

**Financial Statements**

**Northport Village Corporation**

**December 31, 2020**

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## Northport Village Corporation

December 31, 2020

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## Independent Auditors' Report

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

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, 2020, and the related notes to the financial statements, which collectively comprise the Northport Village Corporation's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

## Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Qualified
General Fund	Unmodified
Governmental Fund	Unmodified
Enterprise Fund – Water Fund	Qualified
Enterprise Fund – Wastewater Fund	Qualified

### **Basis for Qualified Opinion on Proprietary Funds - Business-Type Activities - Enterprise Funds**

Cumulative unreconciled variances totaling \$27,033 and \$15,125 related to the water fund and wastewater fund, respectively, were identified during the audit procedures for which the Northport Village Corporation could not provide support. These variances are presented in the Statement of Activities and the Statement of Revenues, Expenses and Changes in Fund Net Position for Proprietary Funds - Business-type Activities - Enterprise Funds.

### **Qualified Opinions**

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Proprietary Funds - Business-Type Activities - Enterprise Funds” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of the Northport Village Corporation as of December 31, 2020, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund other than the business-type activities, of the Northport Village Corporation, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

*Other Information*

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

The schedule of departmental expenditures and the schedule of valuation, assessment and collection of taxes are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of departmental expenditures and the schedule of valuation, assessment and collection of taxes are subject to the limitation as noted in the basis for adverse opinion on the financial statements as whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2023, 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 Pownall & Company  
Professional Association

**Portland, Maine  
February 13, 2023**

## **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, 2020. 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 \$5,307,542 as of December 31, 2020, compared to \$5,207,731 as of December 31, 2019.

The Corporation's governmental funds General Fund Balance was \$146,602 as of December 31, 2020, compared to \$293,899 as of December 31, 2019.

#### **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, 2020 and 2019:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current and other assets	\$ 307,862	\$ 332,389	\$ (24,527)	\$ 275,828	\$ 374,343	\$ (98,515)
Capital assets	<u>3,163,226</u>	<u>2,134,429</u>	<u>1,028,797</u>	<u>3,683,792</u>	<u>3,500,721</u>	<u>183,071</u>
<b>Total Assets</b>	3,471,088	2,466,818	1,004,270	3,959,620	3,875,064	84,556
						-
Long-term liabilities	1,206,971	375,869	831,102	665,808	705,651	(39,843)
Other liabilities	<u>155,060</u>	<u>36,690</u>	<u>118,370</u>	<u>95,327</u>	<u>15,941</u>	<u>79,386</u>
<b>Total Liabilities</b>	1,362,031	412,559	949,472	761,135	721,592	39,543
Net Position:						
Net investment in capital assets	1,862,015	1,758,560	103,455	3,008,564	2,795,070	213,494
Restricted, expendable	-	-	-	64,800	57,600	7,200
Unrestricted	<u>247,042</u>	<u>295,699</u>	<u>(48,657)</u>	<u>125,121</u>	<u>300,802</u>	<u>(175,681)</u>
	<u>\$ 2,109,057</u>	<u>\$ 2,054,259</u>	<u>\$ 54,798</u>	<u>\$ 3,198,485</u>	<u>\$ 3,153,472</u>	<u>\$ 45,013</u>

## Management's Discussion and Analysis - Continued

### Northport Village Corporation

The following schedule is a summary of the statement of activities for the years December 31, 2020 and 2019:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ 350,285	\$ 296,126	\$ 54,159
Operating grants and contributions	-	-	-	6,293	28,211	(21,918)
General Revenues:						
Property taxes	237,359	218,308	19,051	-	-	-
Town appropriation	15,000	25,000	(10,000)	-	-	-
Other	26,730	12,616	14,114	9,357	(9,352)	18,709
Transfers	-	-	-	-	-	-
<b>Total Revenues</b>	<u>279,089</u>	<u>255,924</u>	<u>23,165</u>	<u>365,935</u>	<u>314,985</u>	<u>50,950</u>
Expenses:						
General:						
General government	119,047	96,741	22,306	-	-	-
Protection and safety	28,319	25,709	2,610	-	-	-
Roads and storm drains	11,230	14,535	(3,305)	-	-	-
Community	43,844	63,876	(20,032)	-	-	-
Capital outlay	9,791	14,182	(4,391)	-	-	-
Miscellaneous	2,000	272	1,728	-	-	-
Interest on long-term debt	10,060	11,602	(1,542)	-	-	-
Water services	-	-	-	162,959	172,806	(9,847)
Wastewater services	-	-	-	157,963	166,757	(8,794)
<b>Total Expenses</b>	<u>224,291</u>	<u>226,917</u>	<u>(2,626)</u>	<u>320,922</u>	<u>339,563</u>	<u>(18,641)</u>
<b>Change in Net Position</b>	<u>\$ 54,798</u>	<u>\$ 29,007</u>	<u>\$ 25,791</u>	<u>\$ 45,013</u>	<u>\$ (24,578)</u>	<u>\$ 69,591</u>



