

Financial Statements

Northport Village Corporation

December 31, 2021

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Northport Village Corporation

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Independent Auditors' Report

**Board of Overseers
Northport Village Corporation
Northport, Maine**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Northport Village Corporation as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Northport Village Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information, of the Northport Village Corporation, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on page 4-1 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northport Village Corporation's basic financial statements. The schedule of departmental expenditures and the schedule of valuation, assessment and collection of taxes are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of departmental expenditures and the schedule of valuation, assessment and collection of taxes are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 schedule of departmental expenditures and the schedule of valuation, assessment and collection of taxes are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2024, on our consideration of the Northport Village Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northport Village Corporation's internal control over financial reporting and compliance.

Purdy Powers & Company

Professional Association

Portland, Maine
April 8, 2024

Management's Discussion and Analysis

Northport Village Corporation

As management of the Northport Village Corporation, we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended December 31, 2021. The Corporation's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

The Corporation's assets exceed liabilities by \$5,300,618 as of December 31, 2021, compared to \$5,307,542 as of December 31, 2020.

The Corporation's governmental funds General Fund Balance was \$337,894 as of December 31, 2021, compared to \$146,602 as of December 31, 2020.

Overview of the Financial Statements

The Management's Discussion and Analysis introduces the Corporation's basic financial statements. The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Corporation also includes in this report supplemental information to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements provide information about the activities of the Corporation as a whole and present both a long-term and short-term view of the Corporation's finances. Financial reporting at this level is similar to the accounting used by most private-sector companies.

The Statement of Net Position includes all assets and liabilities, with the difference reported as net position. Over time, increases or decreases in the Corporation's net position are one indicator of whether its financial health is improving or deteriorating. Evaluation of the overall economic health requires other non-financial factors, such as changes in the Corporation's property tax base and the condition of the Corporation's roads, as well as many others.

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.

The Statement of Net Position and the Statement of Activities are divided into two kinds of activities:

- **Governmental activities:** Most of the Corporation's basic services are reported here, including the general administration, protection and safety, roads and storm drains, and community service. Property taxes and an annual allocation from the Town of Northport finance most of these activities.

Management’s Discussion and Analysis - Continued

Northport Village Corporation

- Business-type activities: if the Corporation charges a fee to customers to help it cover all or most of the cost of water and wastewater services it provides.

Fund Financial Statements

For governmental activities, these statements focus on how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Corporation's operations in more detail than the government-wide statements by providing information about the Corporation's most significant funds.

Financial Analysis of the Corporation as a Whole - Government-wide Financial Statements

The following schedule is a summary of net position for the years ended December 31, 2021 and 2020:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current and other assets	\$ 390,351	\$ 307,862	\$ 82,489	\$ 192,510	\$ 275,828	\$ (83,318)
Capital assets	<u>3,598,137</u>	<u>3,163,226</u>	<u>434,911</u>	<u>3,664,588</u>	<u>3,683,792</u>	<u>(19,204)</u>
Total Assets	3,988,488	3,471,088	517,400	3,857,098	3,959,620	(102,522)
						-
Long-term liabilities	1,849,712	1,206,971	642,741	624,938	665,808	(40,870)
Other liabilities	<u>52,357</u>	<u>155,060</u>	<u>(102,703)</u>	<u>17,961</u>	<u>95,327</u>	<u>(77,366)</u>
Total Liabilities	1,902,069	1,362,031	540,038	642,899	761,135	(118,236)
Net Position:						
Net investment in capital assets	1,748,425	1,862,015	(113,590)	3,039,650	3,008,564	31,086
Restricted, expendable	-	-	-	72,000	64,800	7,200
Unrestricted	<u>337,994</u>	<u>247,042</u>	<u>90,952</u>	<u>102,549</u>	<u>125,121</u>	<u>(22,572)</u>
	<u>\$ 2,086,419</u>	<u>\$ 2,109,057</u>	<u>\$ (22,638)</u>	<u>\$ 3,214,199</u>	<u>\$ 3,198,485</u>	<u>\$ 15,714</u>

Management's Discussion and Analysis - Continued

Northport Village Corporation

The following schedule is a summary of the statement of activities for the years December 31, 2021 and 2020:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ 352,227	\$ 350,285	\$ 1,942
Operating grants and contributions	-	-	-	15,179	6,293	8,886
General Revenues:						
Property taxes	238,361	237,359	1,002	-	-	-
Town appropriation	10,000	15,000	(5,000)	-	-	-
Other	21,997	26,730	(4,733)	337	9,357	(9,020)
Transfers	-	-	-	-	-	-
Total Revenues	<u>270,358</u>	<u>279,089</u>	<u>(8,731)</u>	<u>367,743</u>	<u>365,935</u>	<u>1,808</u>
Expenses:						
General:						
General government	154,122	119,047	35,075	-	-	-
Protection and safety	23,655	28,319	(4,664)	-	-	-
Roads and storm drains	18,936	11,230	7,706	-	-	-
Community	58,396	43,844	14,552	-	-	-
Capital outlay	-	9,791	(9,791)	-	-	-
Miscellaneous	160	2,000	(1,840)	-	-	-
Interest on long-term debt	37,727	10,060	27,667	-	-	-
Water services	-	-	-	170,380	162,959	7,421
Wastewater services	-	-	-	181,649	157,963	23,686
Total Expenses	<u>292,996</u>	<u>224,291</u>	<u>68,705</u>	<u>352,029</u>	<u>320,922</u>	<u>31,107</u>
Change in Net Position	<u>\$ (22,638)</u>	<u>\$ 54,798</u>	<u>\$ (77,436)</u>	<u>\$ 15,714</u>	<u>\$ 45,013</u>	<u>\$ (29,299)</u>

