

**Financial Statements**

**Northport Village Corporation**

**December 31, 2018**

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## Northport Village Corporation

December 31, 2018

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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, 2018, 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 of 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.

## **Opinion**

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, 2018, and the respective changes in financial position, and where applicable cash flows, and the respective budgetary comparison for the General Fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that 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 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 May 3, 2019, 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

**May 3, 2019**  
**Portland, Maine**

## NORTHPORT VILLAGE CORPORATION

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### 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, 2018. 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 \$5,203,302 as of December 31, 2018, compared to \$5,132,185 as of December 31, 2017.

The Corporation's governmental funds General Fund Balance was \$325,578 as of December 31, 2018, compared to \$358,468 as of December 31, 2017.

#### 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, 2018 and 2017:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
Current and other assets	\$ 330,693	\$ 377,938	\$ (47,245)	\$ 519,897	\$ 461,656	\$ 58,241
Capital assets	<u>2,127,148</u>	<u>2,120,873</u>	<u>6,275</u>	<u>3,426,296</u>	<u>3,490,201</u>	<u>(63,905)</u>
<b>Total Assets</b>	<b>2,457,841</b>	<b>2,498,811</b>	<b>(40,970)</b>	<b>3,946,193</b>	<b>3,951,857</b>	<b>(5,664)</b>
						-
Long-term liabilities	428,874	479,896	(51,022)	744,573	812,707	(68,134)
Other liabilities	<u>3,715</u>	<u>18,470</u>	<u>(14,755)</u>	<u>23,570</u>	<u>7,410</u>	<u>16,160</u>
<b>Total Liabilities</b>	<b>432,589</b>	<b>498,366</b>	<b>(65,777)</b>	<b>768,143</b>	<b>820,117</b>	<b>(51,974)</b>
Net Position:						
Net investment in capital assets	1,698,274	1,640,977	57,297	2,681,723	2,677,494	4,229
Restricted, expendable	-	-	-	50,400	43,200	7,200
Unrestricted	<u>326,978</u>	<u>359,468</u>	<u>(32,490)</u>	<u>467,527</u>	<u>411,046</u>	<u>56,481</u>
	<u>\$ 2,025,252</u>	<u>\$ 2,000,445</u>	<u>\$ 24,807</u>	<u>\$ 3,199,650</u>	<u>\$ 3,131,740</u>	<u>\$ 67,910</u>

The reduction in the Governmental Activities, Unrestricted fund reflects a voter approved expenditure of reserves for infrastructure projects.

## 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, 2018 and 2017:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ 300,148	\$ 286,918	\$ 13,230
Operating grants and contributions	-	-	-	23,950	18,340	5,610
General Revenues:						
Property taxes	202,978	207,307	(4,329)	-	-	-
Town appropriation	25,000	25,000	-	-	-	-
Other	14,597	17,919	(3,322)	(7,164)	2,751	(9,915)
Transfers	(5,000)	(5,000)	-	5,000	5,000	-
<b>Total Revenues</b>	<u>237,575</u>	<u>245,226</u>	<u>(7,651)</u>	<u>321,934</u>	<u>313,009</u>	<u>8,925</u>
Expenses:						
General:						
General government	87,817	91,824	(4,007)	-	-	-
Protection and safety	28,441	19,494	8,947	-	-	-
Roads and storm drains	12,459	14,057	(1,598)	-	-	-
Community	59,578	46,478	13,100	-	-	-
Capital outlay	17,886	1,173	16,713	-	-	-
Miscellaneous	-	-	-	-	-	-
Interest on long-term debt	6,587	7,026	(439)	-	-	-
Water services	-	-	-	157,482	155,995	1,487
Wastewater services	-	-	-	118,142	114,263	3,879
<b>Total Expenses</b>	<u>212,768</u>	<u>180,052</u>	<u>32,716</u>	<u>275,624</u>	<u>270,258</u>	<u>5,366</u>
<b>Change in Net Position</b>	<u>\$ 24,807</u>	<u>\$ 65,174</u>	<u>\$ (40,367)</u>	<u>\$ 46,310</u>	<u>\$ 42,751</u>	<u>\$ 3,559</u>

The increase in protection and safety is driven by increased spending on police and lifeguard wages, and the addition of a fire hydrant connected to the water supply.

The increase in community and capital outlay reflects additional spending on trees, parks and wharf maintenance.