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

### **Northport Village Corporation**

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

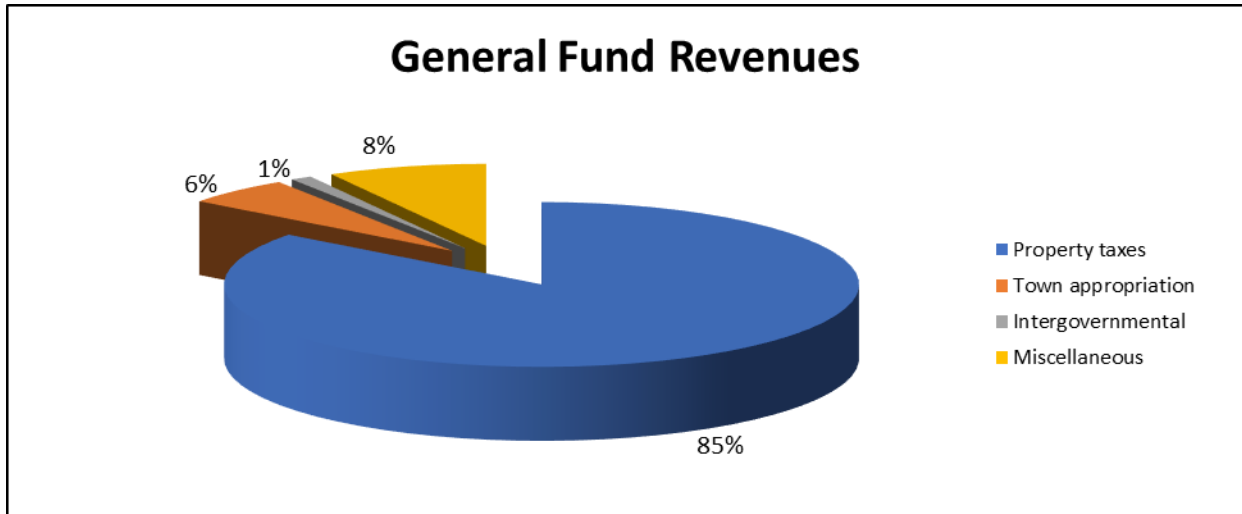
Our analysis of the Corporation's major funds begins with the fund financial statements and provides detailed information about the most significant funds-not the Corporation as a whole. Some funds are required to be established by State law. However, many other funds are established to help control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

- **Governmental funds** - Most of the Corporation's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Corporation's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Corporation's programs. We describe the relationship, or differences, between governmental activities, reported in the Statement of Net Position and the Statement of Activities, and governmental funds in reconciliation at the bottom of the fund financial statements.
- **Proprietary funds** -The Corporation maintains one type of proprietary fund, an Enterprise fund. Enterprise funds, as described above, are required to be used to account for operations for which a fee is charged to external users for goods or services. Enterprise funds are reported using the accrual basis of accounting. The Corporation uses Enterprise funds to account for its water and wastewater operations.

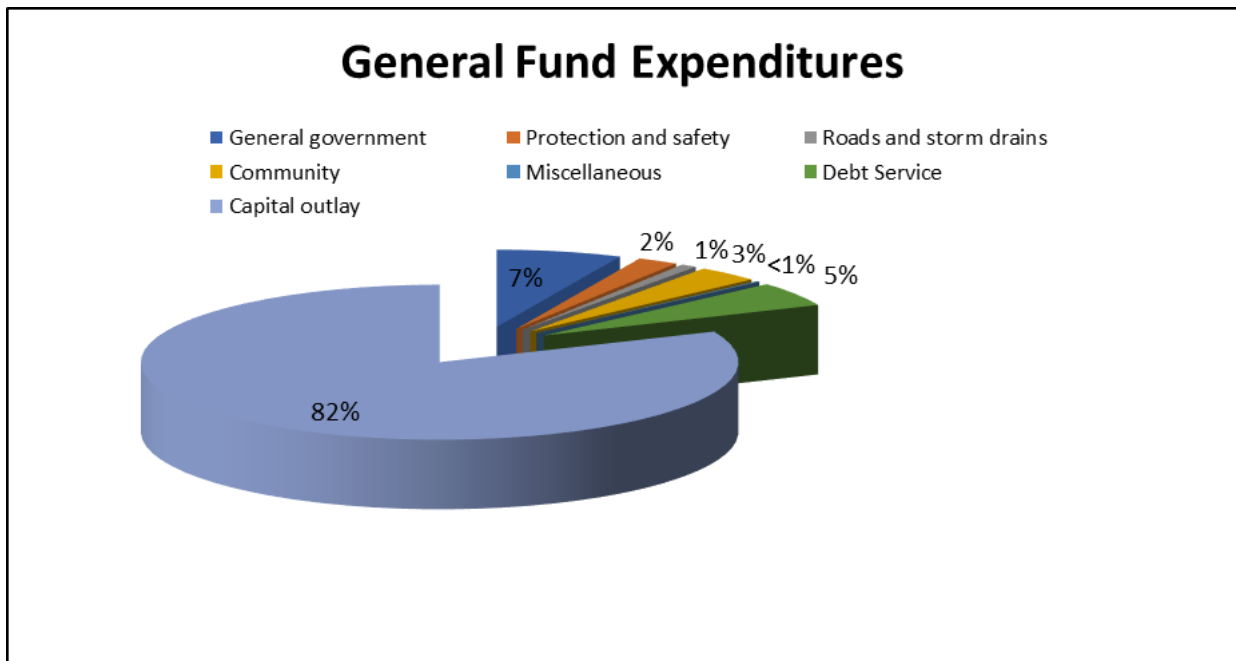
# Management's Discussion and Analysis - Continued