Management's Discussion and Analysis - Continued

Northport Village Corporation

Financial Analysis of the Corporation's Funds - Fund Financial Statements

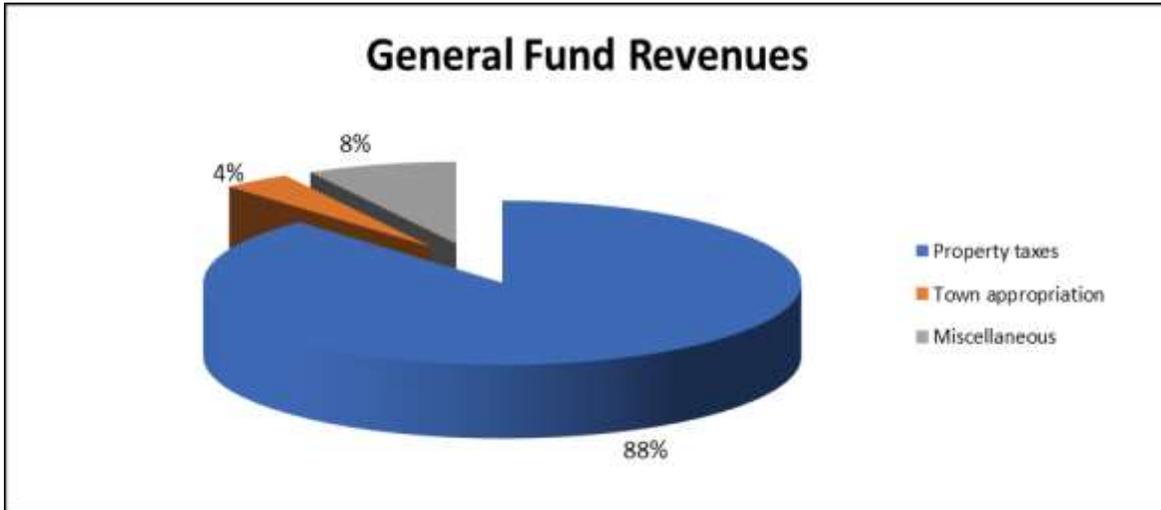
Our analysis of the Corporation's major funds begins with the fund financial statements and provides detailed information about the most significant funds-not the Corporation as a whole. Some funds are required to be established by State law. However, many other funds are established to help control and manage money for particular purposes or to show the Corporation is meeting legal responsibilities for using certain taxes, grants, and other money. The Corporation reports governmental funds and two proprietary funds.

- Governmental funds - Most of the Corporation'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 Corporation'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 Corporation'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 reconciliation at the bottom of the fund financial statements.
- Proprietary funds -The Corporation maintains one type of proprietary fund, an Enterprise fund. Enterprise funds, as described above, are required to be used to account for operations for which a fee is charged to external users for goods or services. Enterprise funds are reported using the accrual basis of accounting. The Corporation uses Enterprise funds to account for its water and wastewater operations.

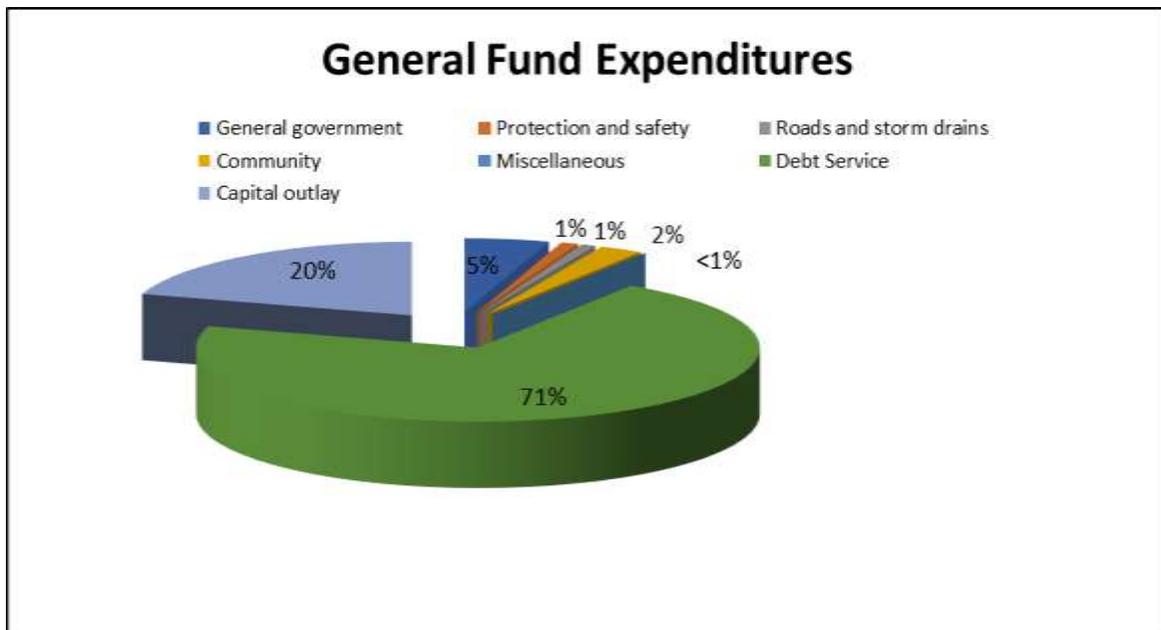
Management's Discussion and Analysis - Continued

Northport Village Corporation

Current year revenues in the general fund were made up of the following:



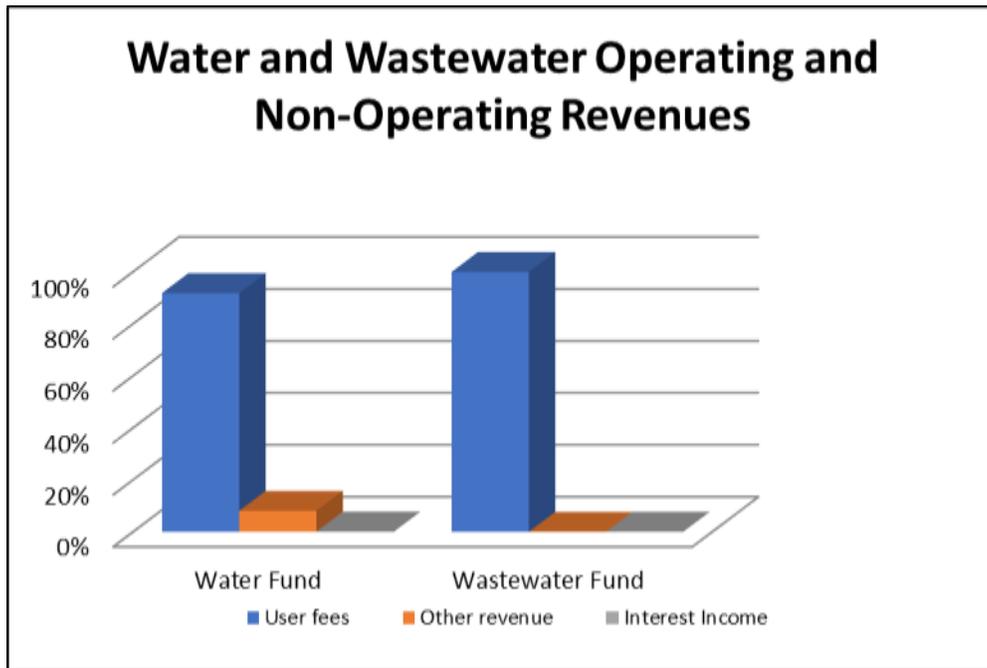
Current year expenditures in the general fund were made up of the following:



Management's Discussion and Analysis - Continued

Northport Village Corporation

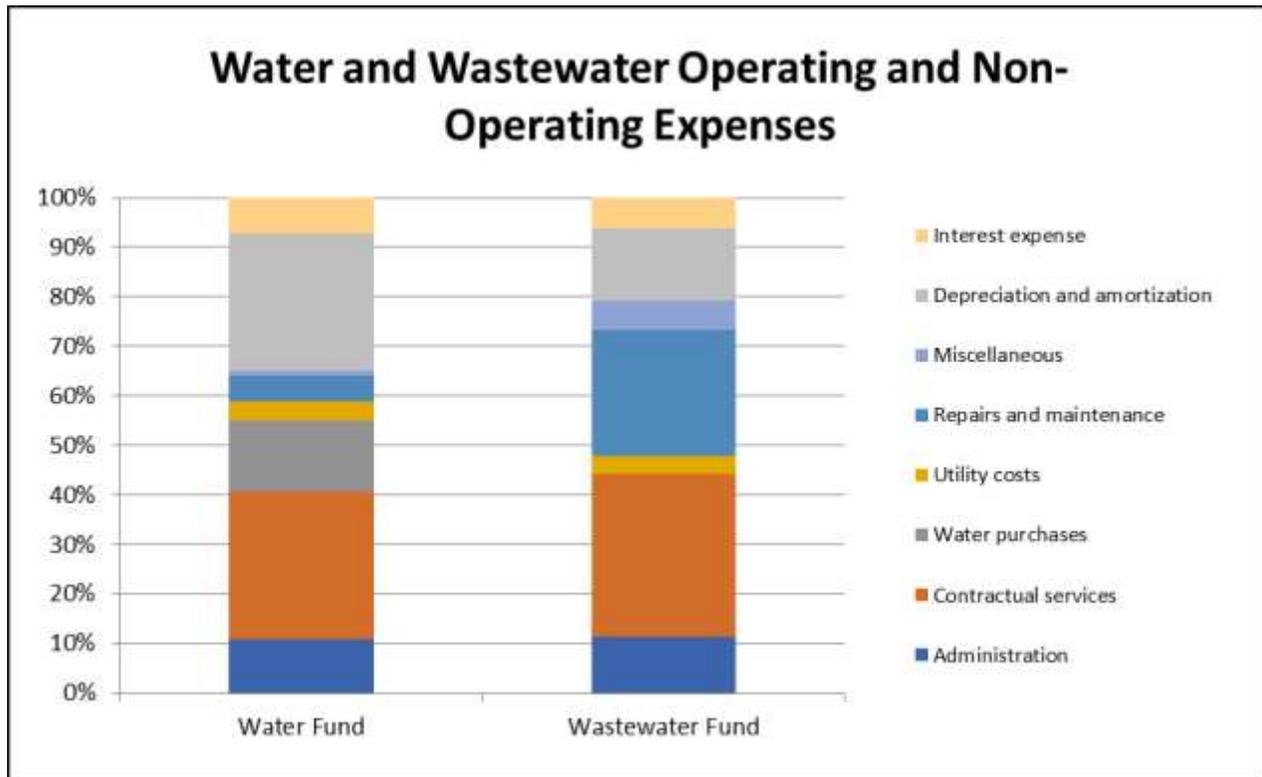
Operating and non-operating revenues in the Water and Wastewater funds were made up of the following:



Management's Discussion and Analysis - Continued

Northport Village Corporation

Operating and non-operating expenses in the Water and Wastewater funds were made up of the following:



Management's Discussion and Analysis - Continued

Northport Village Corporation

Capital Assets

At year-end, the Corporation had \$7,262,725 in net capital assets compared to \$6,847,018 last year. Below is a breakdown of capital assets between governmental activities and business-type activities.

	<u>2021</u>	<u>2020</u>
Governmental Activities		
General Fund	\$ 3,598,137	\$ 3,163,226
Total Governmental Activities	<u>3,598,137</u>	<u>3,163,226</u>
Business-type Activities		
Water	\$ 2,167,258	\$ 2,214,381
Wastewater	<u>1,497,330</u>	<u>1,469,411</u>
Total Business-type Activities	<u>3,664,588</u>	<u>3,683,792</u>
Total Net Capital Assets	<u>\$ 7,262,725</u>	<u>\$ 6,847,018</u>

Long Term Liabilities

At year-end, the Corporation had \$2,474,650 in outstanding bonds compared to \$1,872,779 last year. Below is a breakdown of outstanding bonds between governmental activities and business-type activities:

	<u>2021</u>	<u>2020</u>
Governmental Activities		
General Fund	\$ 1,849,712	\$ 1,206,971
Total Governmental Activities	<u>1,849,712</u>	<u>1,206,971</u>
Business-type Activities		
Water	303,736	323,488
Wastewater	<u>321,202</u>	<u>342,320</u>
Total Business-type Activities	<u>624,938</u>	<u>665,808</u>
Total Outstanding Bonds	<u>\$ 2,474,650</u>	<u>\$ 1,872,779</u>

Management's Discussion and Analysis - Continued

Northport Village Corporation

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

This past year, the Overseers engaged with the Villagers to understand yearly operating budget priorities as well as near-term and long-term infrastructure needs. The proposed 2022 budget not only increases taxes to cover necessary infrastructure projects but also uses General Government Reserves to partially cover the interest payments associated with the new Maine Bond Bank Municipal bond associated with the construction of the new Ruggles Park seawall. In addition, the approved 2022 General Government budget addresses expected reduced contributions from the Town of Northport, increased personnel costs, and reinstates infrastructure funding closer to pre-2021 levels.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Corporation's office at (207) 338-0751 and ask for the Corporation's Treasurer. Citizens are welcome to visit with the appropriate staff on any financial matters.