## 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.

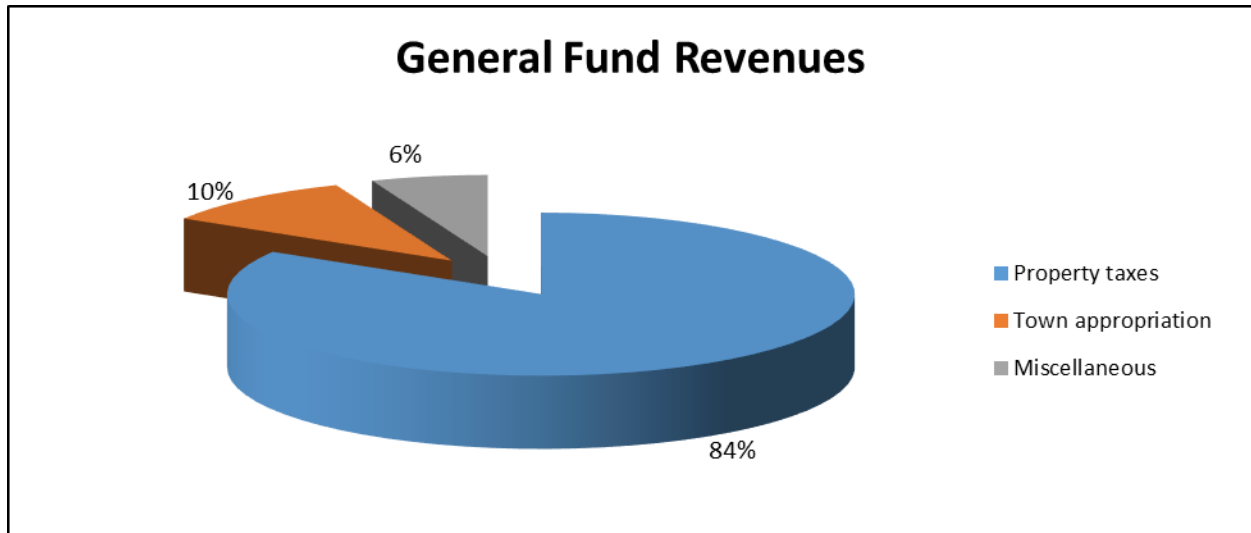
- Governmental funds - Most of the Corporation's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual 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

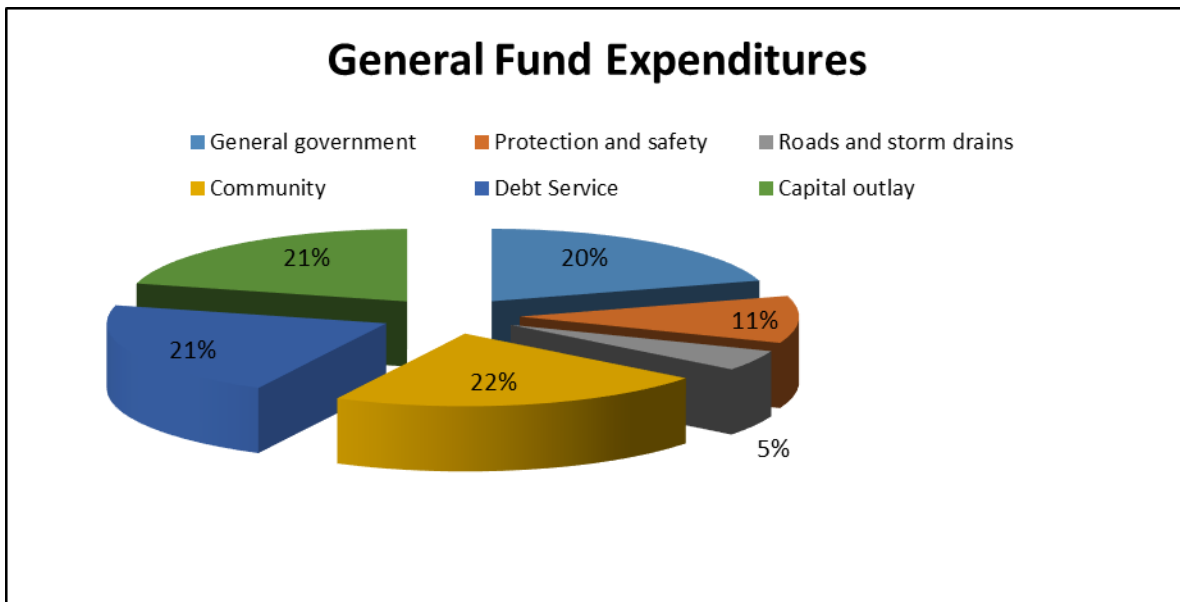
### Northport Village Corporation

#### General Fund Budgetary Highlights

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:

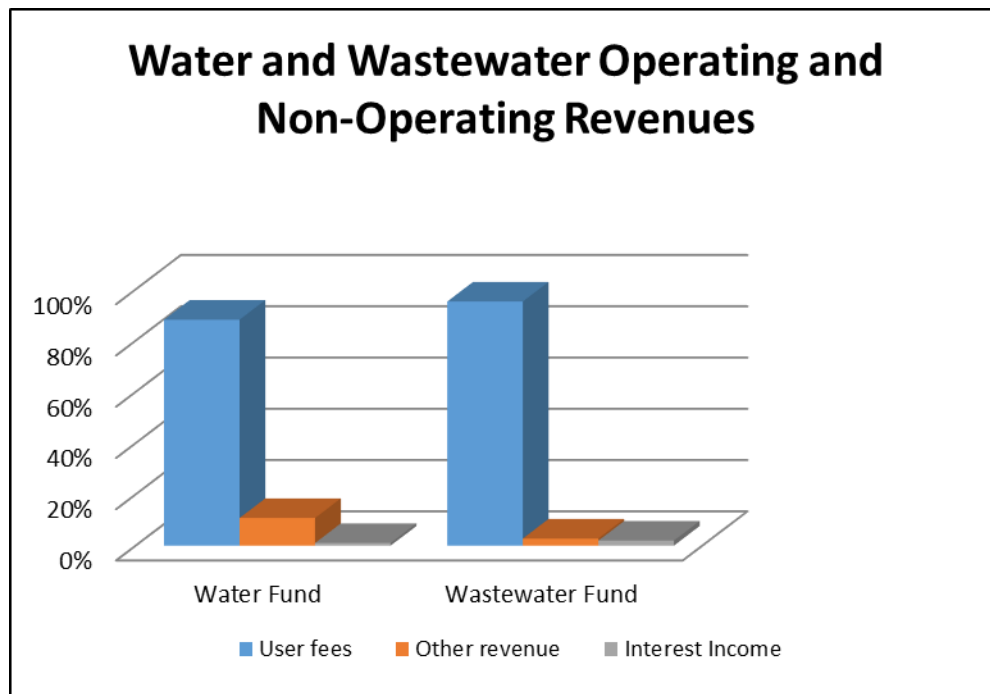


As mentioned earlier in this report, the protection and safety increases are primarily due to additional police and lifeguard coverage.

## Management's Discussion and Analysis - Continued

### Northport Village Corporation

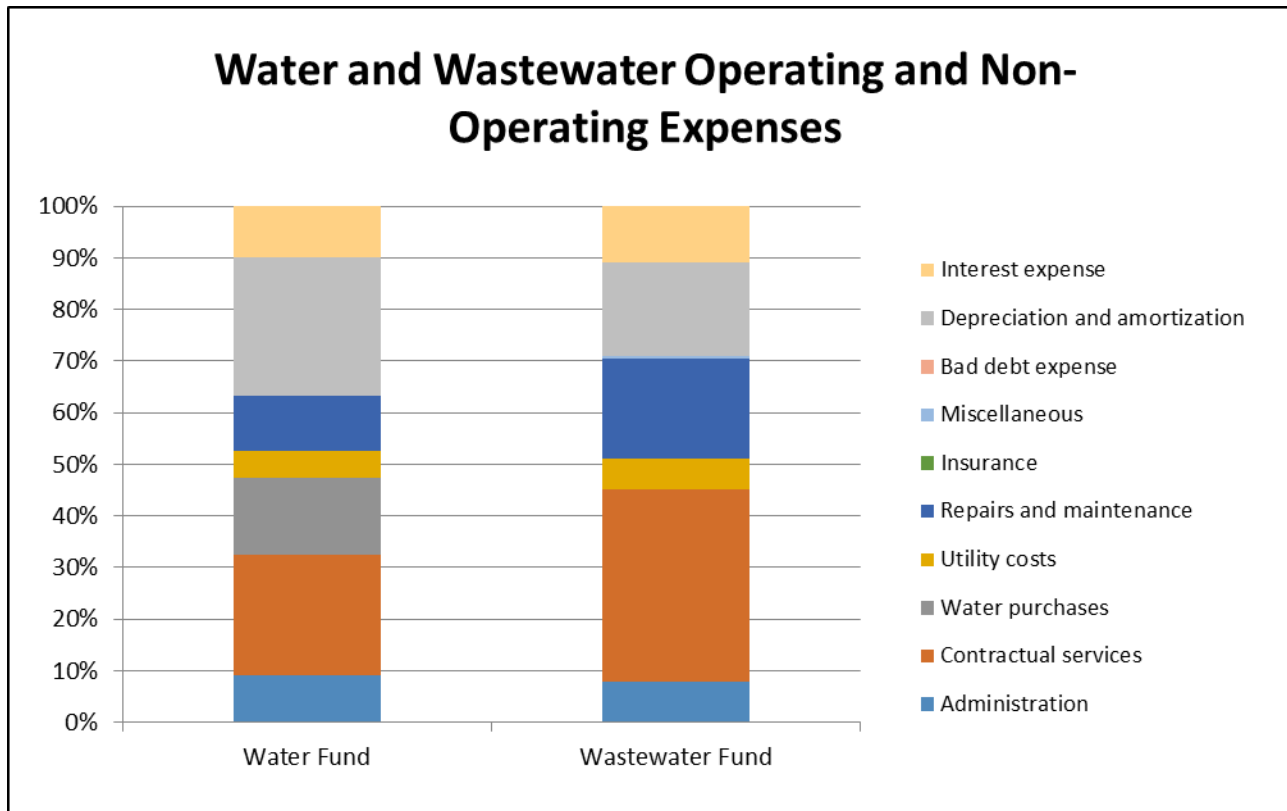
Operating and non-operating revenues in the Water and Wastewater funds were made up of the following:



## 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:



### Capital Assets

At year-end, the Corporation had \$5,553,444 in net capital assets compared to \$5,611,074 last year. Below is a breakdown of capital assets between governmental activities and business-type activities.

	<u>2018</u>	<u>2017</u>
<b>Governmental Activities</b>		
General Fund	\$ 2,127,148	\$ 2,120,873
<b>Total Governmental Activities</b>	<u>2,127,148</u>	<u>2,120,873</u>
<b>Business-type Activities</b>		
Water	\$ 2,171,872	\$ 2,214,415
Wastewater	1,254,424	1,275,786
<b>Total Business-type Activities</b>	<u>3,426,296</u>	<u>3,490,201</u>
<b>Total Net Capital Assets</b>	<u>\$ 5,553,444</u>	<u>\$ 5,611,074</u>

## Management's Discussion and Analysis - Continued

### Northport Village Corporation

This year's major additions included:

There were no major additions to capital assets in 2018.