## Northport Village Corporation

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



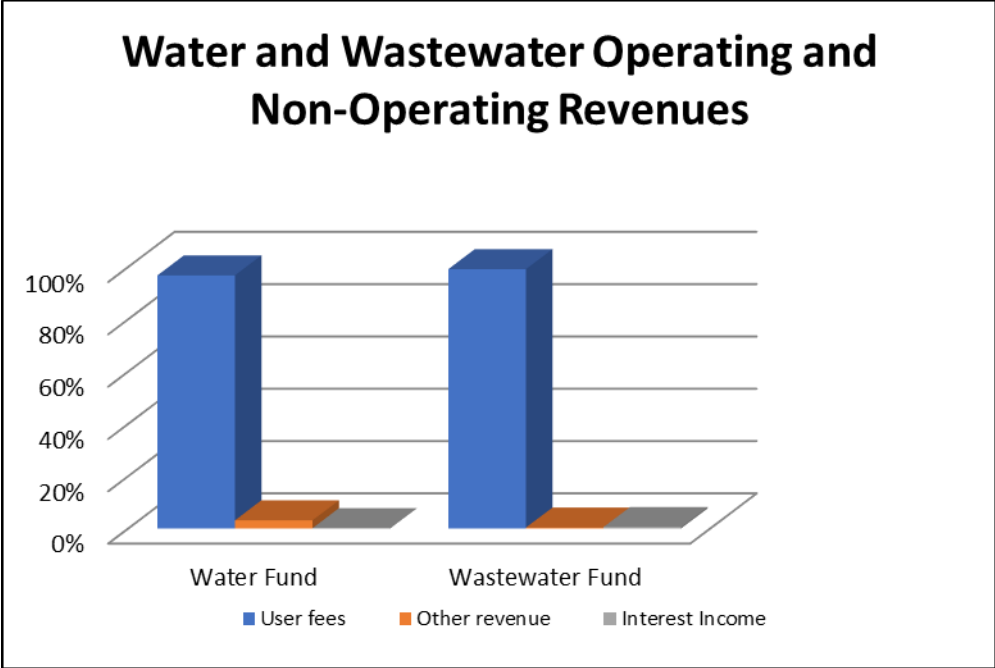
Current year expenditures in the general fund were made up of the following:



**Management’s Discussion and Analysis - Continued**

**Northport Village Corporation**

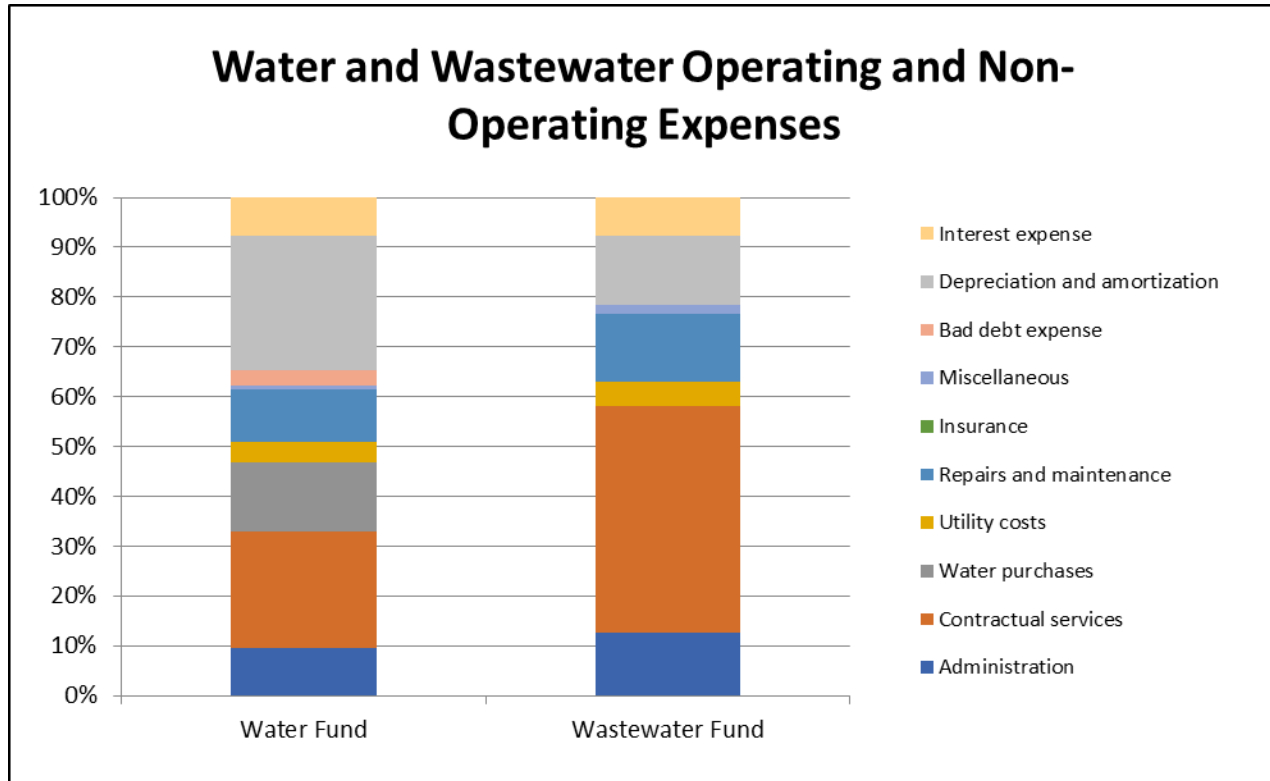
Operating and non-operating revenues in the Water and Wastewater funds were made up of the following:



## Management’s Discussion and Analysis - Continued

### Northport Village Corporation

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



### Capital Assets

At year-end, the Corporation had \$6,847,018 in net capital assets compared to \$5,635,150 last year. Below is a breakdown of capital assets between governmental activities and business-type activities.