Statement of Net Position

Northport Village Corporation

As of December 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 235,035	\$ 286,512	\$ 521,547
Restricted cash	-	36,893	36,893
Accounts receivable	-	12,767	12,767
Taxes receivable	9,461	-	9,461
Tax liens	1,363	-	1,363
Other assets	830	-	830
Internal balances	143,662	(143,662)	-
Capital assets, net of accumulated depreciation	<u>3,598,137</u>	<u>3,664,588</u>	<u>7,262,725</u>
Total Assets	3,988,488	3,857,098	7,845,586
Liabilities			
Accounts payable	36,105	9,054	45,159
Accrued expenses	8,352	2,807	11,159
Accrued interest	7,900	6,100	14,000
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	102,983	42,019	145,002
Portion due or payable after one year:			
Bonds payable	<u>1,746,729</u>	<u>582,919</u>	<u>2,329,648</u>
Total Liabilities	<u>1,902,069</u>	<u>642,899</u>	<u>2,544,968</u>
Net Position			
Net investment in capital assets	1,748,425	3,039,650	4,788,075
Restricted, expendable	-	72,000	72,000
Unrestricted	<u>337,994</u>	<u>102,549</u>	<u>440,543</u>
Total Net Position	<u>\$ 2,086,419</u>	<u>\$ 3,214,199</u>	<u>\$ 5,300,618</u>

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

Statement of Activities

Northport Village Corporation

For the Year Ended December 31, 2021

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental Activities:							
General government	\$ 154,122	\$ -	\$ -	\$ (154,122)		\$ (154,122)	
Protection and safety	23,655	-	-	(23,655)		(23,655)	
Roads and storm drains	18,936	-	-	(18,936)		(18,936)	
Community	58,396	-	-	(58,396)		(58,396)	
Miscellaneous	160	-	-	(160)		(160)	
Interest on long-term debt	<u>37,727</u>	<u>-</u>	<u>-</u>	<u>(37,727)</u>		<u>(37,727)</u>	
	292,996	-	-	(292,996)		(292,996)	
Business-type Activities:							
Water services	170,380	172,430	15,179		\$ 17,229	17,229	
Wastewater services	<u>181,649</u>	<u>179,797</u>	<u>-</u>		<u>(1,852)</u>	<u>(1,852)</u>	
	<u>352,029</u>	<u>352,227</u>	<u>15,179</u>		<u>15,377</u>	<u>15,377</u>	
	<u>\$ 645,025</u>	<u>\$ 352,227</u>	<u>\$ 15,179</u>	(292,996)	15,377	(277,619)	
General Revenues:							
Property taxes				238,361	-	238,361	
Town appropriations				10,000	-	10,000	
Interest income				267	337	604	
Miscellaneous				<u>21,730</u>	<u>-</u>	<u>21,730</u>	
Total General Revenues and Transfers				<u>270,358</u>	<u>337</u>	<u>270,695</u>	
				Change in Net Position	(22,638)	15,714	(6,924)
				Net position at beginning of year	<u>2,109,057</u>	<u>3,198,485</u>	<u>5,307,542</u>
					<u>\$ 2,086,419</u>	<u>\$ 3,214,199</u>	<u>\$ 5,300,618</u>

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

Balance Sheet - Governmental Funds

Northport Village Corporation

As of December 31, 2021

	General Fund
Assets	
Cash	\$ 235,035
Taxes receivable	9,461
Tax liens	1,363
Due from other funds	143,662
Prepaid expenses	830
	<hr/>
Total Assets	\$ 390,351
	<hr/>
Liabilities, Deferred Inflows of Resources, and Fund Balances	
Liabilities	
Accounts payable	\$ 36,105
Accrued expenses	8,352
	<hr/>
Total Liabilities	44,457
Deferred Inflows of Resources	
Unavailable revenue - property taxes	8,000
	<hr/>
Total Deferred Inflows of Resources	8,000
Fund Balances	
Nonspendable	830
Unassigned	337,064
	<hr/>
Total Fund Balances	337,894
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 390,351

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

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

Northport Village Corporation

As of December 31, 2021

Total Fund Balances - Governmental Funds \$ 337,894

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: 3,598,137

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: 8,000

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:

Bonds payable	\$ (1,849,712)	
Accrued interest payable	<u>(7,900)</u>	
		<u>(1,857,612)</u>

Total Net Position - Governmental Activities \$ 2,086,419

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

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

Northport Village Corporation

For the Year Ended December 31, 2021

	<u>General Fund</u>
Revenues	
Property taxes	\$ 238,361
Town appropriation	10,000
Miscellaneous	<u>21,997</u>
Total Revenues	270,358
Expenditures	
Current	
General government	113,498
Protection and safety	23,655
Roads and storm drains	18,936
Community	58,396
Miscellaneous	160
Debt service - principal	1,620,254
- interest	31,627
Capital outlay	<u>475,535</u>
Total Expenditures	<u>2,342,061</u>
Revenues Under Expenditures	(2,071,703)
Other Financing Uses	
Proceeds from borrowing	<u>2,262,995</u>
Total Other Financing Uses	<u>2,262,995</u>
Revenues and Other Sources Over Expenditures and Other Uses	191,292
Fund balance at beginning of year	<u>146,602</u>
Fund Balance at End of Year	<u>\$ 337,894</u>

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

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

Northport Village Corporation

As of December 31, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 191,292

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

Governmental funds report capital asset additions 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 capital asset additions differed from depreciation expense in the current period:

Capital asset additions	\$ 475,535	
Depreciation expense	<u>(40,624)</u>	
		434,911

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Proceeds from borrowing provide current resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. This is the amount for repayment of long-term debt in the current period:

Principal portion of debt service payments	1,620,254	
Proceeds from borrowing	<u>(2,262,995)</u>	
		(642,741)

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 interest payable		<u>(6,100)</u>
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Change in Net Position of Governmental Activities \$ (22,638)

