

**Financial Statements**

**Northport Village Corporation**

**December 31, 2022**

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# Northport Village Corporation

December 31, 2022

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## Independent Auditors' Report

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

### Report on the Audit of the Financial Statements

#### Opinions

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, 2022, 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.

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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Northport Village Corporation 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northport Village Corporation'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 the Northport Village Corporation'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 the Northport Village Corporation's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 4-1 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 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 Northport Village Corporation's basic financial statements. The accompanying 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. 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 basic 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 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 October 7, 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 Powus & Company

Professional Association

Portland, Maine  
October 7, 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, 2022. 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 \$5,325,710 as of December 31, 2022, compared to \$5,300,618 as of December 31, 2021.

The Corporation's governmental funds General Fund Balance was \$278,296 as of December 31, 2022, compared to \$337,894 as of December 31, 2021.

#### **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

### 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, 2022 and 2021:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>
Current and other assets	\$ 350,641	\$ 390,351	\$ (39,710)	\$ 234,624	\$ 192,510	\$ 42,114
Capital assets	<u>3,564,137</u>	<u>3,598,137</u>	<u>(34,000)</u>	<u>3,586,737</u>	<u>3,664,588</u>	<u>(77,851)</u>
<b>Total Assets</b>	3,914,778	3,988,488	(73,710)	3,821,361	3,857,098	(35,737)
						-
Long-term liabilities	1,746,750	1,849,712	(102,962)	582,919	624,938	(42,019)
Other liabilities	<u>65,045</u>	<u>52,357</u>	<u>12,688</u>	<u>15,715</u>	<u>17,961</u>	<u>(2,246)</u>
<b>Total Liabilities</b>	1,811,795	1,902,069	(90,274)	598,634	642,899	(44,265)
Net Position:						
Net investment in capital assets	1,817,387	1,748,425	68,962	3,003,818	3,039,650	(35,832)
Restricted, expendable	-	-	-	36,473	72,000	(35,527)
Unrestricted	<u>285,596</u>	<u>337,994</u>	<u>(52,398)</u>	<u>182,436</u>	<u>102,549</u>	<u>79,887</u>
	<u>\$ 2,102,983</u>	<u>\$ 2,086,419</u>	<u>\$ 16,564</u>	<u>\$ 3,222,727</u>	<u>\$ 3,214,199</u>	<u>\$ 8,528</u>

## Management's Discussion and Analysis

### Northport Village Corporation

The following schedule is a summary of the statement of activities for the years December 31, 2022 and 2021:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ 362,815	\$ 352,227	\$ 10,588
Operating grants and contributions	-	-	-	11,044	15,179	(4,135)
General Revenues:						
Property taxes	307,284	238,361	68,923	-	-	-
Intergovernmental	3,128	-	3,128	-	-	-
Town appropriation	-	10,000	(10,000)	-	-	-
Other	44,131	21,997	22,134	224	337	(113)
<b>Total Revenues</b>	<u>354,543</u>	<u>270,358</u>	<u>84,185</u>	<u>374,083</u>	<u>367,743</u>	<u>6,340</u>
Expenses:						
General:						
General government	205,709	154,122	51,587	-	-	-
Protection and safety	26,118	23,655	2,463	-	-	-
Roads and storm drains	6,789	18,936	(12,147)	-	-	-
Community	52,993	58,396	(5,403)	-	-	-
Capital outlay	-	-	-	-	-	-
Miscellaneous	829	160	669	-	-	-
Interest on long-term debt	45,541	37,727	7,814	-	-	-
Water services	-	-	-	168,686	170,380	(1,694)
Wastewater services	-	-	-	196,869	181,649	15,220
<b>Total Expenses</b>	<u>337,979</u>	<u>292,996</u>	<u>44,983</u>	<u>365,555</u>	<u>352,029</u>	<u>13,526</u>
<b>Change in Net Position</b>	<u>\$ 16,564</u>	<u>\$ (22,638)</u>	<u>\$ 39,202</u>	<u>\$ 8,528</u>	<u>\$ 15,714</u>	<u>\$ (7,186)</u>