	<u>2020</u>	<u>2019</u>
<b>Governmental Activities</b>		
General Fund	\$ 3,163,226	\$ 2,134,429
<b>Total Governmental Activities</b>	<u>3,163,226</u>	<u>2,134,429</u>
<b>Business-type Activities</b>		
Water	\$ 2,214,381	\$ 2,246,804
Wastewater	1,469,411	1,253,917
<b>Total Business-type Activities</b>	<u>3,683,792</u>	<u>3,500,721</u>
<b>Total Net Capital Assets</b>	<u>\$ 6,847,018</u>	<u>\$ 5,635,150</u>

## Management's Discussion and Analysis - Continued

### Northport Village Corporation

#### Long Term Liabilities

At year-end, the Corporation had \$1,872,779 in outstanding bonds compared to \$1,081,520 last year. Below is a breakdown of outstanding bonds between governmental activities and business-type activities:

	<u>2020</u>	<u>2019</u>
<b>Governmental Activities</b>		
General Fund	\$ 1,206,971	\$ 375,869
<b>Total Governmental Activities</b>	<u>1,206,971</u>	<u>375,869</u>
<b>Business-type Activities</b>		
Water	323,488	342,779
Wastewater	342,320	362,872
<b>Total Business-type Activities</b>	<u>665,808</u>	<u>705,651</u>
<b>Total Outstanding Bonds</b>	<u>\$ 1,872,779</u>	<u>\$ 1,081,520</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, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 180,091	\$ 302,980	\$ 483,071
Restricted cash	-	64,800	64,800
Accounts receivable	-	19,306	19,306
Taxes receivable	11,163	-	11,163
Tax liens	562	-	562
Other assets	4,788	-	4,788
Internal balances	111,258	(111,258)	-
Capital assets, net of accumulated depreciation	<u>3,163,226</u>	<u>3,683,792</u>	<u>6,847,018</u>
<b>Total Assets</b>	<b>3,471,088</b>	<b>3,959,620</b>	<b>7,430,708</b>
<b>Liabilities</b>			
Accounts payable	59,020	78,855	137,875
Retainage payable	94,240	9,420	103,660
Accrued expenses	-	652	652
Accrued interest	1,800	6,400	8,200
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	943,533	40,870	984,403
Portion due or payable after one year:			
Bonds payable	<u>263,438</u>	<u>624,938</u>	<u>888,376</u>
<b>Total Liabilities</b>	<b><u>1,362,031</u></b>	<b><u>761,135</u></b>	<b><u>2,123,166</u></b>
<b>Net Position</b>			
Net investment in capital assets	1,862,015	3,008,564	4,870,579
Restricted, expendable	-	64,800	64,800
Unrestricted	<u>247,042</u>	<u>125,121</u>	<u>372,163</u>
<b>Total Net Position</b>	<b><u>\$ 2,109,057</u></b>	<b><u>\$ 3,198,485</u></b>	<b><u>\$ 5,307,542</u></b>

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

## Statement of Activities

### Northport Village Corporation

For the Year Ended December 31, 2020

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	\$ 119,047	\$ -	\$ -	\$ (119,047)		\$ (119,047)
Protection and safety	28,319	-	-	(28,319)		(28,319)
Roads and storm drains	11,230	-	-	(11,230)		(11,230)
Community	43,844	-	-	(43,844)		(43,844)
Miscellaneous	2,000	-	-	(2,000)		(2,000)
Capital outlay	9,791	-	-	(9,791)		(9,791)
Interest on long-term debt	10,060	-	-	(10,060)		(10,060)
	<u>224,291</u>	<u>-</u>	<u>-</u>	<u>(224,291)</u>		<u>(224,291)</u>
<b>Business-type Activities:</b>						
Water services	162,959	177,074	5,710		\$ 19,825	19,825
Wastewater services	157,963	173,211	583		15,831	15,831
	<u>320,922</u>	<u>350,285</u>	<u>6,293</u>		<u>35,656</u>	<u>35,656</u>
	<u>\$ 545,213</u>	<u>\$ 350,285</u>	<u>\$ 6,293</u>	<u>(224,291)</u>	<u>35,656</u>	<u>(188,635)</u>
<b>General Revenues:</b>						
Property taxes				237,359	-	237,359
Town appropriations				15,000	-	15,000
Interest income				634	1,160	1,794
Intergovernmental				2,971	-	2,971
Cumulative unreconciled variances				418	11,908	12,326
Miscellaneous				21,582	(4,837)	16,745
Gain on disposal of capital assets				1,125	1,126	2,251
<b>Total General Revenues and Transfers</b>				<u>279,089</u>	<u>9,357</u>	<u>288,446</u>
<b>Change in Net Position</b>				54,798	45,013	99,811
Net position at beginning of year				<u>2,054,259</u>	<u>3,153,472</u>	<u>5,207,731</u>
				<u>\$ 2,109,057</u>	<u>\$ 3,198,485</u>	<u>\$ 5,307,542</u>

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

## Balance Sheet - Governmental Funds

### Northport Village Corporation

As of December 31, 2020

	<u>General Fund</u>
<b>Assets</b>	
Cash	\$ 180,091
Taxes receivable	11,163
Tax liens	562
Due from other funds	111,258
Prepaid expenses	<u>4,788</u>
<b>Total Assets</b>	<b>\$ <u>307,862</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	
<b>Liabilities</b>	
Accounts payable	\$ 59,020
Retainage payable	<u>94,240</u>
<b>Total Liabilities</b>	<b>153,260</b>
<b>Deferred Inflows of Resources</b>	
Unavailable revenue - property taxes	<u>8,000</u>
<b>Total Deferred Inflows of Resources</b>	<b>8,000</b>
<b>Fund Balances</b>	
Nonspendable	4,788
Unassigned	<u>141,814</u>
<b>Total Fund Balances</b>	<b><u>146,602</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ <u>307,862</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, 2020**