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

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Budgetary Basis)**

Northport Village Corporation

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 247,238	\$ 247,238	\$ 238,361	\$ (8,877)
Town appropriation	10,000	10,000	10,000	-
Miscellaneous	5,800	5,800	21,997	16,197
Total Revenues	<u>263,038</u>	<u>263,038</u>	<u>270,358</u>	<u>7,320</u>
Expenditures				
Current				
General government	88,549	88,549	113,498	(24,949)
Protection and safety	30,020	30,020	23,655	6,365
Roads and storm drains	16,000	16,000	18,936	(2,936)
Community	51,845	51,845	58,396	(6,551)
Miscellaneous	2,000	2,000	160	1,840
Debt service - principal	2,318,089	2,318,089	1,620,254	697,835
- interest	10,460	10,460	31,627	(21,167)
Capital outlay	475,535	475,535	475,535	-
Total Expenditures	<u>2,992,498</u>	<u>2,992,498</u>	<u>2,342,061</u>	<u>650,437</u>
Revenues Under Expenditures	(2,729,460)	(2,729,460)	(2,071,703)	657,757
Other Financing Sources (Uses)				
Proceeds from borrowing	2,262,995	2,262,995	2,262,995	-
Utilization of unassigned fund balance	466,481	466,481	-	(466,481)
Total Other Financing Sources	<u>2,729,476</u>	<u>2,729,476</u>	<u>2,262,995</u>	<u>(466,481)</u>
Revenues and Other Sources Over Expenditures and Other Uses	\$ 16	\$ 16	191,292	\$ 191,276
Budgetary fund balance at beginning of year, as reported			<u>146,602</u>	
Budgetary Fund Balance at End of Year			<u>\$ 337,894</u>	

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

Statement of Net Position
Proprietary Funds - Business-type Activities - Enterprise Funds

Northport Village Corporation

As of December 31, 2021

	Water Fund	Wastewater Fund	Total
Assets			
Current Assets			
Cash	\$ 259,806	\$ 26,706	\$ 286,512
Restricted cash	-	36,893	36,893
Due from other funds	32	350	382
Accounts receivable	7,571	5,196	12,767
Total Current Assets	267,409	69,145	336,554
Other Assets			
Property, plant and equipment, net	2,167,258	1,497,330	3,664,588
Total Other Assets	2,167,258	1,497,330	3,664,588
Total Assets	2,434,667	1,566,475	4,001,142
Liabilities			
Current Liabilities			
Accounts payable	3,112	5,942	9,054
Due to other funds	49,448	94,596	144,044
Accrued interest	2,200	3,900	6,100
Accrued expenses	1,807	1,000	2,807
Current portion of long-term debt	20,293	21,726	42,019
Total Current Liabilities	76,860	127,164	204,024
Long-Term Debt , less current portion	283,443	299,476	582,919
Total Liabilities	360,303	426,640	786,943
Net Position			
Net investment in capital assets	1,863,522	1,176,128	3,039,650
Restricted, expendable	-	72,000	72,000
Unrestricted:			
Water reserve	209,842	-	209,842
Wastewater reserve	-	(109,293)	(109,293)
Village truck	1,000	1,000	2,000
Total Net Position	\$ 2,074,364	\$ 1,139,835	\$ 3,214,199

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

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds - Business-type Activities - Enterprise Funds**

Northport Village Corporation

For the Year Ended December 31, 2021

	Water Fund	Wastewater Fund	Total
Operating Revenues			
User fees	\$ 172,430	\$ 179,797	\$ 352,227
Other revenue	15,179	-	15,179
Total Operating Revenues	<u>187,609</u>	<u>179,797</u>	<u>367,406</u>
Operating Expenses			
Administration	18,639	20,595	39,234
Contractual services	50,556	59,667	110,223
Water purchases	24,458	-	24,458
Utility costs	6,736	6,840	13,576
Repairs and maintenance	8,731	46,187	54,918
Miscellaneous	1,820	10,417	12,237
Depreciation	47,123	26,658	73,781
Total Operating Expenses	<u>158,063</u>	<u>170,364</u>	<u>328,427</u>
Net Operating Income	29,546	9,433	38,979
Non-Operating Revenues (Expenses)			
Interest income	218	119	337
Interest expense	(12,317)	(11,285)	(23,602)
Net Non-Operating Expenses	<u>(12,099)</u>	<u>(11,166)</u>	<u>(23,265)</u>
Change in Net Position	17,447	(1,733)	15,714
Net position at beginning of the year	<u>2,056,917</u>	<u>1,141,568</u>	<u>3,198,485</u>
Net Position at End of Year	<u>\$ 2,074,364</u>	<u>\$ 1,139,835</u>	<u>\$ 3,214,199</u>

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

Statement of Cash Flows
Proprietary Funds - Business-type Activities - Enterprise Funds

Northport Village Corporation

For the Year Ended December 31, 2021

	Water Fund	Wastewater Fund	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 175,759	\$ 187,780	\$ 363,539
Receipts from other sources	15,179	-	15,179
Payments to suppliers	(67,847)	(166,957)	(234,804)
Payments to employees	(25,726)	(43,551)	(69,277)
Net Cash Provided (Used) by Operating Activities	97,365	(22,728)	74,637
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	-	(54,577)	(54,577)
Principal payments on long-term debt	(19,752)	(21,118)	(40,870)
Deposits into restricted cash	-	27,907	27,907
Interest payments	(12,417)	(11,485)	(23,902)
Net Cash Used by Capital and Related Financing Activities	(32,169)	(59,273)	(91,442)
Cash Flows from Investing Activities			
Interest income	218	119	337
Increase (Decrease) in Cash and Cash Equivalents	65,414	(81,882)	(16,468)
Cash and cash equivalents at beginning of year	194,392	108,588	302,980
Cash and Cash Equivalents at End of Year	\$ 259,806	\$ 26,706	\$ 286,512
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities:			
Operating income	\$ 29,546	\$ 9,433	\$ 38,979
Adjustment to reconcile changes in operating income to net cash provided by operating activities:			
Depreciation	47,123	26,658	73,781
(Increase) Decrease in operating assets:			
Accounts receivable	3,361	3,178	6,539
Due from other funds	(32)	(350)	(382)
Increase (Decrease) in operating liabilities:			
Accounts payable	(1,498)	(68,303)	(69,801)
Retainage payable	-	(9,420)	(9,420)
Due to other funds	17,710	15,076	32,786
Accrued expenses	1,155	1,000	2,155
Net Cash Provided (Used) by Operating Activities	\$ 97,365	\$ (22,728)	\$ 74,637
Supplemental Disclosure of Cash Flow Information			
Interest paid	\$ 12,509	\$ 11,590	\$ 24,099

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

Notes to Financial Statements

Northport Village Corporation

Note A - Summary of Significant Accounting Policies

The Northport Village Corporation (the “Corporation”) was incorporated on March 29, 1915 and given the authority to raise money for the operation and maintenance of the Corporation as set forth under the provisions of the State of Maine. The Corporation operates as a village corporation under a Council-Committee form of government and provides the following services to its property owners and residents: public safety (police), streetlights, streets, sanitation, culture-recreation, and general administrative services. The accounting policies of the Corporation conform to United States generally accepted accounting principles (GAAP). The Corporation applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant accounting policies established in GAAP and used by the Corporation are discussed below.