#### Long Term Liabilities

At year-end, the Corporation had \$1,173,447 in outstanding bonds compared to \$1,292,603 last year. Below is a breakdown of outstanding bonds between governmental activities and business-type activities.

	<u>2018</u>	<u>2017</u>
<b>Governmental Activities</b>		
General Fund	\$ 428,874	\$ 479,896
<b>Total Governmental Activities</b>	<u>428,874</u>	<u>479,896</u>
<b>Business-type Activities</b>		
Water	361,671	410,236
Wastewater	<u>382,902</u>	<u>402,471</u>
<b>Total Business-type Activities</b>	<u>744,573</u>	<u>812,707</u>
<b>Total Outstanding Bonds</b>	<u>\$ 1,173,447</u>	<u>\$ 1,292,603</u>

The Water Utility retired the 1998 bond which funded the water line bringing water from Belfast to the Village. The funds formerly used to cover bond payments will be redirected to fund the Cobe Road water line project. Using these funds plus reserves will allow the water utility to complete this project without additional borrowing.

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

The Corporation does not anticipate any significant economic factors that would impact rates in 2019 and future years. Both Utilities have sufficient reserves to address unexpected repairs and to complete routine infrastructure upgrades as needed.

However, the DEP has revised operating standards for wastewater plants that now requires year-round chlorination/de-chlorination. Our Wastewater facilities were not designed for year-round operation; the Utility has negotiated a consent decree with the DEP to allow the Utility to continue to operate until it can upgrade facilities for year-round operation (December 2020 compliance deadline). A project to determine how best to meet this requirement is currently underway, the costs of this project are not yet known. It is possible that funding this project will require a rate increase.

## **Management's Discussion and Analysis - Continued**

### **Northport Village Corporation**

#### **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, 2018

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash	\$ 304,086	\$ 453,434	\$ 757,520
Restricted cash	-	50,400	50,400
Accounts receivable	-	15,708	15,708
Taxes receivable	8,507	-	8,507
Tax liens	1,896	-	1,896
Other assets	25	-	25
Internal balances	16,179	(16,179)	-
Capital assets, net of accumulated depreciation	<u>2,127,148</u>	<u>3,426,296</u>	<u>5,553,444</u>
<b>Total Assets</b>	<u>2,457,841</u>	<u>3,929,659</u>	<u>6,387,500</u>
<b>Liabilities</b>			
Accounts payable	1,000	236	1,236
Accrued liabilities	-	1,200	1,200
Accrued interest payable	2,600	5,600	8,200
Taxes paid in advance	115	-	115
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	53,040	38,922	91,962
Portion due or payable after one year:			
Bonds payable	<u>375,834</u>	<u>705,651</u>	<u>1,081,485</u>
<b>Total Liabilities</b>	<u>432,589</u>	<u>751,609</u>	<u>1,184,198</u>
<b>Net Position</b>			
Net investment in capital assets	1,698,274	2,681,723	4,379,997
Restricted, expendable	-	50,400	50,400
Unrestricted	<u>326,978</u>	<u>445,927</u>	<u>772,905</u>
<b>Total Net Position</b>	<u>\$ 2,025,252</u>	<u>\$ 3,178,050</u>	<u>\$ 5,203,302</u>

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

# Statement of Activities

## Northport Village Corporation

For the Year Ended December 31, 2018

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 87,817	\$ -	\$ -	\$ -	\$ (87,817)		\$ (87,817)
Protection and safety	28,441	-	-	-	(28,441)		(28,441)
Roads and storm drains	12,459	-	-	-	(12,459)		(12,459)
Community	59,578	-	-	-	(59,578)		(59,578)
Capital outlay	17,886	-	-	-	(17,886)		(17,886)
Interest on long-term debt	6,587	-	-	-	(6,587)		(6,587)
<b>Total Governmental Activities</b>	<b>212,768</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(212,768)</b>		<b>(212,768)</b>
<b>Business-type Activities:</b>							
Water services	157,482	163,156	19,966	-		\$ 25,640	25,640
Wastewater services	118,142	136,992	3,984	-		22,834	22,834
<b>Total Business-type Activities</b>	<b>275,624</b>	<b>300,148</b>	<b>23,950</b>	<b>-</b>		<b>48,474</b>	<b>48,474</b>
<b>Total Primary Government</b>	<b>\$ 488,392</b>	<b>\$ 300,148</b>	<b>\$ 23,950</b>	<b>\$ -</b>	<b>(212,768)</b>	<b>48,474</b>	<b>(164,294)</b>
General Revenues:							
Property taxes					202,978	-	202,978
Town appropriations					25,000	-	25,000
Interest income					2,801	4,742	7,543
Miscellaneous					11,796	(11,906)	(110)
Transfers					(5,000)	5,000	-
<b>Total General Revenues and Transfers</b>					<b>237,575</b>	<b>(2,164)</b>	<b>235,411</b>
<b>Change in Net Position</b>					<b>24,807</b>	<b>46,310</b>	<b>71,117</b>
Net position at beginning of year					<u>2,000,445</u>	<u>3,131,740</u>	<u>5,132,185</u>
<b>Net Position at End of Year</b>					<b>\$ 2,025,252</b>	<b>\$ 3,178,050</b>	<b>\$ 5,203,302</b>