## Management's Discussion and Analysis

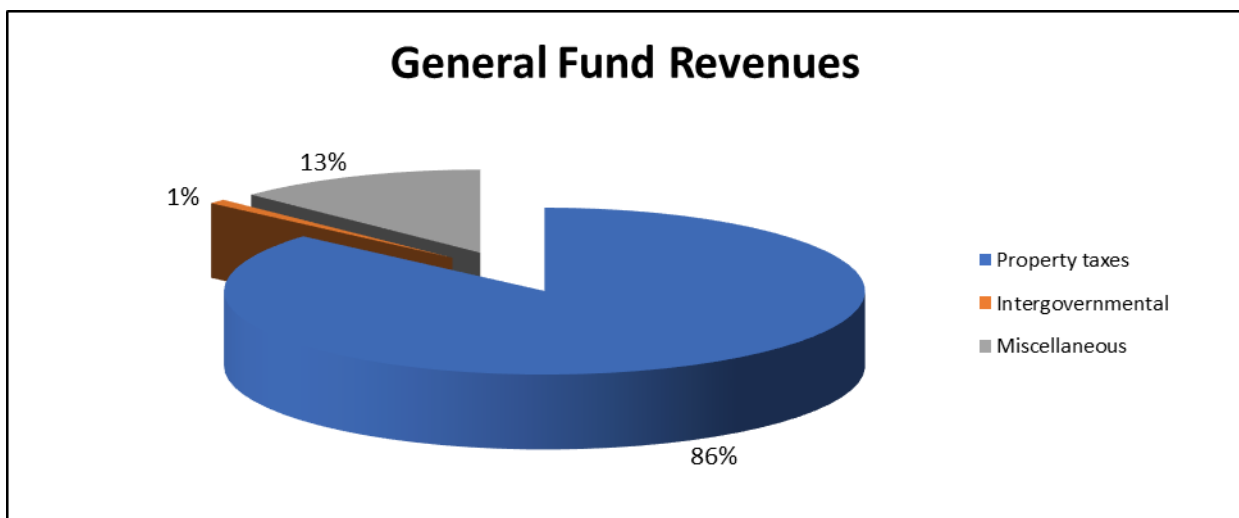
# Northport Village Corporation

### 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.

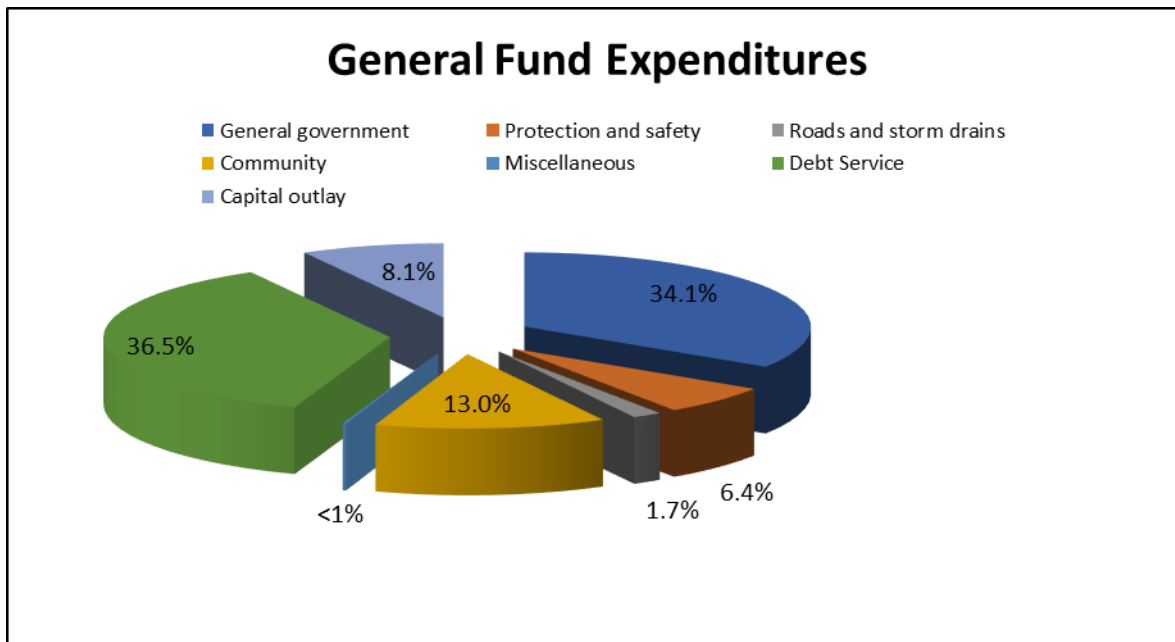
Current year revenues in the general fund were made up of the following:



## Management's Discussion and Analysis

### Northport Village Corporation

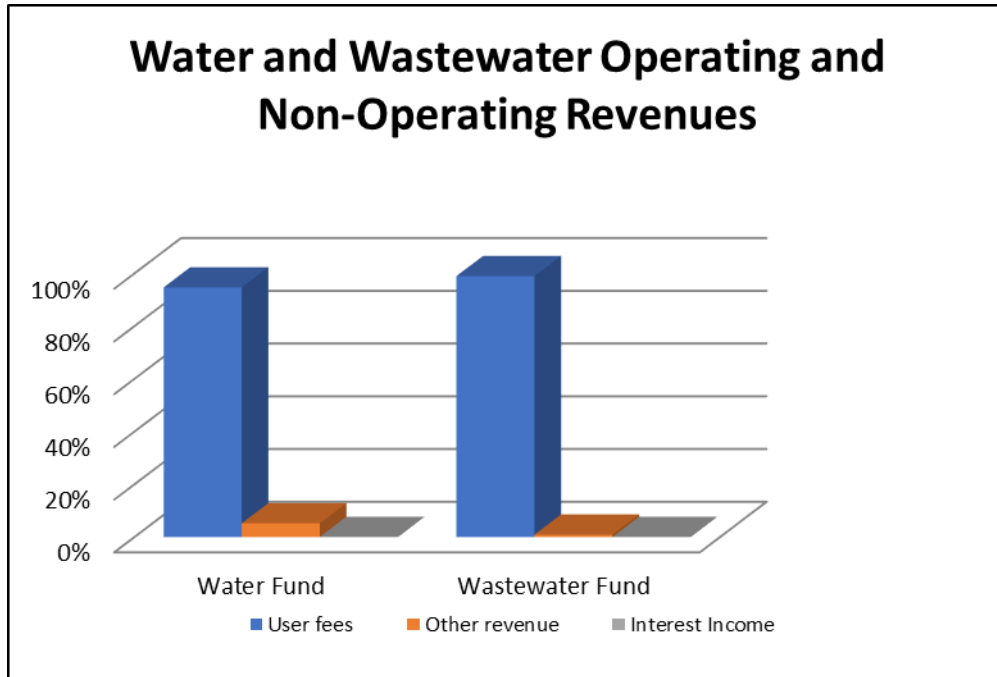
Current year expenditures in the general fund were made up of the following:



## Management's Discussion and Analysis

### Northport Village Corporation

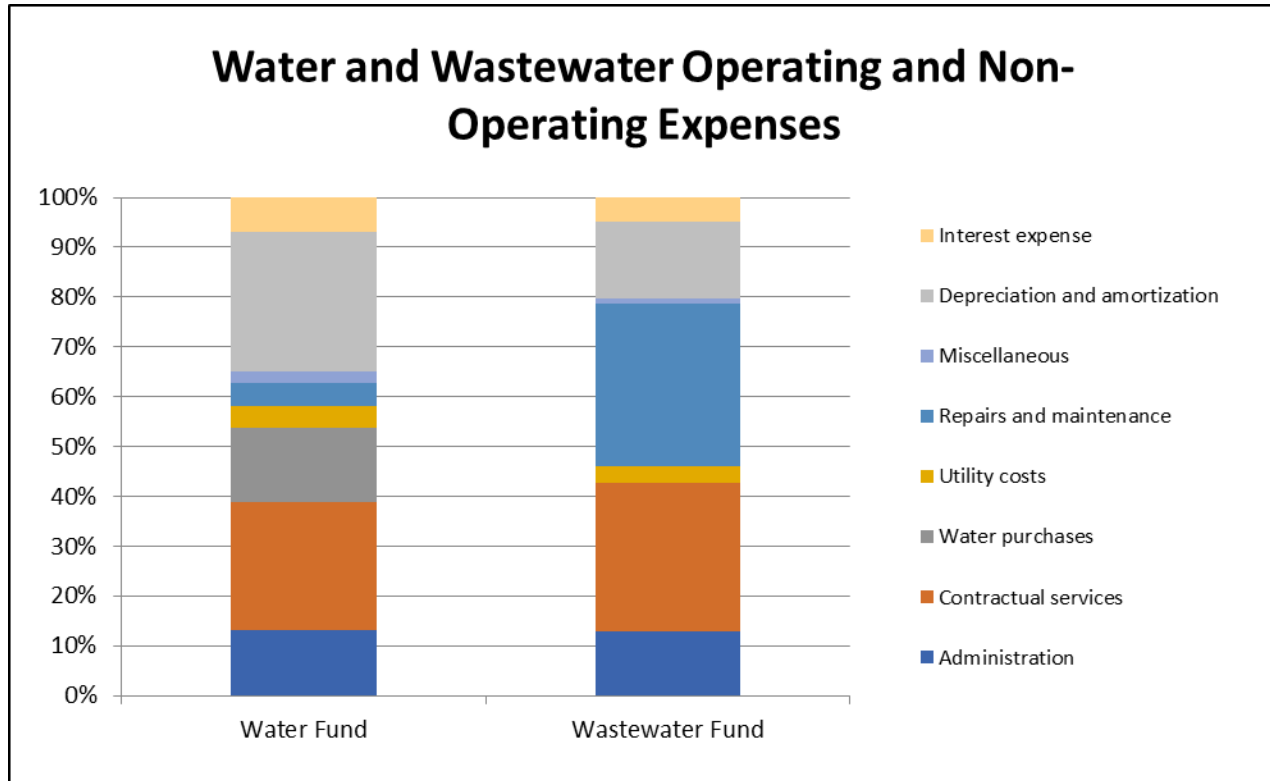
Operating and non-operating revenues in the Water and Wastewater funds were made up of the following:



## Management’s Discussion and Analysis

### Northport Village Corporation

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



### Capital Assets

At year-end, the Corporation had \$7,150,874 in net capital assets compared to \$7,262,725 last year. Below is a breakdown of capital assets between governmental activities and business-type activities.

