\$ 79,812	\$ 106,970

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.

Notes to Financial Statements - Continued

Town of Northport, Maine

Note H - Postemployment Benefits Other than Pensions (OPEB) - Continued

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

Employees Covered by Benefit Terms

At June 30, 2022, 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, 2022 were \$247. Employees are generally required to contribute 25% 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, 2022, the Town reported an OPEB liability of \$13,243. The OPEB liability was measured as of January 1, 2022, and was determined by an actuarial valuation as of that date.

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

	Total MMEHT Plan OPEB Liability
Balance at June 30, 2021	\$ 27,221
Changes for the year:	
Service costs	1,236
Interest	600
Differences between expected and actual experience	(14,134)
Changes of assumptions	(1,392)
Benefit payments	<u>(288)</u>
Net changes	<u>(13,978)</u>
Balance at June 30, 2022	<u>\$ 13,243</u>

The change in assumptions reflects a change in the discount rate from 2.12% in 2021 to 2.06% in 2022. There were no other changes in assumption since the last valuation.

Notes to Financial Statements - Continued

Town of Northport, Maine

Note H - 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

For the year ended June 30, 2022, the Town recognized OPEB expense of \$14 related to the MMEHT Plan. At June 30, 2022, 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	\$ -	\$ 10,600
Changes in assumptions	502	1,044
Total	<u>\$ 502</u>	<u>\$ 11,644</u>

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,

2023	\$ (3,380)
2024	(3,882)
2025	(3,880)
Total	<u>\$ (11,142)</u>

Actuarial Assumptions

The total OPEB liability in the January 1, 2022 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	2.06%
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	6.25%
Pre-Medicare Drug	13.10%
Medicare Medical	5.00%
Medicare Drug	9.90%
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, 2022 valuation for the MMEHT Plan were based on the results of an actuarial experience study covering the period June 30, 2016 through June 30, 2020.

Notes to Financial Statements - Continued

Town of Northport, Maine

Note H - 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 Discount Rate

The following presents the Town's total OPEB liability calculated using a discount rate of 2.06%, as well as what the Town's OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.06%) or 1% higher (3.06%) than the current rate:

	1% Decrease (1.06%)	Current Discount Rate (2.06%)	1% Increase (3.06%)
Total OPEB liability	\$ 15,137	\$ 13,243	\$ 11,650

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:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 11,690	\$ 13,243	\$ 15,082

Note I - 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, 2022.

Note J - Commitments

The Town has entered into separate agreements with unrelated third parties for certain services. Future required payments under the agreements are as follows:

	2023	2024	2025	Total
Assessing	\$ 25,000	\$ 25,750	-	\$ 50,750
Mowing	3,050	3,050	2,033	8,133
	<u>\$ 28,050</u>	<u>\$ 28,800</u>	<u>\$ 2,033</u>	<u>\$ 58,883</u>

Notes to Financial Statements - Continued

Town of Northport, Maine

Note K - Budget to Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Budgetary Basis:

Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$	487,712
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Sources/inflows of resources - reconciling items

The Town does not budget for revenues received in assigned fund balance accounts:

Interest income	969
Mooring fees	6,105
Miscellaneous	2,608

Transfers from other funds are inflows of budgetary resources but are not transfers for financial reporting purposes	43,466
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Uses/outflows of resources - reconciling items

The Town expends from reserve funds outside of its general fund that are recognized in the general fund under generally accepted accounting principles	(499)
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Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(1,819)</u>
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Generally Accepted Accounting Principles Basis:

Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 538,542</u>
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The difference between the general fund balance reported according to generally accepted accounting principles and the general fund balance reported according to the budgetary basis of accounting is accounted by the ending balances (shown in Note L) of the Digital Mapping Fund, Cemetery Reserve Fund, Wyman Park, Fire Truck Replacement, Sand/Salt Shed, Marine Reserve Fund, First Responders Equipment Reserve, Children's Community Christmas Reserve, and Records Prevention Reserve assigned fund balances.