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



## Balance Sheet - Governmental Funds

### Northport Village Corporation

As of December 31, 2018

	General Fund
<b>Assets</b>	
Cash	\$ 304,086
Taxes receivable	8,507
Tax liens	1,896
Due from other funds	16,179
Prepaid expenses	<u>25</u>
<b>Total Assets</b>	<b>\$ <u>330,693</u></b>
 <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	
<b>Liabilities</b>	
Accounts payable	\$ 1,000
Taxes paid in advance	<u>115</u>
<b>Total Liabilities</b>	<b>1,115</b>
 <b>Deferred Inflows of Resources</b>	
Unavailable revenue - property taxes	<u>4,000</u>
<b>Total Deferred Inflows of Resources</b>	<b>4,000</b>
 <b>Fund Balances</b>	
Nonspendable	25
Assigned	14,926
Unassigned	<u>310,627</u>
<b>Total Fund Balances</b>	<b><u>325,578</u></b>
 <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	 <b>\$ <u>330,693</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, 2018**

**Total Fund Balances - Governmental Funds** \$ 325,578

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: 2,127,148

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: 4,000

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	\$ (428,874)	
Accrued interest payable	<u>(2,600)</u>	
		<u>(431,474)</u>

**Total Net Position - Governmental Activities** \$ 2,025,252

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, 2018**

	<u>General Fund</u>
<b>Revenues</b>	
Property taxes	\$ 202,978
Town appropriation	25,000
Miscellaneous	<u>14,597</u>
<b>Total Revenues</b>	<b>242,575</b>
<b>Expenditures</b>	
Current	
General government	55,164
Protection and safety	28,441
Roads and storm drains	12,459
Community	59,578
Debt service - principal	51,022
- interest	6,987
Capital outlay	<u>56,814</u>
<b>Total Expenditures</b>	<b><u>270,465</u></b>
<b>Revenues Under Expenditures</b>	<b>(27,890)</b>
<b>Other Financing Uses</b>	
Operating transfers out	<u>(5,000)</u>
<b>Total Other Financing Uses</b>	<b><u>(5,000)</u></b>
<b>Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(32,890)</b>
Fund balance at beginning of year	<u>358,468</u>
<b>Fund Balance at End of Year</b>	<b><u>\$ 325,578</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, 2018

**Net Change in Fund Balances - Total Governmental Funds** \$ (32,890)

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	\$ 38,928	
Depreciation expense	<u>(32,653)</u>	
		6,275

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		51,022
--	--	--------

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>400</u>
------------------------------------	--	------------

**Change in Net Position of Governmental Activities** \$ 24,807

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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 201,875	\$ 201,875	\$ 202,978	\$ 1,103
Town appropriation	25,000	25,000	25,000	-
Miscellaneous	11,950	11,950	14,597	2,647
<b>Total Revenues</b>	<u>238,825</u>	<u>238,825</u>	<u>242,575</u>	<u>3,750</u>
<b>Expenditures</b>				
Current				
General government	55,164	55,164	55,164	-
Protection and safety	28,441	28,441	28,441	-
Roads and storm drains	15,000	15,000	12,459	2,541
Community	59,578	59,578	59,578	-
Miscellaneous	12,000	12,000	-	12,000
Debt service - principal	51,022	51,022	51,022	-
- interest	6,987	6,987	6,987	-
Capital outlay	56,814	56,814	56,814	-
<b>Total Expenditures</b>	<u>285,006</u>	<u>285,006</u>	<u>270,465</u>	<u>14,541</u>
<b>Revenues Under Expenditures</b>	(46,181)	(46,181)	(27,890)	18,291
<b>Other Financing Sources (Uses)</b>				
Utilization of assigned fund balance	51,181	51,181	-	(51,181)
Operating transfers out	(5,000)	(5,000)	(5,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>46,181</u>	<u>46,181</u>	<u>(5,000)</u>	<u>(51,181)</u>
<b>Revenues and Other Sources Over Expenditures and Other Uses</b>	\$ -	\$ -	(32,890)	\$ (32,890)
Budgetary fund balance at beginning of year			<u>358,468</u>	
<b>Budgetary Fund Balance at End of Year</b>			<u>\$ 325,578</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, 2018**

