

Northport Village Corporation
Performance vs Budget
 January through June 2020

	Jan - Jun 20	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4000 · Operating Income				
4005 · Taxes-Real Estate	4.74	0.00	4.74	100.0%
4010 · Late Fees	75.42	0.00	75.42	100.0%
4064 · Rent From Utilities	6,000.00	6,000.00	0.00	100.0%
Total 4000 · Operating Income	6,080.16	6,000.00	80.16	101.3%
4100 · Nonoperating Income				
4035 · Interest Income - Reserves	688.97	1,380.00	-691.03 1	49.9%
4052 · Donations				
4072 · Donation- Browntail Caterpillar	9,896.07	0.00	9,896.07 2	100.0%
4257 · Donations - Merithew Square	1,000.00	0.00	1,000.00 3	100.0%
Total 4052 · Donations	10,896.07	0.00	10,896.07	100.0%
4058 · Community Hall Rental	0.00	200.00	-200.00	0.0%
Total 4100 · Nonoperating Income	11,585.04	1,580.00	10,005.04	733.2%
Total Income	17,665.20	7,580.00	10,085.20	233.1%
Gross Profit	17,665.20	7,580.00	10,085.20	233.1%
Expense				
6000 · Administration				
6001 · Office Supplies	1,096.48	360.00	736.48 4	304.6%
6002 · Postage	23.25	180.00	-156.75	12.9%
6041 · Property and Casualty Insurance	4,704.62	2,142.00	2,562.62 5	219.6%
6042 · MMA Membership	230.00	234.00	-4.00	98.3%
6060 · Professional Services				
6055 · Office - Services Purchased	79.93	100.00	-20.07	79.9%
6061 · Financial Officer	1,688.25	1,400.00	288.25 6	120.6%
6062 · Accounting	1,635.00	1,800.00	-165.00	90.8%
6063 · Auditors	2,800.00	2,800.00	0.00	100.0%
6064 · Payroll Service	731.52	850.00	-118.48	86.1%
6080 · Legal Fees	141.20	0.00	141.20	100.0%
Total 6060 · Professional Services	7,075.90	6,950.00	125.90	101.8%
6142 · Bank Service Charges	15.00	0.00	15.00	100.0%
6700 · Village Truck				
6701 · Gas-Truck	259.26	500.00	-240.74	51.9%
6702 · Truck Maintenance	75.77	300.00	-224.23	25.3%
Total 6700 · Village Truck	335.03	800.00	-464.97	41.9%
Total 6000 · Administration	13,480.28	10,666.00	2,814.28	126.4%
6199 · Employee Wages and Benefits				
6010 · Village Officials	364.00	549.96	-185.96 7	66.2%
6020 · Village Agent	10,031.91	9,996.00	35.91	100.4%
6030 · Office Personnel	1,925.77	2,550.00	-624.23 8	75.5%
6180 · Payroll Taxes	1,304.10	1,062.00	242.10	122.8%