Notes to Financial Statements - Continued

Town of Northport, Maine

Note L - Assigned Fund Balance

At June 30, 2022 the assigned general fund balance consisted of the following:

	Balance at <u>7/1/2021</u>	Transfers/ <u>Appropriations</u>	<u>Revenues</u>	<u>Expenditures</u>	Balance at <u>6/30/2022</u>
Personal Time	\$ 12,123	\$ 8,000	\$ -	\$ 2,117	\$ 18,006
Town Hall Building	41,266	-	-	-	41,266
Planning Board	7,769	-	2,550	1,868	8,451
Animal Control	9,865	8,750	4,518	8,383	14,750
Roads and Bridges	602,851	200,000	410,722	670,782	542,791
Cemetery	12,732	5,000	-	8,150	9,582
General Assistance	1,953	2,500	1,410	850	5,013
Snowmobile Reimbursement	152	-	199	152	199
Solar Reimbursement	-	-	261	-	261
Northport Harbor Fund	23,338	7,500	5,025	11,026	24,837
Northport Needy Families	1,874	-	100	-	1,974
Northport Warm Neighbors Fund	12,572	-	-	-	12,572
Broadband	1,250	13,500	36,353	10,000	41,103
Transfer Station	78,912	70,000	76,327	158,305	66,934
Children's Community Christmas	979	-	3	499	483
Records Preservation Reserve	17,688	-	1,619	-	19,307
Digital Mapping Fund	8,561	(1,819)	30	-	6,772
Cemetery Capital Reserve Fund	3,307	-	1,062	-	4,369
Wyman Park	3,854	-	14	-	3,868
Fire Truck Replacement	20,225	36,884	93	-	57,202
Sand/Salt Shed	16,575	-	60	-	16,635
Marine Reserve Fund	124,130	-	6,536	-	130,666
First Responders Equip. Reserve	75,300	6,582	265	-	82,147
Education	324,031	3,018,783	184,464	2,735,087	792,191
Education - MainePERS	348,930	(100,000)	-	-	248,930
Tree Growth Reimbursement	1,267	-	1,486	1,267	1,486
Veterans Exemption Reimb.	1,164	-	835	1,164	835
	<u>\$ 1,752,668</u>	<u>\$ 3,275,680</u>	<u>\$ 733,932</u>	<u>\$ 3,609,650</u>	<u>\$ 2,152,630</u>

Notes to Financial Statements - Continued

Town of Northport, Maine

Note M - Fund Balance

Fund balance consisted of the following as of June 30, 2022:

	General <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Fund Balances:			
Nonspendable fund balance:			
School Lunch	\$ -	\$ 1,446	\$ 1,446
Cemetery Trust	-	5,080	5,080
Wyman Needy Trust	-	5,000	5,000
Christmas Charity	-	2,500	2,500
Total Nonspendable fund balance	-	14,026	14,026
Restricted fund balance:			
ARPA Funds	167,173	-	167,173
Unemployment Reserve	-	31,995	31,995
Student Activities	-	6,748	6,748
Insurance Fund	-	1,183	1,183
Cobe Grant	-	877	877
Private Library	-	10,230	10,230
Maine Community Foundation	-	432	432
Whole Kids	-	200	200
Proficiency Based Education	-	4,216	4,216
Maine Agriculture	-	25	25
Amazon Smiles	-	283	283
School Lunch Program	-	28,237	28,237
Student Needs	-	1,786	1,786
Private Special Education	-	48	48
Cemetery Trust	-	16,569	16,569
Wyman Needy Trust	-	31	31
Christmas Charity	-	177	177
Total Restricted fund balance	167,173	103,037	270,210
Committed fund balance:			
General Fund - School appropriations	523,000	-	523,000
Capital reserves	-	50,000	50,000
Total Committed fund balance	523,000	50,000	573,000
Assigned fund balance:			
General Fund (See Note L)	2,152,630	-	2,152,630
Total Assigned fund balance	2,152,630	-	2,152,630

Notes to Financial Statements - Continued

Town of Northport, Maine

Note M - Fund Balance - Continued

Unassigned fund balance (deficit):

FFVP	-	(83)	(83)
IDEA	-	(6,709)	(6,709)
ESSER II	-	(12,897)	(12,897)
Title 1A	-	(6,393)	(6,393)
General fund	<u>1,241,233</u>	<u>-</u>	<u>1,241,233</u>
Total Unassigned fund balance (deficit)	<u>1,241,233</u>	<u>(26,082)</u>	<u>1,215,151</u>
Total Fund Balances	<u><u>\$ 4,084,036</u></u>	<u><u>\$ 140,981</u></u>	<u><u>\$ 4,225,017</u></u>