**Total Fund Balances - Governmental Funds** \$ 146,602

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: 3,163,226

Property tax revenues are presented on the modified accrual basis  
of accounting in the governmental funds but in the Statement of  
Activities, property tax revenue is reported under the accrual method.  
The balance in unavailable revenue - property taxes in the  
governmental funds as a deferred inflow is: 8,000

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

Bonds payable	\$ (1,206,971)	
Accrued interest payable	(1,800)	
	<u>(1,208,771)</u>	(1,208,771)

**Total Net Position - Governmental Activities** \$ 2,109,057

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, 2020**

	General Fund
<b>Revenues</b>	
Property taxes	\$ 233,359
Town appropriation	15,000
Intergovernmental	2,971
Cumulative unreconciled variances	418
Miscellaneous	22,216
<b>Total Revenues</b>	<u>273,964</u>
<b>Expenditures</b>	
Current	
General government	87,173
Protection and safety	28,319
Roads and storm drains	11,230
Community	43,844
Miscellaneous	2,000
Debt service - principal	55,095
- interest	10,460
Capital outlay	1,046,089
<b>Total Expenditures</b>	<u>1,284,210</u>
<b>Revenues Under Expenditures</b>	(1,010,246)
<b>Other Financing Uses</b>	
Proceeds from borrowing	886,197
<b>Total Other Financing Uses</b>	<u>886,197</u>
<b>Revenues and Other Sources Under Expenditures and Other Uses</b>	<u>(124,049)</u>
Fund balance at beginning of year, as reported	293,899
Prior period adjustment (Note I)	(23,248)
Fund balance at beginning of year, as restated	<u>270,651</u>
<b>Fund Balance at End of Year</b>	<u>\$ 146,602</u>

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

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

## Northport Village Corporation

**As of December 31, 2020**

**Net Change in Fund Balances - Total Governmental Funds** \$ (124,049)

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	\$ 1,036,298	
Depreciation expense	<u>(31,874)</u>	1,004,424

In the Statement of Activities, only the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold or disposed of less the accumulated depreciation.

Proceeds from sale of capital assets		1,125
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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	55,095	
Proceeds from borrowing	<u>(886,197)</u>	(831,102)

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:

		4,000
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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>	
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**Change in Net Position of Governmental Activities** \$ 54,798

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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Property taxes	\$ 242,292	\$ 242,292	\$ 233,359	\$ (8,933)
Town appropriation	15,000	15,000	15,000	-
Intergovernmental	-	-	2,971	2,971
Cumulative unreconciled variances	-	-	418	418
Miscellaneous	9,500	9,500	22,216	12,716
<b>Total Revenues</b>	<u>266,792</u>	<u>266,792</u>	<u>273,964</u>	<u>7,172</u>
<b>Expenditures</b>				
Current				
General government	83,147	83,147	87,173	(4,026)
Protection and safety	29,467	29,467	28,319	1,148
Roads and storm drains	22,800	22,800	11,230	11,570
Community	53,970	53,970	43,844	10,126
Miscellaneous	2,000	2,000	2,000	-
Debt service - principal	55,095	55,095	55,095	-
- interest	10,460	10,460	10,460	-
Capital outlay	1,046,089	1,046,089	1,046,089	-
<b>Total Expenditures</b>	<u>1,303,028</u>	<u>1,303,028</u>	<u>1,284,210</u>	<u>18,818</u>
<b>Revenues Over (Under) Expenditures</b>	(1,036,236)	(1,036,236)	(1,010,246)	25,990
<b>Other Financing Sources (Uses)</b>				
Proceeds from borrowing	886,197	886,197	886,197	-
Utilization of unassigned fund balance	150,093	150,093	-	(150,093)
<b>Total Other Financing Sources (Uses)</b>	<u>1,036,290</u>	<u>1,036,290</u>	<u>886,197</u>	<u>(150,093)</u>
<b>Revenues and Other Sources Under Expenditures and Other Uses</b>				
	\$ 54	\$ 54	(124,049)	\$ (124,103)
Budgetary fund balance at beginning of year, as reported			293,899	
Prior period adjustment (Note I)			(23,248)	
Budgetary fund balance at beginning of year, as restated			<u>270,651</u>	
<b>Budgetary Fund Balance at End of Year</b>			<u>\$ 146,602</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, 2020**

	Water Fund	Wastewater Fund	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 194,392	\$ 108,588	\$ 302,980
Restricted cash	-	64,800	64,800
Accounts receivable	10,932	8,374	19,306
<b>Total Current Assets</b>	<u>205,324</u>	<u>181,762</u>	<u>387,086</u>
<b>Other Assets</b>			
Property, plant and equipment, net	2,214,381	1,244,873	3,459,254
Construction in progress	-	224,538	224,538
<b>Total Other Assets</b>	<u>2,214,381</u>	<u>1,469,411</u>	<u>3,683,792</u>
<b>Total Assets</b>	<u>2,419,705</u>	<u>1,651,173</u>	<u>4,070,878</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	4,610	74,245	78,855
Retainage payable	-	9,420	9,420
Due to other funds	31,738	79,520	111,258
Accrued interest	2,300	4,100	6,400
Accrued expenses	652	-	652
Current portion of long-term debt	19,752	21,118	40,870
<b>Total Current Liabilities</b>	<u>59,052</u>	<u>188,403</u>	<u>247,455</u>
<b>Long-Term Debt</b> , less current portion	<u>303,736</u>	<u>321,202</u>	<u>624,938</u>
<b>Total Liabilities</b>	<u>362,788</u>	<u>509,605</u>	<u>872,393</u>
<b>Net Position</b>			
Net investment in capital assets	1,890,893	1,127,091	3,017,984
Restricted, expendable	-	64,800	64,800
Unrestricted:			
Water reserve	166,024	-	166,024
Wastewater reserve	-	(50,323)	(50,323)
<b>Total Net Position</b>	<u>\$ 2,056,917</u>	<u>\$ 1,141,568</u>	<u>\$ 3,198,485</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, 2020**