Principles Determining Scope of Reporting Entity

The basic financial statements include the accounts of all Corporation operations. The criteria for including organizations as component units within the Corporation'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 Corporation holds the corporate powers of the organization
- the Corporation appoints a voting majority of the organization's board
- the Corporation is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Corporation
- there is fiscal dependency by the organization on the Corporation

Based on the aforementioned criteria, the Northport Village Corporation 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 except for fiduciary funds. The statements distinguish between governmental and business-type activities. 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.

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 Corporation 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.

Notes to Financial Statements

Northport Village Corporation

Note A - Summary of Significant Accounting Policies - Continued

Government-wide Financial Statements - Continued

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 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 Corporation 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.

Proprietary (Business-type) Activities

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Corporation's proprietary funds are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as they are needed.

Notes to Financial Statements

Northport Village Corporation

Note A - Summary of Significant Accounting Policies - Continued

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

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

Modified Accrual

Governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Cash and Cash Equivalents

The Corporation'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.

Accounts Receivable

Accounts receivable represents amounts due to the Corporation for user fees. The allowance for doubtful accounts is provided based on an analysis by management of the collectability of outstanding balances. Management considers the age of outstanding balances and the credit worthiness of customers in determining the allowance for doubtful accounts. Management has determined an allowance for doubtful accounts is not necessary at December 31, 2021.

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase.

Notes to Financial Statements

Northport Village Corporation

Note A - Summary of Significant Accounting Policies - Continued

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: land improvements, 40 years; buildings and improvements, 40 years; and infrastructure, 25 years.

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

Budget

The Northport Village Corporation'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 first half of the last fiscal year for the General Fund and in the second half of the last fiscal year for the Water and Wastewater Funds, the Corporation prepared a budget for this fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
- A vote of the inhabitants of the Northport Village Corporation was then called for the purpose of approving the proposed budget after public notice of the meeting was given.
- The budget was adopted subsequent to passage by the inhabitants of the Corporation.

Estimates

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

Notes to Financial Statements

Northport Village Corporation

Note A - Summary of Significant Accounting Policies - Continued

Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund loan receivables and payables as appropriate and are subject to elimination upon consolidation in the government-wide presentation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. 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 or proprietary 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 and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

In addition to liabilities, the governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement section represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government only has one type of item, unavailable revenue from property taxes, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Notes to Financial Statements

Northport Village Corporation

Note A - Summary of Significant Accounting Policies - Continued

Government-wide Fund Net Position

Government-wide net positions are 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 Corporation'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 assets 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.

Assigned - resources neither restricted nor committed for which a government has a stated intended use as established by the Board of Overseers or a body or official to which the Board of Overseers 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 Corporation 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.

Revenue Recognition - Property Taxes

The Corporation'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 Corporation. Taxes were due September 1, 2021. Interest on unpaid taxes commenced on September 2, 2021, at 6% per annum.

Notes to Financial Statements

Northport Village Corporation

Note A - Summary of Significant Accounting Policies - Continued

Revenue Recognition - Property Taxes - Continued

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 Corporation 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 \$16 for the year ended December 31, 2021.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Corporation has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Pending Accounting Pronouncement

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*. This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of government entities that lease. The standard requires all leases which have a lease term exceeding 12 months to be recognized as a lease liability and a leased asset at the commencement of the lease term. The new leasing standard will apply for fiscal years beginning after June 15, 2021. Management is currently evaluating the impact of adoption on its financial statements.

Note B - Cash

The Corporation conducts all its banking transactions with its depository banks.

Custodial Credit Risk - Deposits

At December 31, 2021, the carrying amount of the Corporation's deposits was \$558,440 and the bank balance was \$558,933. The difference between these balances 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 Corporation's deposits may not be returned to it. The Corporation has a deposit policy on custodial credit risk. At December 31, 2021, none of the Corporation's bank balance of \$548,933 was exposed to credit risk.

Restricted Cash

As a condition of the Corporation's debt with the United States Department of Agriculture - Rural Development, the Corporation maintains a cash account specifically established as a reserve for the replacement of short-lived assets. The required reserve balance at December 31, 2021 was \$72,000 and the cash balance was \$36,893.

Notes to Financial Statements

Northport Village Corporation

Note B - Cash - Continued

Restricted Cash - Continued

The Corporation's cash account amounted to \$36,893 as of December 31, 2021. At December 31, 2021, the Corporation's reserve cash account was underfunded by \$35,107. The underfunding of the reserve cash account could be considered a default of the terms of this agreement. However, the Corporation's default has been known by the USDA and the USDA has not taken any steps to declare the loan immediately due and payable. The Corporation believes that it is unlikely that the USDA will declare this loan due and payable. Consequently, the debt associated with this loan has been classified as noncurrent in the statement of net position.

Note C - Capital Assets

A summary of capital asset transactions for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land and easements	\$ 1,333,067	\$ -	\$ -	\$ 1,333,067
Construction in progress	1,089,163	-	1,089,163	-
Depreciable Assets:				
Land improvements	1,200	-	-	1,200
Buildings and improvements	138,077	-	-	138,077
Wharf	484,574	-	-	484,574
Office equipment	590	-	-	590
Vehicles	31,347	-	-	31,347
Infrastructure	<u>633,965</u>	<u>1,564,698</u>	<u>-</u>	<u>2,198,662</u>
Totals at historical cost	3,711,983	1,564,698	1,089,163	4,187,518
Less Accumulated Depreciation:				
Land improvements	900	30	-	930
Buildings and improvements	71,872	2,643	-	74,515
Wharf	181,388	11,918	-	193,306
Office equipment	590	-	-	590
Vehicles	7,053	5,189	-	13,242
Infrastructure	<u>286,954</u>	<u>20,844</u>	<u>-</u>	<u>307,798</u>
Total accumulated depreciation	<u>548,757</u>	<u>40,624</u>	<u>-</u>	<u>589,381</u>
Capital Assets, Net	<u>\$ 3,163,226</u>	<u>\$ 1,524,074</u>	<u>\$ 1,089,163</u>	<u>\$ 3,598,137</u>