Combining Balance Sheet
Nonmajor Governmental Funds - Other Governmental Funds

Town of Northport, Maine

As of June 30, 2022

	Special Revenue	Permanent Funds	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	\$ 38,743	\$ 23,287	\$ 62,030
Investments	-	6,070	6,070
Accounts receivable	48,566	-	48,566
Inventory	1,446	-	1,446
Due from other funds	328,676	-	328,676
Total Assets	\$ 417,431	\$ 29,357	\$ 446,788
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued expenses	23,129	-	23,129
Due to other funds	282,678	-	282,678
Total Liabilities	305,807	-	305,807
Fund Balances (Deficits)			
Nonspendable	1,446	12,580	14,026
Restricted	86,260	16,777	103,037
Committed	50,000	-	50,000
Unassigned	(26,082)	-	(26,082)
Total Fund Balances	111,624	29,357	140,981
Total Liabilities and Fund Balances	\$ 417,431	\$ 29,357	\$ 446,788

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, 2022

	Special Revenue	Permanent Funds	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	\$ 311,341	\$ -	\$ 311,341
Interest income	-	77	77
Net investment return	-	(979)	(979)
Lot sale	-	1,050	1,050
Miscellaneous	6,515	-	6,515
Net Revenues	317,856	148	318,004
Expenditures			
Education	365,052	-	365,052
Miscellaneous expenses	-	-	-
Total Expenditures	365,052	-	365,052
Revenues Over (Under) Expenditures	(47,196)	148	(47,048)
Other Financing Sources (Uses)			
Operating transfers - in	50,000	-	50,000
Operating transfers - out	-	-	-
Total Other Financing Sources (Uses)	50,000	-	50,000
Revenues and Other Sources Over Expenses and Other Uses	2,804	148	2,952
Fund balances at beginning of year	108,820	29,209	138,029
Fund Balances at End of Year	\$ 111,624	\$ 29,357	\$ 140,981

See accompanying independent auditors' report.

Combining Balance Sheet
Permanent Funds - Trust Funds

Town of Northport, Maine

As of June 30, 2022

	<u>Cemetery</u>	<u>Wyman Needy</u>	<u>Christmas Charity</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 15,579	\$ 5,031	\$ 2,677	\$ 23,287
Investments	<u>6,070</u>	<u>-</u>	<u>-</u>	<u>6,070</u>
Total Assets	<u>\$ 21,649</u>	<u>\$ 5,031</u>	<u>\$ 2,677</u>	<u>\$ 29,357</u>
Liabilities and Fund Balances				
Liabilities				
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances				
Nonspendable	5,080	5,000	2,500	12,580
Restricted	<u>16,569</u>	<u>31</u>	<u>177</u>	<u>16,777</u>
Total Fund Balances	<u>21,649</u>	<u>5,031</u>	<u>2,677</u>	<u>29,357</u>
Total Liabilities and Fund Balances	<u>\$ 21,649</u>	<u>\$ 5,031</u>	<u>\$ 2,677</u>	<u>\$ 29,357</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, 2022

	<u>Cemetery</u>	<u>Wyman Needy</u>	<u>Christmas Charity</u>	<u>Total</u>
Revenues				
Interest income	\$ 50	\$ 18	\$ 9	\$ 77
Net investment return	(979)	-	-	(979)
Lot sale	<u>1,050</u>	<u>-</u>	<u>-</u>	<u>1,050</u>
Net Revenues	121	18	9	148
Expenditures				
Current	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over Expenditures	121	18	9	148
Fund balances at beginning of year	<u>21,528</u>	<u>5,013</u>	<u>2,668</u>	<u>29,209</u>
Fund Balances at End of Year	<u>\$ 21,649</u>	<u>\$ 5,031</u>	<u>\$ 2,677</u>	<u>\$ 29,357</u>

See accompanying independent auditors' report.