	Water Fund	Wastewater Fund	Total
<b>Operating Revenues</b>			
User fees	\$ 177,074	\$ 173,211	\$ 350,285
Other revenue	5,710	583	6,293
<b>Total Operating Revenues</b>	<u>182,784</u>	<u>173,794</u>	<u>356,578</u>
<b>Operating Expenses</b>			
Administration	15,945	19,729	35,674
Contractual services	39,223	72,027	111,250
Water purchases	23,498	-	23,498
Utility costs	6,622	7,667	14,289
Repairs and maintenance	18,019	21,398	39,417
Miscellaneous	1,289	3,102	4,391
Depreciation	45,393	22,020	67,413
<b>Total Operating Expenses</b>	<u>149,989</u>	<u>145,943</u>	<u>295,932</u>
<b>Net Operating Income</b>	32,795	27,851	60,646
<b>Non-Operating Revenues (Expenses)</b>			
Interest income	234	926	1,160
Cumulative unreconciled variances	27,033	(15,125)	11,908
Contingencies	(4,837)	-	(4,837)
Interest expense	(12,970)	(12,020)	(24,990)
Gain on disposal of capital assets	563	563	1,126
<b>Net Non-Operating Expenses</b>	<u>10,023</u>	<u>(25,656)</u>	<u>(15,633)</u>
<b>Change in Net Position</b>	42,818	2,195	45,013
Net position at beginning of the year	<u>2,014,099</u>	<u>1,139,373</u>	<u>3,153,472</u>
<b>Net Position at End of Year</b>	<u>\$ 2,056,917</u>	<u>\$ 1,141,568</u>	<u>\$ 3,198,485</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, 2020**

	Water Fund	Wastewater Fund	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 172,306	\$ 170,746	\$ 343,052
Receipts from other sources	5,710	123,309	129,019
Cumulative unreconciled variances	27,033	(15,125)	11,908
Payments to suppliers	(81,337)	(84,674)	(166,011)
Payments to employees	(20,098)	(39,249)	(59,347)
<b>Net Cash Provided by Operating Activities</b>	<u>103,614</u>	<u>155,007</u>	<u>258,621</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchases of capital assets	(12,410)	(236,948)	(249,358)
Principal payments on long-term debt	(19,291)	(20,552)	(39,843)
Contingencies	(4,837)	-	(4,837)
Deposits into restricted cash	-	(7,200)	(7,200)
Interest payments	(12,967)	(12,220)	(25,187)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(49,505)</u>	<u>(276,920)</u>	<u>(326,425)</u>
<b>Cash Flows from Investing Activities</b>			
Interest income	234	926	1,160
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<u>54,343</u>	<u>(120,987)</u>	<u>(66,644)</u>
Cash and cash equivalents at beginning of year	<u>140,049</u>	<u>229,575</u>	<u>369,624</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 194,392</u>	<u>\$ 108,588</u>	<u>\$ 302,980</u>
<b>Reconciliation of Operating Income to</b>			
<b>Net Cash Provided by Operating Activities:</b>			
Operating income	\$ 32,795	\$ 27,851	\$ 60,646
Adjustment to reconcile changes in operating income to net cash provided by operating activities:			
Depreciation	45,393	22,020	67,413
Cumulative unreconciled variances	27,033	(15,125)	11,908
(Increase) Decrease in operating assets:			
Accounts receivable	(4,768)	(6,675)	(11,443)
Due from other funds	-	4,210	4,210
Increase (Decrease) in operating liabilities:			
Accounts payable	1,707	72,121	73,828
Retainage payable	-	9,420	9,420
Due to other funds	3,785	42,519	46,304
Accrued expenses	(2,331)	(1,334)	(3,665)
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 103,614</u>	<u>\$ 155,007</u>	<u>\$ 258,621</u>
<b>Supplemental Disclosure of Cash Flow Information</b>			
Interest paid	<u>\$ 13,269</u>	<u>\$ 13,605</u>	<u>\$ 26,874</u>

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

#### 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 - 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, 2020.

##### **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, 2020, on the assessed value listed as of April 1, 2020, for all real and personal property located in the Corporation. Taxes were due September 1, 2020. Interest on unpaid taxes commenced on September 2, 2020, 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.

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 \$54 for the year ended December 31, 2020.

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

##### **Pending Accounting Pronouncement**

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

#### Note B - Cash

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

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

At December 31, 2020, the carrying amount of the Corporation's deposits was \$547,871 and the bank balance was \$547,622. 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, 2020, none of the Corporation's bank balance of \$547,622 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, 2020 was \$64,800.