	Water Fund	Wastewater Fund	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 198,616	\$ 254,818	\$ 453,434
Restricted cash	-	50,400	50,400
Due from other funds	-	355	355
Accounts receivable	9,578	6,130	15,708
<b>Total Current Assets</b>	208,194	311,703	519,897
<b>Capital Assets</b>			
Property, plant and equipment, net	2,171,874	1,254,422	3,426,296
<b>Total Assets</b>	2,380,068	1,566,125	3,946,193
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	236	-	236
Due to other funds	8,208	8,326	16,534
Accrued interest	2,400	3,200	5,600
Accrued expenses	600	600	1,200
Current portion of long-term debt	18,892	20,030	38,922
<b>Total Current Liabilities</b>	30,336	32,156	62,492
<b>Long-Term Debt</b> , less current portion	342,779	362,872	705,651
<b>Total Liabilities</b>	373,115	395,028	768,143
<b>Net Position</b>			
Net investment in capital assets	1,810,203	871,520	2,681,723
Restricted, expendable	-	50,400	50,400
Unrestricted:			
Water reserve	190,846	-	190,846
Wastewater reserve	-	232,874	232,874
Village truck	2,000	2,000	4,000
Unreserved	3,904	14,303	18,207
<b>Total Net Position</b>	<u>\$ 2,006,953</u>	<u>\$ 1,171,097</u>	<u>\$ 3,178,050</u>

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, 2018**

	Water Fund	Wastewater Fund	Total
<b>Operating Revenues</b>			
User fees	\$ 163,156	\$ 136,992	\$ 300,148
Other revenue	19,966	3,984	23,950
<b>Total Operating Revenues</b>	<u>183,122</u>	<u>140,976</u>	<u>324,098</u>
<b>Operating Expenses</b>			
Administration	14,383	9,263	23,646
Contractual services	36,606	44,028	80,634
Water purchases	23,664	-	23,664
Utility costs	8,201	7,200	15,401
Repairs and maintenance	16,595	22,875	39,470
Miscellaneous	-	563	563
Depreciation	42,542	21,363	63,905
<b>Total Operating Expenses</b>	<u>141,991</u>	<u>105,292</u>	<u>247,283</u>
<b>Net Operating Income</b>	41,131	35,684	76,815
<b>Non-Operating Revenues (Expenses)</b>			
Interest income	1,918	2,824	4,742
Contingencies	(11,906)	-	(11,906)
Interest expense	(15,491)	(12,850)	(28,341)
<b>Net Non-Operating Expenses</b>	<u>(25,479)</u>	<u>(10,026)</u>	<u>(35,505)</u>
<b>Net Income before Other Financing Sources</b>	15,652	25,658	41,310
<b>Other Financing Sources</b>			
Operating transfers in	-	5,000	5,000
<b>Total Other Financing Sources</b>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
<b>Change in Net Position</b>	15,652	30,658	46,310
Net position at beginning of the year	<u>1,991,301</u>	<u>1,140,439</u>	<u>3,131,740</u>
<b>Net Position at End of Year</b>	<u>\$ 2,006,953</u>	<u>\$ 1,171,097</u>	<u>\$ 3,178,050</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, 2018**

	Water Fund	Wastewater Fund	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 196,856	\$ 169,535	\$ 366,391
Receipts from other sources	19,966	3,984	23,950
Payments to suppliers	(65,983)	(53,717)	(119,700)
Payments to employees	(25,133)	(22,242)	(47,375)
<b>Net Cash Provided by Operating Activities</b>	125,706	97,560	223,266
<b>Cash Flows from Non-Capital and Related Financing Activities</b>			
Operating subsidies and transfers from other funds	-	5,000	5,000
<b>Cash Flows from Capital and Related Financing Activities</b>			
Principal payments on long-term debt	(48,565)	(19,569)	(68,134)
Contingencies	(11,906)	-	(11,906)
Deposits into restricted cash	-	(7,200)	(7,200)
Interest payments	(15,891)	(12,948)	(28,839)
<b>Net Cash Used by Capital and Related Financing Activities</b>	(76,362)	(39,717)	(116,079)
<b>Cash Flows from Investing Activities</b>			
Interest income	1,918	2,824	4,742
<b>Increase in Cash and Cash Equivalents</b>	51,262	65,667	116,929
Cash and cash equivalents at beginning of year	147,354	189,151	336,505
<b>Cash and Cash Equivalents at End of Year</b>	\$ 198,616	\$ 254,818	\$ 453,434
<b>Reconciliation of Operating Income to</b>			
<b>Net Cash Provided by Operating Activities:</b>			
Operating income	\$ 41,131	\$ 35,684	\$ 76,815
Adjustment to reconcile changes in operating income to net cash provided by operating activities:			
Depreciation	42,542	21,363	63,905
(Increase) Decrease in operating assets:			
Accounts receivable	33,700	32,543	66,243
Due from other funds	-	(4,317)	(4,317)
Increase (Decrease) in operating liabilities:			
Accounts payable	125	-	125
Due to other funds	8,208	12,287	20,495
<b>Net Cash Provided by Operating Activities</b>	\$ 125,706	\$ 97,560	\$ 223,266
<b>Supplemental Disclosure of Cash Flow Information</b>			
Interest paid	\$ 16,291	\$ 13,048	\$ 29,339

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 and fire), 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 - Continued

# Northport Village Corporation

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

### 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, 2018.

##### **Inventories**

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

## Notes to Financial Statements - Continued

# 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 second half of the last fiscal year 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 - Continued

### 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 - Continued

# 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.

## Notes to Financial Statements - Continued

### Northport Village Corporation

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

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

The Corporation's property tax for the current year was levied August 1, 2018, on the assessed value listed as of April 1, 2018, for all real and personal property located in the Corporation. Taxes were due September 1, 2018. Interest on unpaid taxes commenced on September 2, 2018, at 8% per annum.