Schedule of Valuation, Assessment and Collection of Taxes

Town of Northport, Maine

For the Year Ended June 30, 2022

Valuation

Real estate	\$ 295,005,120
Personal property	<u>644,500</u>

Total Valuation \$ 295,649,620

Assessment

Valuation x Rate - \$295,649,620 x .01550	\$ 4,582,569
Supplemental taxes	<u>1,525</u>

Total Assessment Charged to Tax Collector \$ 4,584,094

Collection and Credits

Cash collections	\$ 4,484,004
Tax abatements	<u>2,833</u>

Total Collection and Credits 4,486,837

2022 Taxes and Liens Receivable - June 30, 2022 \$ 97,257

See accompanying independent auditors' report.

Schedule of Departmental Operations (1 of 3)

Town of Northport, Maine

For the Year Ended June 30, 2022

	Beginning Balance	Appropriations	Budget Transfer	Other Credits	Total Available	Expended	Balances	
							Lapsed	Carried
General Government								
Office operations	\$ -	\$ 50,000	\$ -	\$ 20,612	\$ 70,612	\$ 58,784	\$ 11,828	\$ -
Assessing	-	24,000	-	-	24,000	24,000	-	-
Administration	-	188,538	-	-	188,538	178,391	10,147	-
Payroll taxes	-	26,000	-	-	26,000	22,472	3,528	-
Employee benefits	-	31,000	-	-	31,000	23,271	7,729	-
Personal time	12,123	8,000	-	-	20,123	2,117	-	18,006
Contingency	-	15,000	-	-	15,000	200	14,800	-
Town Hall operations	-	20,000	-	-	20,000	15,640	4,360	-
Town Hall building	41,266	-	-	-	41,266	-	-	41,266
Legal	-	20,000	-	-	20,000	4,647	15,353	-
Planning Board	7,769	-	-	2,550	10,319	1,868	-	8,451
Code Enforcement office	-	23,000	-	12,150	35,150	20,045	15,105	-
Northport Village Corp.	-	10,000	-	-	10,000	10,000	-	-
Digital mapping	-	-	1,819	-	1,819	1,819	-	-
	<u>61,158</u>	<u>415,538</u>	<u>1,819</u>	<u>35,312</u>	<u>513,827</u>	<u>363,254</u>	<u>82,850</u>	<u>67,723</u>
Public Safety								
Fire department	-	65,250	(16,884)	28,255	76,621	76,621	-	-
Fire department chief's salary	-	8,000	-	-	8,000	5,235	2,765	-
Emergency management	-	3,000	-	-	3,000	2,500	500	-
Ambulance	-	17,330	-	-	17,330	17,330	-	-
First response medical team	-	7,000	(1,582)	1,050	6,468	6,468	-	-
Insurance	-	25,000	-	-	25,000	21,452	3,548	-
Street lights	-	1,500	-	-	1,500	719	781	-
E911 signs	-	-	-	36	36	-	36	-
Animal control	9,865	8,750	-	4,518	23,133	8,383	-	14,750
	<u>9,865</u>	<u>135,830</u>	<u>(18,466)</u>	<u>33,859</u>	<u>161,088</u>	<u>138,708</u>	<u>7,630</u>	<u>14,750</u>

See accompanying independent auditors' report.

Schedule of Departmental Operations (2 of 3)