## Notes to Financial Statements - Continued

### Northport Village Corporation

#### Note C - Capital Assets

A summary of capital asset transactions for the year ended December 31, 2020, 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
Construction in progress	77,685	1,011,478	-	1,089,163
Depreciable Assets:				
Land improvements	1,200	-	-	1,200
Buildings and improvements	138,077	-	-	138,077
Wharf	484,574	-	-	484,574
Office equipment	590	-	-	590
Vehicles	14,919	25,945	9,517	31,347
Infrastructure	<u>633,965</u>	<u>-</u>	<u>-</u>	<u>633,965</u>
Totals at historical cost	2,684,077	1,037,423	9,517	3,711,983
Less Accumulated Depreciation:				
Land improvements	870	30	-	900
Buildings and improvements	69,229	2,643	-	71,872
Wharf	169,470	11,918	-	181,388
Office equipment	590	-	-	590
Vehicles	14,915	1,655	9,517	7,053
Infrastructure	<u>271,326</u>	<u>15,628</u>	<u>-</u>	<u>286,954</u>
Total accumulated depreciation	<u>526,400</u>	<u>31,874</u>	<u>9,517</u>	<u>548,757</u>
Capital Assets, Net	<u>\$ 2,157,677</u>	<u>\$ 1,005,549</u>	<u>\$ -</u>	<u>\$ 3,163,226</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>				
Non-Depreciable Assets:				
Construction in progress	\$ -	\$ 224,538	\$ -	\$ 224,538
Depreciable Assets:				
Water main and equipment	2,916,624	-	-	2,916,624
Sewer main and equipment	2,317,557	-	-	2,317,557
Vehicles	<u>9,518</u>	<u>25,946</u>	<u>9,518</u>	<u>25,946</u>
Total depreciable assets	5,243,699	250,484	9,518	5,484,665
Less Accumulated Depreciation:				
Water main and equipment	669,823	44,566	-	714,389
Sewer main and equipment	1,063,637	21,193	-	1,084,830
Vehicles	<u>9,518</u>	<u>1,654</u>	<u>9,518</u>	<u>1,654</u>
Total accumulated depreciation	<u>1,742,978</u>	<u>67,413</u>	<u>9,518</u>	<u>1,800,873</u>
Capital Assets, Net	<u>\$ 3,500,721</u>	<u>\$ 183,071</u>	<u>\$ -</u>	<u>\$ 3,683,792</u>

Depreciation expense was charged to the following functions:

#### Governmental activities:

General government	<u>\$ 31,874</u>
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#### Business-type activities:

Water	\$ 45,393
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Sewer	<u>22,020</u>
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Total business-type activities depreciation expense	<u>\$ 67,413</u>
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## Notes to Financial Statements - Continued

### Northport Village Corporation

#### Note D - Interfund Receivables and Payables

Interfund balances at December 31, 2020, consisted of the following individual fund receivables and payables:

	<u>Receivables</u> <u>Due from</u>	<u>Payables</u> <u>Due to</u>	<u>Net Internal</u> <u>Balances</u>
<b>Governmental Activities</b>			
General Fund:			
Enterprise Fund:			
Wastewater	\$ 79,520	\$ -	
Water	<u>31,738</u>	<u>-</u>	
Net Governmental Activities	111,258	-	\$ 111,258
<b>Business-type Activities</b>			
Enterprise Fund:			
Wastewater:			
General Fund	-	(79,520)	
Water	-	-	
Water:			
General Fund	-	(31,738)	
Wastewater	<u>-</u>	<u>-</u>	
Net Business-type Activities	<u>-</u>	<u>(111,528)</u>	<u>(111,258)</u>
	<u>\$ 111,528</u>	<u>\$ (111,528)</u>	<u>\$ -</u>

#### Note E - Bonds Payable

Long-term liability activity for the year ended December 31, 2020, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
General obligation debt	<u>\$ 375,869</u>	<u>\$ 886,197</u>	<u>\$ 55,095</u>	<u>\$ 1,206,971</u>	<u>\$ 943,533</u>
<b>Business-type Activities:</b>					
General obligation debt	<u>\$ 705,651</u>	<u>\$ -</u>	<u>\$ 39,843</u>	<u>\$ 665,808</u>	<u>\$ 40,870</u>

## Notes to Financial Statements - Continued

### Northport Village Corporation

#### Note E - Bonds Payable - Continued

The following is a summary of debt outstanding at December 31, 2020:

	<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.	\$ -	\$ 49,824
\$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.	131,836	-
\$159,874 - 2012 Sewer Bond with USDA Rural Development. Due in annual installments of \$7,513 which include interest at 2% through 2040.	-	122,834
\$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.	85,354	493,150
\$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.	103,584	-
\$1,600,000 - 2020 general obligation bond with Maine Municipal Bond Bank. Due in one lump sum installment with interest at a rate of 1.82% through November 2021. Through year end, \$886,197 had been advanced. See subsequent event (Note J) for refinance.	886,197	-
	<u>\$ 1,206,971</u>	<u>\$ 665,808</u>

## Notes to Financial Statements - Continued

### 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>	
2021	\$ 943,533	\$ 8,218	\$ 40,870	\$ 24,099	\$ 1,016,720
2022	58,547	7,007	42,019	22,871	130,444
2023	59,793	5,761	43,319	21,543	130,416
2024	61,078	4,475	44,677	20,113	130,343
2025	27,226	3,154	46,174	18,586	95,140
2026-2030	34,052	9,940	242,937	66,208	353,137
2031-2035	22,742	2,233	170,419	18,140	213,534
2036-2040	-	-	35,393	2,151	37,544
	<u>\$ 1,206,971</u>	<u>\$ 40,788</u>	<u>\$ 665,808</u>	<u>\$ 193,711</u>	<u>\$ 2,107,278</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, 2020.