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

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.

#### Note B - Cash

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

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

At December 31, 2018, the carrying amount of the Corporation's deposits was \$807,920 and the bank balance was \$750,741. 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, 2018, none of the Corporation's bank balance of \$750,741 was exposed to credit risk.

##### **Restricted Cash**

In accordance with a loan agreement with the USDA, the Corporation agreed to place money into a dedicated cash account for the replacement of short-lived assets. The balance at December 31, 2018 was \$50,400.

## Notes to Financial Statements - Continued

### Northport Village Corporation

#### Note C - Capital Assets

A summary of capital asset transactions for the year ended December 31, 2018, 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
Construction in progress	14,200	15,000	14,200	15,000
Depreciable Assets:				
Land improvements	1,200	-	-	1,200
Buildings and improvements	121,127	16,950	-	138,077
Wharf	484,574	-	-	484,574
Office equipment	590	-	-	590
Vehicles	14,919	-	-	14,919
Infrastructure	<u>612,787</u>	<u>21,178</u>	<u>-</u>	<u>633,965</u>
Totals at historical cost	2,582,464	53,128	14,200	2,621,392
Less Accumulated Depreciation:				
Land improvements	810	30	-	840
Buildings and improvements	64,085	2,501	-	66,586
Wharf	145,634	11,918	-	157,552
Office equipment	539	34	-	573
Vehicles	10,012	2,983	-	12,995
Infrastructure	<u>240,511</u>	<u>15,187</u>	<u>-</u>	<u>255,698</u>
Total accumulated depreciation	<u>461,591</u>	<u>32,653</u>	<u>-</u>	<u>494,244</u>
Capital Assets, Net	<u>\$ 2,120,873</u>	<u>\$ 20,475</u>	<u>\$ 14,200</u>	<u>\$ 2,127,148</u>



## Notes to Financial Statements - Continued

### 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	\$ 2,799,059	\$ -	\$ -	\$ 2,799,059
Sewer main and equipment	2,297,458	-	-	2,297,458
Vehicles	<u>9,518</u>	<u>-</u>	<u>-</u>	<u>9,518</u>
Total depreciable assets	5,106,035	-	-	5,106,035
Less Accumulated Depreciation:				
Water main and equipment	586,153	41,590	-	627,743
Sewer main and equipment	1,023,179	20,412	-	1,043,591
Vehicles	<u>6,502</u>	<u>1,903</u>	<u>-</u>	<u>8,405</u>
Total accumulated depreciation	<u>1,615,834</u>	<u>63,905</u>	<u>-</u>	<u>1,679,739</u>
Capital Assets, Net	<u>\$ 3,490,201</u>	<u>\$ (63,905)</u>	<u>\$ -</u>	<u>\$ 3,426,296</u>

Depreciation expense was charged to the following functions:

#### Governmental activities:

General government \$ 32,653

#### Business-type activities:

Water \$ 42,542

Sewer 21,363

Total business-type activities depreciation expense \$ 63,905

## Notes to Financial Statements - Continued

### Northport Village Corporation

#### Note D - Interfund Receivables and Payables

Interfund balances at December 31, 2018, 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	\$ 8,326	\$ -	
Water	<u>7,853</u>	<u>-</u>	
Net Governmental Activities	16,179	-	\$ 16,179
<b>Business-type Activities</b>			
Enterprise Fund:			
Wastewater:			
General Fund	-	(8,326)	
Water	355	-	
Water:			
General Fund	-	(7,853)	
Wastewater	<u>-</u>	<u>(355)</u>	
Net Business-type Activities	<u>355</u>	<u>(16,534)</u>	<u>(16,179)</u>
	<u>\$ 16,534</u>	<u>\$ (16,534)</u>	<u>\$ -</u>

#### Note E - Interfund Transfers

Interfund transfers for the year ended December 31, 2018 consisted of the following amounts:

	Transfers In	Transfers Out	Net Transfers
<b>Governmental Activities</b>			
General Fund:			
Enterprise Fund:			
Wastewater	\$ -	\$ (5,000)	
Net Governmental Activities			\$ (5,000)
<b>Business-type Activities</b>			
Enterprise Fund:			
Wastewater:			
General Fund	<u>5,000</u>	<u>-</u>	
Net Business-type Activities			<u>5,000</u>
	<u>\$ 5,000</u>	<u>\$ (5,000)</u>	<u>\$ -</u>

## Notes to Financial Statements - Continued

### Northport Village Corporation

#### Note F - Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2018, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Amounts Due within <u>One Year</u>
<b>Governmental Activities:</b>					
General obligation debt	\$ 479,896	\$ -	\$ 51,022	\$ 428,874	\$ 53,040
<b>Business-type Activities:</b>					
General obligation debt	\$ 812,707	\$ -	\$ 68,134	\$ 744,573	\$ 38,922

The following is a summary of debt outstanding at December 31, 2018:

	<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.	\$ -	\$ 59,761
\$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.	190,758	-
\$159,874 - 2012 Sewer Bond with USDA Rural Development. Due in annual installments of \$7,513 which include interest at 2% through 2040.	-	132,652
\$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.	95,768	552,160
\$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.	142,348	-
	<u>\$ 428,874</u>	<u>\$ 744,573</u>