Town of Northport, Maine

For the Year Ended June 30, 2022

	Beginning Balance	Appropriations	Budget Transfer	Other Credits	Total Available	Expended	Balances	
							Lapsed	Carried
Public Works								
Roads and bridges	\$ 602,851	\$ 200,000	\$ -	\$ 410,722	\$ 1,213,573	\$ 670,782	\$ -	\$ 542,791
Snow removal and sanding	-	200,000	-	383	200,383	175,437	24,946	-
	<u>602,851</u>	<u>400,000</u>	<u>-</u>	<u>411,105</u>	<u>1,413,956</u>	<u>846,219</u>	<u>24,946</u>	<u>542,791</u>
Health & Sanitation								
Septage contract	-	8,000	-	-	8,000	8,000	-	-
Transfer station	<u>78,912</u>	<u>70,000</u>	<u>-</u>	<u>76,327</u>	<u>225,239</u>	<u>158,305</u>	<u>-</u>	<u>66,934</u>
	<u>78,912</u>	<u>78,000</u>	<u>-</u>	<u>76,327</u>	<u>233,239</u>	<u>166,305</u>	<u>-</u>	<u>66,934</u>
Unclassified								
Cemetery	12,732	5,000	-	-	17,732	8,150	-	9,582
Social services	-	7,500	-	-	7,500	7,500	-	-
County tax	-	716,736	-	-	716,736	716,736	-	-
General assistance	1,953	2,500	-	1,410	5,863	850	-	5,013
Wyman Park Maintenance Fund	-	800	-	-	800	800	-	-
Solar reimbursement	-	-	-	261	261	-	-	261
Snowmobile club payment	152	-	-	199	351	152	-	199
Northport Harbor Fund	23,338	7,500	-	5,025	35,863	11,026	-	24,837
Northport needy families	1,874	-	-	100	1,974	-	-	1,974
Northport scholarship	-	5,000	-	-	5,000	2,500	2,500	-
Northport Warm Neighbors Fund	12,572	-	-	-	12,572	-	-	12,572
Broadband	1,250	13,500	-	36,353	51,103	10,000	-	41,103
Abatements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,958</u>	<u>(2,958)</u>	<u>-</u>
	<u>53,871</u>	<u>758,536</u>	<u>-</u>	<u>43,348</u>	<u>855,755</u>	<u>760,672</u>	<u>(458)</u>	<u>95,541</u>

See accompanying independent auditors' report.

Schedule of Departmental Operations (3 of 3)

Town of Northport, Maine

For the Year Ended June 30, 2022

	Beginning Balance	Appropriations	Budget Transfer	Other Credits	Total Available	Expended	Other Debits	Balances	
								Lapsed	Carried
Education									
Education	\$ 923,382	\$ 2,842,432	\$ 100,000	\$ 184,464	\$ 4,050,278	\$ 2,685,087	\$ 50,000	\$ -	\$ 1,315,191
Debt Service	-	301,351	-	-	301,351	301,351	-	-	-
Assigned Accounts									
Education - MainePERS	348,930	-	(100,000)	-	248,930	-	-	-	248,930
Children's Community Christmas Reserve	979	-	-	3	982	499	-	-	483
Records Preservation Reserve	17,688	-	-	1,619	19,307	-	-	-	19,307
Digital Mapping Reserve	8,561	-	(1,819)	30	6,772	-	-	-	6,772
Cemetery Capital Reserve	3,307	-	-	1,062	4,369	-	-	-	4,369
Wyman Park	3,854	-	-	14	3,868	-	-	-	3,868
Fire Truck Replacement	20,225	20,000	16,884	93	57,202	-	-	-	57,202
Sand/Salt Shed	16,575	-	-	60	16,635	-	-	-	16,635
First Responders Equipment Reserve	75,300	5,000	1,582	265	82,147	-	-	-	82,147
Marine Reserve Fund	124,130	-	-	6,536	130,666	-	-	-	130,666
	619,549	25,000	(83,353)	9,682	570,878	499	-	-	570,379
	<u>\$ 2,349,588</u>	<u>\$ 4,956,687</u>	<u>\$ -</u>	<u>\$ 794,097</u>	<u>\$ 8,100,372</u>	<u>\$ 5,262,095</u>	<u>\$ 50,000</u>	<u>\$ 114,968</u>	<u>\$ 2,673,309</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>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
Town's proportion of the net pension liability (asset)	0.552600%	0.002170%	0.002241%	0.002882%	0.002221%	0.000929%	0.000000%
Town's proportionate share of the net pension liability (asset)	\$ 46,740	\$ 35,420	\$ 32,850	\$ 38,891	\$ 32,275	\$ 16,412	\$ -
State's proportionate share of the net pension liability (asset) associated with the Town	<u>589,962</u>	<u>1,188,745</u>	<u>1,011,440</u>	<u>843,030</u>	<u>822,890</u>	<u>608,460</u>	<u>-</u>
Total	\$ 636,702	\$ 1,224,165	\$ 1,044,290	\$ 881,921	\$ 855,165	\$ 624,872	\$ -
Town's covered-employee payroll	<u>\$ 1,057,333</u>	<u>\$ 1,021,224</u>	<u>\$ 949,778</u>	<u>\$ 801,457</u>	<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	4.42%	3.47%	3.46%	4.85%	4.57%	3.42%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	92.12%	81.03%	84.52%	85.17%	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>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
Contractually required contribution	\$ 51,793	\$ 50,288	\$ 44,028	\$ 39,759	\$ 35,789	\$ 26,482	\$ 17,430
Contributions in relation to the contractually required contribution	<u>51,793</u>	<u>50,288</u>	<u>44,028</u>	<u>39,759</u>	<u>35,789</u>	<u>26,482</u>	<u>17,430</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	<u>\$ 1,026,920</u>	<u>\$ 1,057,033</u>	<u>\$ 1,021,224</u>	<u>\$ 949,778</u>	<u>\$ 801,457</u>	<u>\$ 706,262</u>	<u>\$ 479,280</u>
Contributions as a percentage of covered-employee payroll	5.04%	4.76%	4.31%	4.19%	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>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Town's proportion of net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State of Maine's proportionate share of the net pension liability	<u>12,663</u>	<u>22,784</u>	<u>21,324</u>	<u>22,700</u>	<u>18,132</u>
Total	<u>\$ 12,663</u>	<u>\$ 22,784</u>	<u>\$ 21,324</u>	<u>\$ 22,700</u>	<u>\$ 18,132</u>
Town's covered employee payroll	<u>\$ 1,057,333</u>	<u>\$ 1,021,224</u>	<u>\$ 949,778</u>	<u>\$ 801,457</u>	<u>\$ 706,262</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	81.88%	49.51%	62.29%	61.14%	60.11%
Contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions made in relation to contractually required amounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	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 the Town's Proportionate Share of the MEABT Plan Net OPEB Liability