#### Note G - 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 9.4 million gallons per year. Approximately \$23,000 was paid under this agreement during 2020.

## Notes to Financial Statements - Continued

### Northport Village Corporation

#### Note G - Commitments - Continued

The Corporation has an agreement with an independent contractor to provide curbside trash and recycling pickup for the period September 2019 through September 2022. Under the contract, the Corporation made payments totaling \$19,800 during the year ended December 31, 2020. Future payments are as follows:

<u>Year ending December 31</u>	
2021	\$ 19,800
2022	14,025

#### Note H - Restricted Net Position

At December 31, 2020 restricted net position consisted of the following:

USDA maintenance reserve	<u>\$ 64,800</u>
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The balance is expendable within its designated constraint.

#### Note I - Prior Period Adjustment

During the year ended December 31, 2020, corrections were made to fund balance for the general fund at January 1, 2020 in order to record expenses paid by the general fund for the seawall project in the proper year. The effect of this correction was a decrease of \$23,248 on the general fund's fund balance.

#### Note J - Subsequent Event

Subsequent to year-end, the Corporation purchased a playground in the amount of \$23,166.

Also subsequent to year-end, the Corporation refinanced the 2020 general obligation bond with Maine Municipal Bond Bank in the amount of \$1,586,248. The bond is payable over the next 28 years in annual principal installments ranging from \$44,436 to \$80,238 and semi-annual interest installments at interest rates ranging from 0.61% to 3.486%.

## Schedule of Departmental Expenditures (1 of 2)

### Northport Village Corporation

For the Year Ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Expenditures</b>			
General Government:			
Village Officials	\$ 1,100	\$ 892	\$ 208
Payroll processing	1,500	(1,073)	2,573
Village Agent	20,000	17,506	2,494
Office personnel	6,000	4,719	1,281
Winter roads wages	-	2,342	(2,342)
Tax Collector	4,520	4,234	286
Professional services	8,800	9,940	(1,140)
Legal	-	233	(233)
Building and utilities	18,450	22,662	(4,212)
Insurance and bonds	5,684	6,061	(377)
MMA membership	234	204	30
Office expense	1,200	1,055	145
Payroll taxes	2,126	3,548	(1,422)
Miscellaneous	13,533	14,850	(1,317)
<b>Total General Government</b>	<u>83,147</u>	<u>87,173</u>	<u>(4,026)</u>
Protection and Safety:			
Police	15,471	17,103	(1,632)
Hydrant rentals	4,696	2,990	1,706
Lifeguards	9,150	8,226	924
Protection and safety - other	150	-	150
<b>Total Protection and Safety</b>	<u>29,467</u>	<u>28,319</u>	<u>1,148</u>
Roads and Storm Drains:			
Road maintenance	16,800	10,779	6,021
Winter roads	6,000	451	5,549
<b>Total Roads and Storm Drains</b>	<u>22,800</u>	<u>11,230</u>	<u>11,570</u>

See accompanying independent auditors' report.

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

**Northport Village Corporation**

**For the Year Ended December 31, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Community:			
Parks	1,500	-	1,500
Library	275	303	(28)
Community events Information	750	-	750
Trash collection	2,500	1,207	1,293
Wharfs/Floats	19,950	21,450	(1,500)
Tree service	16,500	8,009	8,491
	<u>12,495</u>	<u>12,875</u>	<u>(380)</u>
<b>Total Community</b>	<u>53,970</u>	<u>43,844</u>	<u>10,126</u>
Miscellaneous:			
Truck replacement	<u>2,000</u>	<u>2,000</u>	<u>-</u>
<b>Total Miscellaneous</b>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Debt Service:			
Principal	55,095	55,095	-
Interest	<u>10,460</u>	<u>10,460</u>	<u>-</u>
<b>Total Debt Service</b>	<u>65,555</u>	<u>65,555</u>	<u>-</u>
Capital Outlay	<u>1,046,089</u>	<u>1,046,089</u>	<u>-</u>
<b>Total Capital Outlay</b>	<u>1,046,089</u>	<u>1,046,089</u>	<u>-</u>
<b>Total Departmental Expenditures</b>	<u>\$ 1,303,028</u>	<u>\$ 1,284,210</u>	<u>\$ 18,818</u>

See accompanying independent auditors' report.

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

**Northport Village Corporation**

**For the Year Ended December 31, 2020**

**Valuation**

Real estate \$ 90,205,600

**Total Valuation** \$ 90,205,600

**Assessment**

Valuation x Rate  $\$90,205,600 \times .002686$  \$ 242,292

Cash collections (232,235)

**2020 Taxes Receivable - December 31, 2020** \$ 10,057

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, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated February 13, 2023.

**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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described below, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described below to be a material weakness.

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. We consider the deficiency described below to be a significant deficiency.



## Material Weakness

### Reconciliation of the Corporation's Accounting Records

**Condition:** A significant effort was required to reconcile accounts. The failure to accurately and timely account for the financial activities of the Corporation appears to be due to turnover of accounting personnel, the implementation of a new accounting system, and accounting did not accurately track expenditures by fund during the year. This resulted in issues with fund balance and untimely reconciliation of certain accounts.

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

**Recommendation:** We recommend that reconciliations be performed monthly and entries made in each fund. Any variances should be investigated promptly and each fund should balance.

## Significant Deficiency

### Approval of General Journal Entries

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

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

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

### Compliance and Other Matters

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

Purpose of this Report

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

Purdy Powus & Company

Professional Association