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6190 · Employee Benefits				
6094 · Company Paid Benefits	1,044.50	850.00	194.50	122.9%
6191 · Workers Compensation Insurance	1,430.54	980.00	450.54 ⁹	146.0%
6192 · Income Protection Plan	142.50	150.00	-7.50	95.0%
Total 6190 · Employee Benefits	2,617.54	1,980.00	637.54	132.2%
Total 6199 · Employee Wages and Benefits	16,243.32	16,137.96	105.36	100.7%
6200 · Building and Utilities				
6210 · Utilities				
6201 · Electricity Expense	181.47	246.00	-64.53	73.8%
6202 · Telephone/ Internet	264.43	300.00	-35.57	88.1%
6203 · Fuel-Oil Heat	246.70	200.00	46.70	123.4%
6204 · Sewer/Water	270.33	1,066.00	-795.67 ¹⁰	25.4%
6510 · Street Lights	3,108.35	3,320.00	-211.65	93.6%
Total 6210 · Utilities	4,071.28	5,132.00	-1,060.72	79.3%
6250 · Building				
6251 · Fixtures/Supplies	0.00	100.00	-100.00	0.0%
6252 · Repairs and Maintenance	1,003.91	5,800.00	-4,796.09 ¹¹	17.3%
6255 · CH Cleaning	197.50	310.00	-112.50	63.7%
Total 6250 · Building	1,201.41	6,210.00	-5,008.59	19.3%
Total 6200 · Building and Utilities	5,272.69	11,342.00	-6,069.31	46.5%
6290 · Roads				
6220 · Road Maintenance	7,413.75	8,000.00	-586.25 ¹²	92.7%
6291 · Winter Roads	1,883.24	5,000.00	-3,116.76 ¹³	37.7%
Total 6290 · Roads	9,296.99	13,000.00	-3,703.01	71.5%
6400 · Community				
6411 · Parks - General Maintenance				
6412 · Tree Removal	0.00	3,500.00	-3,500.00	0.0%
6413 · Tree Replacement	1,083.80 ¹⁴			
6415 · Parks - General Maintenance	112.50	1,000.00	-887.50	11.3%
6416 · Caterpillar Control	9,810.00 ¹⁵			
6411 · Parks - General Maintenance - Other	464.66 ¹⁶			
Total 6411 · Parks - General Maintenance	11,470.96	4,500.00	6,970.96	254.9%
6430 · Information & Notices	83.00	0.00	83.00	100.0%
6440 · Library				
6442 · Library - Operations and Maint.	152.73	137.40	15.33	111.2%
Total 6440 · Library	152.73	137.40	15.33	111.2%
6450 · Wharf & Floats Maintenance	577.00	2,000.00	-1,423.00 ¹⁸	28.9%
6460 · Trash Collection	6,600.00	9,900.00	-3,300.00 ¹⁷	66.7%
Total 6400 · Community	18,883.69	16,537.40	2,346.29	114.2%

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6500 · Protection & Safety				
6340 · Lifeguard				
6350 · Uniform, Equipment and Supplies	84.42	750.00	-665.58	11.3%
Total 6340 · Lifeguard	84.42	750.00	-665.58	11.3%
6509 · Safety Committee Operations	600.00	0.00	600.00 ¹⁹	100.0%
6520 · Police				
6321 · Police Wages	1,151.25	1,200.00	-48.75	95.9%
6523 · Gas -Cruiser	0.00	100.00	-100.00	0.0%
6524 · Cruiser Maintenance	0.00	350.00	-350.00 ²⁰	0.0%
6525 · Training	150.00	750.00	-600.00	20.0%
6527 · Uniform, Equipment and Supplies	149.45	535.00	-385.55	27.9%
Total 6520 · Police	1,450.70	2,935.00	-1,484.30	49.4%
6530 · Hydrant Rental	1,544.84	1,566.00	-21.16	98.6%
Total 6500 · Protection & Safety	3,679.96	5,251.00	-1,571.04 ²¹	70.1%
6900 · Long Term Debt Service				
6993 · 2013 MMBB Refi - Interest	1,768.63	1,768.50	0.13	100.0%
7029 · 2009 MMBB Loan Interest	2,215.35	2,215.50	-0.15	100.0%
Total 6900 · Long Term Debt Service	3,983.98	3,984.00	-0.02	100.0%
Total Expense	70,840.91	76,918.36	-6,077.45	92.1%
Net Ordinary Income	-53,175.71	-69,338.36	16,162.65	76.7%
Other Income/Expense				
Other Expense				
8200 · Capital Exp. and Contingencies				
8218 · Contingencies	3,661.39	9,800.00	-6,138.61 ²²	37.4%
8400 · Seawall Project	71,292.09	0.00	71,292.09	100.0%
Total 8200 · Capital Exp. and Contingencies	74,953.48	9,800.00	65,153.48	764.8%
9999 · Suspense	957.16			
Total Other Expense	75,910.64	9,800.00	66,110.64	774.6%
Net Other Income	-75,910.64	-9,800.00	-66,110.64	774.6%
Net Income	-129,086.35	-79,138.36	-49,947.99	163.1%