	<u>2022</u>	<u>2021</u>
<b>Governmental Activities</b>		
General Fund	\$ 3,564,137	\$ 3,598,137
<b>Total Governmental Activities</b>	<u>\$ 3,598,137</u>	<u>\$ 3,598,137</u>
<b>Business-type Activities</b>		
Water	\$ 2,120,135	\$ 2,167,258
Wastewater	1,466,602	1,497,330
<b>Total Business-type Activities</b>	<u>3,586,737</u>	<u>3,664,588</u>
<b>Total Net Capital Assets</b>	<u>\$ 7,150,874</u>	<u>\$ 7,262,725</u>

## Management's Discussion and Analysis

# Northport Village Corporation

### Long Term Liabilities

At year-end, the Corporation had \$2,329,669 in outstanding bonds compared to \$2,474,650 last year. Below is a breakdown of outstanding bonds between governmental activities and business-type activities:

	<u>2022</u>	<u>2021</u>
<b>Governmental Activities</b>		
General Fund	\$ 1,746,750	\$ 1,849,712
<b>Total Governmental Activities</b>	<u>1,746,750</u>	<u>1,849,712</u>
<b>Business-type Activities</b>		
Water	283,443	303,736
Wastewater	299,476	321,202
<b>Total Business-type Activities</b>	<u>582,919</u>	<u>624,938</u>
<b>Total Outstanding Bonds</b>	<u>\$ 2,329,669</u>	<u>\$ 2,474,650</u>

### 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, 2022

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash	\$ 188,545	\$ 325,448	\$ 513,993
Restricted cash	-	36,473	36,473
Accounts receivable	-	16,274	16,274
Taxes receivable	17,861	-	17,861
Tax liens	664	-	664
Internal balances	143,571	(143,571)	-
Capital assets, net of accumulated depreciation	<u>3,564,137</u>	<u>3,586,737</u>	<u>7,150,874</u>
<b>Total Assets</b>	3,914,778	3,821,361	7,736,139
<b>Liabilities</b>			
Accounts payable	51,947	8,946	60,893
Accrued expenses	5,398	2,169	7,567
Accrued interest	7,700	4,600	12,300
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	104,176	43,319	147,495
Portion due or payable after one year:			
Bonds payable	<u>1,642,574</u>	<u>539,600</u>	<u>2,182,174</u>
<b>Total Liabilities</b>	<u>1,811,795</u>	<u>598,634</u>	<u>2,410,429</u>
<b>Net Position</b>			
Net investment in capital assets	1,817,387	3,003,818	4,821,205
Restricted, expendable	-	36,473	36,473
Unrestricted	<u>285,596</u>	<u>182,436</u>	<u>468,032</u>
<b>Total Net Position</b>	<u>\$ 2,102,983</u>	<u>\$ 3,222,727</u>	<u>\$ 5,325,710</u>

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

## Statement of Activities

### Northport Village Corporation

For the Year Ended December 31, 2022

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	
<b>Governmental Activities:</b>							
General government	\$ 205,709	\$ -	\$ -	\$ (205,709)		\$ (205,709)	
Protection and safety	26,118	-	-	(26,118)		(26,118)	
Roads and storm drains	6,789	-	-	(6,789)		(6,789)	
Community	52,993	-	-	(52,993)		(52,993)	
Miscellaneous	829	-	-	(829)		(829)	
Interest on long-term debt	45,541	-	-	(45,541)		(45,541)	
	<u>337,979</u>	<u>-</u>	<u>-</u>	<u>(337,979)</u>		<u>(337,979)</u>	
<b>Business-type Activities:</b>							
Water services	168,686	166,172	9,167		\$ 6,653	6,653	
Wastewater services	196,869	196,643	1,877		1,651	1,651	
	<u>365,555</u>	<u>362,815</u>	<u>11,044</u>		<u>8,304</u>	<u>8,304</u>	
	<u>\$ 703,534</u>	<u>\$ 362,815</u>	<u>\$ 11,044</u>	(337,979)	8,304	(329,675)	
<b>General Revenues:</b>							
Property taxes				307,284	-	307,284	
Interest income				690	224	914	
Intergovernmental				3,128	-	3,128	
Miscellaneous				43,441	-	43,441	
<b>Total General Revenues and Transfers</b>				<u>354,543</u>	<u>224</u>	<u>354,767</u>	
				<b>Change in Net Position</b>	16,564	8,528	25,092
				Net position at beginning of year	<u>2,086,419</u>	<u>3,214,199</u>	<u>5,300,618</u>
					<u>\$ 2,102,983</u>	<u>\$ 3,222,727</u>	<u>\$ 5,325,710</u>