Notes to Financial Statements

Northport Village Corporation

Note C - Capital Assets - Continued

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Business-type Activities:				
Non-Depreciable Assets:				
Construction in progress	\$ 224,538	\$ 54,577	\$ 279,115	\$ -
Depreciable Assets:				
Water main and equipment	2,916,624	-	-	2,916,624
Sewer main and equipment	2,317,557	279,115	-	2,596,672
Vehicles	<u>25,946</u>	<u>-</u>	<u>-</u>	<u>25,946</u>
Total depreciable assets	5,484,665	333,692	279,115	5,539,242
Less Accumulated Depreciation:				
Water main and equipment	714,389	44,529	-	758,918
Sewer main and equipment	1,084,830	24,064	-	1,108,894
Vehicles	<u>1,654</u>	<u>5,188</u>	<u>-</u>	<u>6,842</u>
Total accumulated depreciation	<u>1,800,873</u>	<u>73,781</u>	<u>-</u>	<u>1,874,654</u>
Capital Assets, Net	<u>\$ 3,683,792</u>	<u>\$ 259,911</u>	<u>\$ 279,115</u>	<u>\$ 3,664,588</u>

Depreciation expense was charged to the following functions:

Governmental activities:

General government \$ 40,624

Business-type activities:

Water \$ 47,123

Sewer 26,658

Total business-type activities depreciation expense \$ 73,781

Notes to Financial Statements

Northport Village Corporation

Note D - Interfund Receivables and Payables

Interfund balances at December 31, 2021, consisted of the following individual fund receivables and payables:

	<u>Receivables Due from</u>	<u>Payables Due to</u>	<u>Net Internal Balances</u>
Governmental Activities			
General Fund:			
Enterprise Fund:			
Wastewater	\$ 94,564	\$ -	
Water	<u>49,098</u>	<u>-</u>	
Net Governmental Activities	143,662	-	\$ 143,662
Business-type Activities			
Enterprise Fund:			
Wastewater:			
General Fund	-	(94,564)	
Water	350	(32)	
Water:			
General Fund	-	(49,098)	
Wastewater	<u>32</u>	<u>(350)</u>	
Net Business-type Activities	<u>382</u>	<u>(141,044)</u>	<u>(143,662)</u>
	<u>\$ 144,044</u>	<u>\$ (144,044)</u>	<u>\$ -</u>

Note E - Bonds Payable

Long-term liability activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
General obligation debt	<u>\$ 1,206,971</u>	<u>\$ 2,262,995</u>	<u>\$ 1,620,254</u>	<u>\$ 1,849,712</u>	<u>\$ 102,983</u>
Business-type Activities:					
General obligation debt	<u>\$ 665,808</u>	<u>\$ -</u>	<u>\$ 40,870</u>	<u>\$ 624,938</u>	<u>\$ 42,019</u>

Notes to Financial Statements

Northport Village Corporation

Note E - Bonds Payable - Continued

The following is a summary of debt outstanding at December 31, 2021:

	<u>Governmental</u>	<u>Business-type</u>
\$100,000 - 2008 Sewer Bond with Maine Municipal Bond Bank. Due in annual principal installments ranging from \$3,483 to \$7,317 and semi-annual interest installments at interest rates ranging from 2.1% to 5.5% through October 2028.	\$ -	\$ 44,536
\$400,000 - 2009 Municipal Bond with Maine Municipal Bond Bank. Due in annual principal installments ranging from \$20,293 to \$33,984 and semi-annual interest installments at rates ranging from 2.08% to 5.58% through November 2024.	99,888	-
\$159,874 - 2012 Sewer Bond with USDA Rural Development. Due in annual installments of \$7,513 which include interest at 2% through 2040.	-	117,777
\$813,369 - 2013 Municipal Bond with Maine Municipal Bond Bank. Due in annual installments of \$58,656 and semi-annual interest installments at interest ranging from 0.45% to 4.57% through November 2033.	79,968	462,625
\$198,000 - 2015 general obligation bond with Bar Harbor Bank & Trust. Due in annual installments of \$22,065 which includes interest at 1.99% through 2025.	83,608	-
\$1,586,248 - 2021 general obligation bond with Maine Municipal Bond Bank. Due in annual principal installments ranging from \$44,436 to \$80,237 with semi-interest installments at a rate of 0.61% to 3.49% through November 2049.	<u>1,586,248</u>	<u>-</u>
	<u>\$ 1,849,712</u>	<u>\$ 624,938</u>

Notes to Financial Statements

Northport Village Corporation

Note E - Bonds Payable - Continued

The annual requirements to amortize debt payable are as follows:

Year ending December 31,	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	\$ 102,983	\$ 45,605	\$ 42,019	\$ 22,871	\$ 213,477
2023	104,176	44,412	43,319	21,543	213,450
2024	105,758	42,830	44,677	20,113	213,378
2025	72,272	41,169	46,174	18,586	178,201
2026	51,715	40,118	47,837	16,891	156,562
2027-2031	271,718	187,448	244,912	56,876	760,953
2032-2036	274,393	156,959	127,413	11,289	570,054
2037-2041	293,941	121,233	28,587	1,443	445,204
2042-2046	340,063	75,111	-	-	415,174
2047-2049	<u>232,692</u>	<u>16,409</u>	<u>-</u>	<u>-</u>	<u>249,101</u>
	<u>\$ 1,849,712</u>	<u>\$ 771,294</u>	<u>\$ 624,938</u>	<u>\$ 169,612</u>	<u>\$ 3,415,556</u>

Note F - Risk Management

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

Based on the coverage provided by commercial insurance purchased, the Corporation is not aware of any material actual or potential claim liabilities which should be recorded at December 31, 2021.

Notes to Financial Statements

Northport Village Corporation

Note G - Commitments

The Corporation has an agreement to purchase water from the Belfast Water Corporation, which is the Corporation's sole source of water. The agreement extends for an indefinite period. Costs incurred under the agreement are based upon a rate of \$0.25 per 100 gallons of water with annual usage of approximately 9.4 million gallons per year. Approximately \$24,400 was paid under this agreement during 2021.

The Corporation has an agreement with an independent contractor to provide curbside trash and recycling pickup for the period September 2019 through September 2022. Under the contract, the Corporation made payments totaling \$19,800 during the year ended December 31, 2021. This contract was renewed for an additional year through September 2023.