Town of Northport, Maine Northport School Department

Last ten fiscal years*

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>
Total OPEB Liability:				
Service cost	\$ 4,421	\$ 2,283	\$ 1,924	\$ 2,059
Interest	1,705	1,282	1,131	1,042
Changes in benefit terms	-	(14,769)	-	-
Differences between expected and actual experience	-	27,708	-	-
Changes of assumptions or other inputs	989	21,920	4,012	(2,869)
Benefit payments	(84)	-	-	-
Net change in total OPEB liability	7,031	38,424	7,067	232
Total OPEB liability, beginning of year	72,781	34,357	27,290	27,058
Total OPEB liability, end of year	<u>\$ 79,812</u>	<u>\$ 72,781</u>	<u>\$ 34,357</u>	<u>\$ 27,290</u>
Covered employee payroll	\$ 1,002,515	\$ 978,063	\$ 836,020	\$ 813,645
Net OPEB liability as a percentage of covered employee payroll	7.96%	7.44%	4.11%	3.35%

*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>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB Liability:					
Service cost	\$ 1,236	\$ 1,053	\$ 761	\$ 837	\$ 812
Interest	600	689	797	685	709
Changes of benefits	-	-	(490)	-	-
Differences between expected and actual experience	(14,134)	-	36	-	(64)
Changes of assumptions or other inputs	(1,392)	1,508	4,635	(1,597)	(35)
Benefit payments	<u>(288)</u>	<u>(277)</u>	<u>(327)</u>	<u>(314)</u>	<u>(284)</u>
Net change in total OPEB liability	(13,978)	2,973	5,412	(389)	1,138
Total OPEB liability, beginning of year	<u>27,221</u>	<u>24,248</u>	<u>18,836</u>	<u>19,225</u>	<u>18,087</u>
Total OPEB liability, end of year	<u>\$ 13,243</u>	<u>\$ 27,221</u>	<u>\$ 24,248</u>	<u>\$ 18,836</u>	<u>\$ 19,225</u>
Covered employee payroll	\$ 87,738	\$ 96,682	\$ 96,682	\$ 87,779	\$ 87,779
Net OPEB liability as a percentage of covered employee payroll	15.10%	28.20%	25.08%	21.46%	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 five years are 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.

Changes in assumptions for the year ended June 30, 2022 included a decrease in the discount rate from 6.75% to 6.50%.

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, 2022.

There were no changes in size of the population during the year ended June 30, 2022.

Changes in assumptions for the year ended June 30, 2022 included a decrease in the discount rate from 2.12% to 2.06%.

See accompanying independent auditors' report.