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

## Balance Sheet - Governmental Funds

### Northport Village Corporation

As of December 31, 2022

	General Fund
<b>Assets</b>	
Cash	\$ 188,545
Taxes receivable	17,861
Tax liens	664
Due from other funds	<u>143,571</u>
<b>Total Assets</b>	<b>\$ <u>350,641</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	
<b>Liabilities</b>	
Accounts payable	\$ 51,947
Accrued expenses	<u>5,398</u>
<b>Total Liabilities</b>	<b>57,345</b>
<b>Deferred Inflows of Resources</b>	
Unavailable revenue - property taxes	<u>15,000</u>
<b>Total Deferred Inflows of Resources</b>	<b>15,000</b>
<b>Fund Balances</b>	
Unassigned	<u>278,296</u>
<b>Total Fund Balances</b>	<b><u>278,296</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ <u>350,641</u></b>

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, 2022**

**Total Fund Balances - Governmental Funds** \$ 278,296

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: 3,564,137

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: 15,000

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	\$ (1,746,750)	
Accrued interest payable	<u>(7,700)</u>	
		<u>(1,754,450)</u>

**Total Net Position - Governmental Activities** \$ 2,102,983

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, 2022**

	<u>General Fund</u>
<b>Revenues</b>	
Property taxes	\$ 300,284
Intergovernmental	3,128
Miscellaneous	<u>44,131</u>
<b>Total Revenues</b>	<b>347,543</b>
<b>Expenditures</b>	
Current	
General government	138,802
Protection and safety	26,118
Roads and storm drains	6,789
Community	52,993
Miscellaneous	829
Debt service - principal	102,962
- interest	45,741
Capital outlay	<u>32,907</u>
<b>Total Expenditures</b>	<b><u>407,141</u></b>
<b>Revenues Under Expenditures</b>	<b>(59,598)</b>
Fund balance at beginning of year	<u>337,894</u>
<b>Fund Balance at End of Year</b>	<b><u>\$ 278,296</u></b>

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, 2022

**Net Change in Fund Balances - Total Governmental Funds** \$ (59,598)

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	\$ 32,907	
Depreciation expense	<u>(66,907)</u>	(34,000)

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:

102,962

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:

7,000

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>200</u>	
------------------------------------	------------	--

**Change in Net Position of Governmental Activities** \$ 16,564

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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 305,675	\$ 305,675	\$ 300,284	\$ (5,391)
Intergovernmental	-	-	3,128	3,128
Miscellaneous	4,900	4,900	44,131	39,231
<b>Total Revenues</b>	<b>310,575</b>	<b>310,575</b>	<b>347,543</b>	<b>36,968</b>
<b>Expenditures</b>				
Current				
General government	85,106	85,106	138,802	(53,696)
Protection and safety	30,920	30,920	26,118	4,802
Roads and storm drains	16,000	16,000	6,789	9,211
Community	69,420	69,420	52,993	16,427
Miscellaneous	2,000	2,000	829	1,171
Debt service - principal	94,562	94,562	102,962	(8,400)
- interest	2,492	2,492	45,741	(43,249)
Capital outlay	10,000	10,000	32,907	(22,907)
<b>Total Expenditures</b>	<b>310,500</b>	<b>310,500</b>	<b>407,141</b>	<b>(96,641)</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ 75</b>	<b>\$ 75</b>	<b>(59,598)</b>	<b>\$ (59,673)</b>
Budgetary fund balance at beginning of year			337,894	
<b>Budgetary Fund Balance at End of Year</b>			<b>\$ 278,296</b>	

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, 2022**

	Water Fund	Wastewater Fund	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 291,034	\$ 34,414	\$ 325,448
Restricted cash	-	36,473	36,473
Due from other funds	32	350	382
Accounts receivable	8,767	7,507	16,274
<b>Total Current Assets</b>	299,833	78,744	378,577
<b>Other Assets</b>			
Property, plant and equipment, net	2,120,135	1,466,602	3,586,737
<b>Total Other Assets</b>	2,120,135	1,466,602	3,586,737
<b>Total Assets</b>	2,419,968	1,545,346	3,965,314
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	61	8,885	8,946
Due to other funds	52,448	91,505	143,953
Accrued interest	2,000	2,600	4,600
Accrued expenses	890	1,279	2,169
Current portion of long-term debt	20,890	22,429	43,319
<b>Total Current Liabilities</b>	76,289	126,698	202,987
<b>Long-Term Debt</b> , less current portion	262,553	277,047	539,600
<b>Total Liabilities</b>	338,842	403,745	742,587
<b>Net Position</b>			
Net investment in capital assets	1,836,692	1,167,126	3,003,818
Restricted, expendable	-	36,473	36,473
Unrestricted:			
Water reserve	242,434	-	242,434
Wastewater reserve	-	(63,998)	(63,998)
Village truck	2,000	2,000	4,000
<b>Total Net Position</b>	\$ 2,081,126	\$ 1,141,601	\$ 3,222,727