Future payments under these contracts are as follows:

<u>Year ending December 31</u>	
2022	20,587
2023	<u>15,938</u>
	<u>\$ 36,525</u>

Note H - Restricted Net Position

At December 31, 2021 restricted net position consisted of the following:

USDA maintenance reserve	<u>\$ 72,000</u>
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The balance is expendable within its designated constraint.

Note I - Subsequent Event

Subsequent to year-end, the Wastewater Fund received a loan of \$94,000 from the Water Fund. The loan is due in quarterly installments of \$5,209 of principal and interest, with an interest rate of 4%, through March 2028.

Subsequent to year-end, the Corporation entered an agreement with Knights Property Maintenance for property maintenance and lawn care services for \$12,550 every year for the period from November 2022 through October 2025.

Schedule of Departmental Expenditures (1 of 2)

Northport Village Corporation

For the Year Ended December 31, 2021

	Budget	Actual	Variance Positive (Negative)
Expenditures			
General Government:			
Village Officials	\$ 1,100	5,863	\$ (4,763)
Payroll processing	1,545	1,051	494
Village Agent	20,000	23,109	(3,109)
Office personnel	3,100	5,322	(2,222)
Winter roads wages	-	3,749	(3,749)
Tax Collector	4,520	8,902	(4,382)
Professional services	13,000	13,842	(842)
Legal	-	5,591	(5,591)
Building and utilities	8,975	14,387	(5,412)
Insurance and bonds	6,300	5,743	557
MMA membership	234	-	234
Office expense	1,100	2,385	(1,285)
Payroll taxes	2,650	3,918	(1,268)
Miscellaneous	26,025	19,636	6,389
Total General Government	<u>88,549</u>	<u>113,498</u>	<u>(24,949)</u>
Protection and Safety:			
Police	16,020	12,299	3,721
Hydrant rentals	4,700	4,485	215
Lifeguards	9,150	6,871	2,279
Protection and safety - other	150	-	150
Total Protection and Safety	<u>30,020</u>	<u>23,655</u>	<u>6,365</u>
Roads and Storm Drains:			
Road maintenance	10,000	18,553	(8,553)
Winter roads	6,000	383	5,617
Total Roads and Storm Drains	<u>16,000</u>	<u>18,936</u>	<u>(2,936)</u>

See accompanying independent auditors' report.

Schedule of Departmental Expenditures (2 of 2)

Northport Village Corporation

For the Year Ended December 31, 2021

	Budget	Actual	Variance Positive (Negative)
Community:			
Community events	\$ 400	\$ -	\$ 400
Information	2,500	1,490	1,010
Trash collection	19,950	19,800	150
Wharfs/Floats	16,500	24,056	(7,556)
Tree service	12,495	13,050	(555)
Total Community	<u>51,845</u>	<u>58,396</u>	<u>(6,551)</u>
Miscellaneous:			
Truck replacement	2,000	160	1,840
Total Miscellaneous	<u>2,000</u>	<u>160</u>	<u>1,840</u>
Debt Service:			
Principal	2,318,089	1,620,254	697,835
Interest	10,460	31,627	(21,167)
Total Debt Service	<u>2,328,549</u>	<u>1,651,881</u>	<u>676,668</u>
Capital Outlay	475,535	475,535	-
Total Capital Outlay	<u>475,535</u>	<u>475,535</u>	<u>-</u>
Total Departmental Expenditures	<u>\$ 2,992,498</u>	<u>\$ 2,342,061</u>	<u>\$ 650,437</u>

See accompanying independent auditors' report.

Schedule of Valuation, Assessment and Collection of Taxes

Northport Village Corporation

For the Year Ended December 31, 2021

Valuation

Real estate \$ 90,902,100

Total Valuation \$ 90,902,100

Assessment

Valuation x Rate $\$90,902,100 \times .002610$ \$ 237,255

Cash collections (228,900)

2021 Taxes Receivable - December 31, 2021 \$ 8,355

See accompanying independent auditors' report.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

**To the Board of Overseers
Northport Village Corporation
Northport, Maine**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Northport Village Corporation, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated April 8, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Item 2021 - 001 Lack of Approval of General Journal Entries

Condition: While reviewing accounting general journal entry postings we noted that the Corporation does not have a process of review and approval of these entries before they are posted to the accounting records.

Criteria: The approval and documentation of entries to the accounting records is a core management function.

Cause: General journal entries are manual in nature and are not generated by the accounting software and so there is a higher risk of potential override of policy controls.

Effect: Management approval of general journal entries ensures only valid and approved entries are made to the accounting records. Failure to document approval could allow the recording of incorrect entries. General journal entries can be used to change the recording of transactions.

Recommendation: We recommend that the Corporation adopt an approval policy. This policy should specifically address a method of reviewing and approving general journal entries which are posted manually.

Management's Response: Management realizes the importance of documenting control procedures and is in the process of drafting procedures.

Item 2021 - 002: Timely Reconciliation of the Corporation's Accounting Records

Condition and Context: A significant effort was required to reconcile accounts. The failure to accurately and timely account for the financial activities of the Corporation appears to be due to turnover of bookkeepers and corrupted accounting software in the prior year. This resulted in issues with and untimely reconciliation of certain accounts.

Criteria: The timely reconciliation of accounts provides for accurate and timely information in which decisions can be made.

Cause: There were unreconciled accounts and it took a significant amount of time to get them reconciled.

Effect: When activity and accounts are not accurately recorded and reconciled, management and governance lack accurate and timely information upon which to make its decisions.

Recommendation: We recommend that reconciliations be performed monthly and any variances should be investigated immediately.

Management's Response: Management realizes the importance of documenting transactions and has contracted with a third party to maintain accounting records.

Item 2021 - 003: Note Payable Covenant

Condition and Context: During our tests of compliance we noted the Corporation has not complied with a covenant as required by a note payable.

Criteria: The note payable contains a requirement to deposit a specific amount of cash in a reserve account.

Cause: The required monthly deposits to the reserve account have not been made.

Effect: The note payable may be deemed in default by the lender and the amount due may be required to be paid in full on demand.

Recommendation: We recommend the Corporation transfer the amount of cash reserves which are in arrears and begin making the required annual contributions to the reserve account.

Management's Response: The Board is aware of this recommendation and feels that the cash is better kept in the operating account for use as working capital.

Compliance and Other Matters

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

Purpose of this Report

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

Purdy Pownall & Company

Professional Association

**Portland, Maine
April 8, 2024**