## Notes to Financial Statements - Continued

### Northport Village Corporation

#### Note F - Long-Term Liabilities - 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>	
2019	\$ 53,040	\$ 12,513	\$ 38,922	\$ 26,020	\$ 130,495
2020	55,132	10,422	39,842	25,190	130,586
2021	57,336	8,218	40,870	24,099	130,523
2022	58,547	7,007	42,019	22,871	130,444
2023	59,793	5,761	43,319	21,543	130,416
2024-2028	107,831	14,424	239,932	84,022	446,209
2029-2033	37,195	5,378	251,064	37,211	330,848
2034-2038	-	-	34,039	3,526	37,565
2039-2040	-	-	14,566	438	15,004
	<u>\$ 428,874</u>	<u>\$ 63,723</u>	<u>\$ 744,573</u>	<u>\$ 244,920</u>	<u>\$ 1,482,090</u>

#### Note G - 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, 2018.

#### Note H - Commitments

The Corporation has an agreement to purchase water from the Belfast Water District, 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 million gallons per year. Approximately \$24,000 was paid under this agreement during 2018.

## Notes to Financial Statements - Continued

### Northport Village Corporation

#### Note I - Assigned Fund Balance

At December 31, 2018 the assigned fund balance consisted of the following:

<b>Governmental Activities:</b>	
Police cruiser	\$ 6,110
Village truck	6,000
Infrastructure reserve	<u>2,816</u>
	<u>\$ 14,926</u>
<b>Business-type Activities:</b>	
<i>Water:</i>	
Village truck	\$ 2,000
<i>Wastewater:</i>	
Village truck	<u>2,000</u>
	<u>\$ 4,000</u>

#### Note J - Restricted Net Position

At December 31, 2018 restricted net position consisted of the following:

USDA maintenance reserve	<u>\$ 50,400</u>
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The balance is expendable within its designated constraint.

**Schedule of Departmental Expenditures (1 of 2)**

**Northport Village Corporation**

**For the Year Ended December 31, 2018**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Expenditures</b>			
General Government:			
Village Officials	\$ 1,100	\$ 1,100	\$ -
Payroll processing	1,200	1,309	(109)
Village Agent	14,000	15,498	(1,498)
Office personnel	6,000	5,374	626
Tax Collector	4,250	4,521	(271)
Professional services	9,400	6,296	3,104
Legal	300	-	300
Building and utilities	6,200	6,232	(32)
Insurance and bonds	3,000	5,069	(2,069)
MMA membership	225	234	(9)
Office expense	1,725	1,253	472
Payroll taxes	2,100	1,944	156
Miscellaneous	5,664	6,334	(670)
<b>Total General Government</b>	<u>55,164</u>	<u>55,164</u>	<u>-</u>
Protection and Safety:			
Street lights	6,000	6,263	(263)
Police	12,145	12,509	(364)
Hydrant rentals	2,896	1,047	1,849
Lifeguards	7,250	8,622	(1,372)
Protection and safety - other	150	-	150
<b>Total Protection and Safety</b>	<u>28,441</u>	<u>28,441</u>	<u>-</u>
Roads and Storm Drains:			
Road maintenance	9,000	6,731	2,269
Winter roads	6,000	5,728	272
<b>Total Roads and Storm Drains</b>	<u>15,000</u>	<u>12,459</u>	<u>2,541</u>

See accompanying independent auditors' report.

## Schedule of Departmental Expenditures (2 of 2)

### Northport Village Corporation

For the Year Ended December 31, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Community:			
Parks	16,624	16,624	-
Library	450	266	184
Community events	750	200	550
Information	2,250	2,475	(225)
Trash collection	19,000	18,950	50
Wharfs/Floats	14,988	14,988	-
Tree service	5,516	6,075	(559)
<b>Total Community</b>	<u>59,578</u>	<u>59,578</u>	<u>-</u>
Miscellaneous			
Truck replacement	2,000	-	2,000
General reserves	10,000	-	10,000
<b>Total Miscellaneous</b>	<u>12,000</u>	<u>-</u>	<u>12,000</u>
Debt Service:			
Principal	51,022	51,022	-
Interest	6,987	6,987	-
<b>Total Debt Service</b>	<u>58,009</u>	<u>58,009</u>	<u>-</u>
Capital Outlay	56,814	56,814	-
<b>Total Capital Outlay</b>	<u>56,814</u>	<u>56,814</u>	<u>-</u>
<b>Total Departmental Expenditures</b>	<u>\$ 285,006</u>	<u>\$ 270,465</u>	<u>\$ 14,541</u>

See accompanying independent auditors' report.

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

**Northport Village Corporation**

**For the Year Ended December 31, 2018**

**Valuation**

Real estate \$ 89,096,300

**Total Valuation** \$ 89,096,300

**Assessment**

Valuation x Rate  $\$89,096,300 \times .002265$  \$ 201,803

Cash collections (193,296)

**2018 Taxes Receivable - December 31, 2018** \$ 8,507

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, each major fund, and the aggregate remaining fund information of the Northport Village Corporation, as of and for the year ended December 31, 2018, 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 30, 2019.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

Purdy Pownall & Company

Professional Association

**May 3, 2019**  
**Portland, Maine**