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, 2022**

	Water Fund	Wastewater Fund	Total
<b>Operating Revenues</b>			
User fees	\$ 166,172	\$ 196,643	\$ 362,815
Other revenue	9,167	1,877	11,044
<b>Total Operating Revenues</b>	<u>175,339</u>	<u>198,520</u>	<u>373,859</u>
<b>Operating Expenses</b>			
Administration	22,115	25,236	47,351
Contractual services	43,485	58,671	102,156
Water purchases	25,131	-	25,131
Utility costs	7,383	6,945	14,328
Repairs and maintenance	7,829	64,169	71,998
Miscellaneous	3,926	1,707	5,633
Depreciation	47,123	30,728	77,851
<b>Total Operating Expenses</b>	<u>156,992</u>	<u>187,456</u>	<u>344,448</u>
<b>Net Operating Income</b>	18,347	11,064	29,411
<b>Non-Operating Revenues (Expenses)</b>			
Interest income	109	115	224
Interest expense	(11,694)	(9,413)	(21,107)
<b>Net Non-Operating Expenses</b>	<u>(11,585)</u>	<u>(9,298)</u>	<u>(20,883)</u>
<b>Change in Net Position</b>	6,762	1,766	8,528
Net position at beginning of the year	<u>2,074,364</u>	<u>1,139,835</u>	<u>3,214,199</u>
<b>Net Position at End of Year</b>	<u>\$ 2,081,126</u>	<u>\$ 1,141,601</u>	<u>\$ 3,222,727</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, 2022**

	Water Fund	Wastewater Fund	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 164,976	\$ 194,331	\$ 359,307
Receipts from other sources	9,167	2,011	11,178
Payments to suppliers	(81,528)	(108,419)	(189,947)
Payments to employees	(29,309)	(48,311)	(77,620)
<b>Net Cash Provided by Operating Activities</b>	<u>63,306</u>	<u>39,612</u>	<u>102,918</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Principal payments on long-term debt	(20,293)	(21,726)	(42,019)
Interest payments	(11,894)	(10,713)	(22,607)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(32,187)</u>	<u>(32,439)</u>	<u>(64,626)</u>
<b>Cash Flows from Investing Activities</b>			
Interest income	109	115	224
<b>Increase in Cash and Cash Equivalents</b>	<u>31,228</u>	<u>7,288</u>	<u>38,516</u>
Cash and cash equivalents at beginning of year	<u>259,806</u>	<u>63,599</u>	<u>323,405</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 291,034</u>	<u>\$ 70,887</u>	<u>\$ 361,921</u>
<b>Reconciliation of Operating Income to</b>			
<b>Net Cash Provided by Operating Activities:</b>			
Operating income	\$ 18,347	\$ 11,064	\$ 29,411
Adjustment to reconcile changes in operating income to net cash provided by operating activities:			
Depreciation	47,123	30,728	77,851
Increase in operating assets:			
Accounts receivable	(1,196)	(2,311)	(3,507)
Increase (Decrease) in operating liabilities:			
Accounts payable	(3,051)	2,943	(108)
Due to other funds	3,000	(3,091)	(91)
Accrued expenses	(917)	279	(638)
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 63,306</u>	<u>\$ 39,612</u>	<u>\$ 102,918</u>
<b>Supplemental Disclosure of Cash Flow Information</b>			
Interest paid	<u>\$ 11,893</u>	<u>\$ 10,598</u>	<u>\$ 22,491</u>

See accompanying independent auditors' report and notes to financial statements.  
Certain prior year amounts have been reclassified for comparative purposes.

## 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. Certain prior year amounts have been reclassified for comparative purposes in the accompanying statement of cash flows.

#### **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, 2022.

#### **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, 2022, on the assessed value listed as of April 1, 2022, for all real and personal property located in the Corporation. Taxes were due September 1, 2022. Interest on unpaid taxes commenced on September 2, 2022, at 4% 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 \$75 for the year ended December 31, 2022.

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.

#### **New Accounting Pronouncement**

During the year ended December 31, 2022, the Corporation 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 Corporation as previously reported.

The Corporation has evaluated the applicability of Governmental Accounting Standards Board Statement No. 87, and has determined that there are no such lease agreements.

### Note B - Cash

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

#### **Custodial Credit Risk - Deposits**

At December 31, 2022, the carrying amount of the Corporation's deposits was \$550,466 and the bank balance was \$559,806. 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, 2022, none of the Corporation's bank balance of \$559,806 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 balance at December 31, 2022 was \$36,473.

## Notes to Financial Statements

### Northport Village Corporation

#### Note C - Capital Assets

A summary of capital asset transactions for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Non-Depreciable Assets:				
Land and easements	\$ 1,333,067	\$ -	\$ -	\$ 1,333,067
Depreciable Assets:				
Land improvements	1,200	32,907	-	34,107
Buildings and improvements	138,077	-	-	138,077
Wharf	484,574	-	-	484,574
Office equipment	590	-	-	590
Vehicles	31,347	-	-	31,347
Infrastructure	<u>2,198,663</u>	<u>-</u>	<u>-</u>	<u>2,198,663</u>
Totals at historical cost	4,187,518	32,907	-	4,220,425
Less Accumulated Depreciation:				
Land improvements	930	235	-	1,165
Buildings and improvements	74,515	2,643	-	77,158
Wharf	193,306	11,918	-	205,224
Office equipment	590	-	-	590
Vehicles	12,242	5,189	-	17,431
Infrastructure	<u>307,798</u>	<u>46,922</u>	<u>-</u>	<u>354,720</u>
Total accumulated depreciation	<u>589,381</u>	<u>66,907</u>	<u>-</u>	<u>656,288</u>
Capital Assets, Net	<u>\$ 3,598,137</u>	<u>\$ (34,000)</u>	<u>\$ -</u>	<u>\$ 3,564,137</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>
<b>Business-type Activities:</b>				
Depreciable Assets:				
Water main and equipment	\$ 2,916,624	\$ -	\$ -	\$ 2,916,624
Sewer main and equipment	2,596,672	-	-	2,596,672
Vehicles	<u>25,946</u>	<u>-</u>	<u>-</u>	<u>25,946</u>
Total depreciable assets	5,539,242	-	-	5,539,242
Less Accumulated Depreciation:				
Water main and equipment	758,918	44,529	-	803,447
Sewer main and equipment	1,108,894	28,134	-	1,137,028
Vehicles	<u>6,842</u>	<u>5,188</u>	<u>-</u>	<u>12,030</u>
Total accumulated depreciation	<u>1,874,654</u>	<u>77,851</u>	<u>-</u>	<u>1,952,505</u>
Capital Assets, Net	<u>\$ 3,664,588</u>	<u>\$ (77,851)</u>	<u>\$ -</u>	<u>\$ 3,586,737</u>

Depreciation expense was charged to the following functions:

#### Governmental activities:

General government \$ 66,907

#### Business-type activities:

Water \$ 47,123

Sewer 30,728

Total business-type activities depreciation expense \$ 77,851



## Notes to Financial Statements

# Northport Village Corporation

### Note D - Interfund Receivables and Payables

Interfund balances at December 31, 2022, consisted of the following individual fund receivables and payables:

	<u>Receivables Due from</u>	<u>Payables Due to</u>	<u>Net Internal Balances</u>
<b>Governmental Activities</b>			
General Fund:			
Enterprise Fund:			
Wastewater	\$ 91,473	\$ -	
Water	<u>52,098</u>	<u>-</u>	
Net Governmental Activities	143,571	-	\$ 143,571
<b>Business-type Activities</b>			
Enterprise Fund:			
Wastewater:			
General Fund	-	(91,473)	
Water	350	(32)	
Water:			
General Fund	-	(52,098)	
Wastewater	<u>32</u>	<u>(350)</u>	
Net Business-type Activities	<u>382</u>	<u>(143,953)</u>	<u>(143,571)</u>
	<u>\$ 143,953</u>	<u>\$ (143,953)</u>	<u>\$ -</u>

### Note E - Bonds Payable

Long-term liability activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities:</b>					
General obligation debt	\$ <u>1,849,712</u>	\$ <u>-</u>	\$ <u>102,962</u>	\$ <u>1,746,750</u>	\$ <u>104,176</u>
<b>Business-type Activities:</b>					
General obligation debt	\$ <u>624,938</u>	\$ <u>-</u>	\$ <u>42,019</u>	\$ <u>582,919</u>	\$ <u>43,319</u>

## Notes to Financial Statements

### Northport Village Corporation

#### Note E - Bonds Payable - Continued

The following is a summary of debt outstanding at December 31, 2022:

	<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.	\$ -	\$ 39,037
\$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.	67,275	-
\$159,874 - 2012 Sewer Bond with USDA Rural Development. Due in annual installments of \$7,513 which include interest at 2% through 2040.	-	112,620
\$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.	74,433	431,262
\$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.	63,230	-
\$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>1,541,812</u>	<u>-</u>
	<u>\$ 1,746,750</u>	<u>\$ 582,919</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>	
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	47,838	16,891	156,562
2027	52,441	39,392	49,641	15,193	156,667
2028-2032	276,918	182,248	247,153	47,171	753,490
2033-2037	272,385	150,169	82,472	6,372	511,398
2038-2042	302,264	112,910	21,645	871	437,690
2043-2047	351,030	64,144	-	-	415,174
2048-2049	<u>157,791</u>	<u>8,297</u>	<u>-</u>	<u>-</u>	<u>166,088</u>
	<u>\$ 1,746,750</u>	<u>\$ 725,689</u>	<u>\$ 582,919</u>	<u>\$ 146,740</u>	<u>\$ 3,202,098</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, 2022.

## 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 8.6 million gallons per year. Approximately \$24,800 was paid under this agreement during 2022.

The Corporation has an agreement with an independent contractor to provide property maintenance and lawn care services for the period November 2022 through October 2025. Under the contract, the Corporation will make yearly payments totaling \$12,550.

Future payments under this contract is as follows:

<u>Year ending December 31</u>	
2023	\$ 12,550
2024	12,550
2025	<u>12,550</u>
	<u>\$ 37,650</u>

### Note H - Restricted Net Position

At December 31, 2022 restricted net position consisted of the following:

USDA maintenance reserve	<u>\$ 36,473</u>
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The balance is expendable within its designated constraint.

### Note I - Expenditures Over Appropriation

The following appropriations were exceeded by actual expenditures:

General government	\$ 53,696
Debt service	51,649
Capital outlay	22,907

### Note J - 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.

## Schedule of Departmental Expenditures (1 of 2)

### Northport Village Corporation

For the Year Ended December 31, 2022

	Budget	Actual	Variance Positive (Negative)
<b>Expenditures</b>			
General Government:			
Village Officials	\$ 1,100	\$ 2,714	\$ (1,614)
Payroll processing	1,545	1,951	(406)
Village Agent	21,000	30,878	(9,878)
Office personnel	10,300	9,210	1,090
Winter roads wages	-	4,280	(4,280)
Tax Collector	6,806	5,579	1,227
Professional services	11,100	22,569	(11,469)
Building and utilities	5,725	22,852	(17,127)
Insurance and bonds	7,105	8,243	(1,138)
MMA membership	-	745	(745)
Office expense	1,100	2,358	(1,258)
Payroll taxes	3,600	2,198	1,402
Miscellaneous	15,725	25,225	(9,500)
<b>Total General Government</b>	<u>85,106</u>	<u>138,802</u>	<u>(53,696)</u>
Protection and Safety:			
Police	16,020	16,497	(477)
Hydrant rentals	5,600	3,090	2,510
Lifeguards	9,150	5,371	3,779
Protection and safety - other	150	1,160	(1,010)
<b>Total Protection and Safety</b>	<u>30,920</u>	<u>26,118</u>	<u>4,802</u>
Roads and Storm Drains:			
Road maintenance	10,000	6,789	3,211
Winter roads	6,000	-	6,000
<b>Total Roads and Storm Drains</b>	<u>16,000</u>	<u>6,789</u>	<u>9,211</u>

See accompanying independent auditors' report.

## Schedule of Departmental Expenditures (2 of 2)

### Northport Village Corporation

For the Year Ended December 31, 2022

	Budget	Actual	Variance Positive (Negative)
Community:			
Community events	\$ 400	\$ 97	\$ 303
Information	2,500	1,789	711
Trash collection	19,950	18,939	1,011
Wharfs/Floats	16,500	18,988	(2,488)
Tree service	30,070	13,180	16,890
<b>Total Community</b>	<u>69,420</u>	<u>52,993</u>	<u>16,427</u>
Miscellaneous:			
Truck replacement	2,000	829	1,171
<b>Total Miscellaneous</b>	<u>2,000</u>	<u>829</u>	<u>1,171</u>
Debt Service:			
Principal	94,562	102,962	(8,400)
Interest	2,492	45,741	(43,249)
<b>Total Debt Service</b>	<u>97,054</u>	<u>148,703</u>	<u>(51,649)</u>
Capital outlay	10,000	32,907	(22,907)
<b>Total Capital Outlay</b>	<u>10,000</u>	<u>32,907</u>	<u>(22,907)</u>
<b>Total Departmental Expenditures</b>	<u>\$ 310,500</u>	<u>\$ 407,141</u>	<u>\$ (96,641)</u>

See accompanying independent auditors' report.

**Schedule of Valuation, Assessment and Collection of Taxes**

**Northport Village Corporation**

**For the Year Ended December 31, 2022**

**Valuation**

Real estate \$ 91,766,600

**Total Valuation** \$ 91,766,600

**Assessment**

Valuation x Rate  $\$91,766,600 \times .003331$  \$ 305,675

Cash collections (287,814)

**2022 Taxes Receivable - December 31, 2022** \$ 17,861

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, 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated October 7, 2024.

### **Report on 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 identified a certain deficiency in internal control, described below as item 2022-001, that we consider to be a significant deficiency.



## **Item 2022 - 001: Timely Reconciliation of the Corporation's Accounting Records**

**Condition and Context:** 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 a prior year that delayed the ability and timing of reconciling certain accounts in the current year.

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

**Cause:** Due to unreconciled accounts and taking a significant amount of time for them to get reconciled in a prior year, the subsequent years were not being reconciled in a timely manner.

**Effect:** When activity and accounts are not recorded and reconciled timely, 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 timely reconciliations and has contracted with a third party to maintain accounting records. The Corporation is in the process of getting financial records up to date.

## **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*.

## **The Corporation's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Corporation's response to the findings identified in our audit and described previously. The Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on the response.

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 Poulos & Company

Professional Association

**Portland, Maine  
October 7, 2024**