**Northport Village Corporation
Performance vs Budget
January through June 2020**

1. This budget contains \$5000 for drainage work at the Community Hall, it is in the NVC's best interests to complete this work this year.
2. This donation covered 100% of the caterpillar control expense.
3. This donation (plus \$1,200 which will be deposited in July) covers roughly half of the expenses of the Merithew Square project.
4. Variance due to the purchase of pandemic supplies.
5. Timing issue, the full year budget is \$4,284. The NVC will be overspent by \$421 at year end.
6. The variance to budget is made up of many factors - onboarding a new accounting firm, the lack of an office manager, and onboarding Nina as our new Finance Manager. These expenses do not include any fees for May, June and July. The additional fees will be paid in July 2020.
7. This variance is incorrect and requires additional research. These expenses are the stipends paid to the Treasurer and Clerk, are fixed and paid via the Bangor Payroll system and should track to budget. Niina can correct for the July financial run,
8. This account is made up of the fees paid to NR Bookkeeping. Even with the increase in hourly rate as compared to the office manager, the reduced office coverage results in some savings.
9. Workers Compensation expense is tracking higher than budget, this will continue thru year end.
10. The budget for this expense line reflects the full year budget. Full year expense should be \$810 - a positive variance of \$276 at year end.
11. This budget contains \$5000 for drainage work at the Community Hall. The budget will be consumed by year end
12. From a practical standpoint it is best to look at the full year budget as the monthly budgets are best guesses as each year is different. The full year budget is \$16,800. In addition to the \$7,400 in expenses booked thus far, and additional \$5,000 was used for North Avenue engineering expense that was not budgeted. That leaves \$4,400 for road projects for the remainder of the year and should be fully consumed. If Voters approve the North Avenue article at the annual meeting, the \$5000 would be paid from the BAN, leaving \$9,400 for road projects in 2020.
13. A positive variance that will carry thru year end.
14. The 6412 and 6413 "Tree" accounts are budgeted as one number since we don't know how much will be spent in each area. As with Roads it is best to look at the full year; that budget is \$8,500. The Merithew Square project cost \$4,758 which is offset by donations of \$2,200. That leaves \$5,942 for Tree replacement and removal for the remainder of the year. Nina, please enter zero monthly budgets for 6413
15. Caterpillar control expense was completely offset by donations for this purpose. Nina, please enter zero monthly budgets for 6416.

Northport Village Corporation
Performance vs Budget
January through June 2020

16. To be reclassified - we have duplicate accounts 6415 and 6411. Currently tracking to budget, these funds are generally consumed by year end.
17. Timing issue of payments vs reporting. In addition, one month of services was prepaid in December. The NVC should finish the year with a \$1,675 favorable variance.
18. Timing. This budget is generally consumed by year end.
19. Nina - please reclass to 6527.
20. The Cruiser has required repairs not listed here (\$880 for engine cooling system repair). There may be an additional expense I have not recorded.
21. I will speak to Protection and Safety in total. When July financials are available (after the annual meeting) you will have the first snapshot of wage expense for Police and Lifeguards. I recommend that the Overseers take a close look at the remaining budget for 2020 and the staffing plan to determine if adjustments should be made. I cannot estimate the impact of the dock assistant, nor the likelihood of funding from the State Government, which would obviously have a positive impact. That said, there are some expenses not shown here that you need to keep in mind. Safety Committee Operations \$600. This line has traditionally been for the Safety Day. The \$600 is for ammunition for training - Nina please reclass to 6525. Cruiser maintenance is at least \$880 and perhaps as much as \$1000. The NVC also has unbudgeted AED expense of \$600 which should be coded to 6350. I do not believe this was a budgeted expense and do not know what other funds have been spent on uniforms and supplies.
22. Contingencies 8218 look better than they really are. We reserve \$5000 in contingency funds for unbudgeted, unexpected operating variances each year. Quite often we need these funds, in some years we do not. I recommend holding those funds aside until you see October results - the Overseers can decide how best to spend any remaining funds at that time. There are two possibilities I know of now - the Cruiser requires an additional \$1,500 of repairs that have been deferred until after the summer season. I recommend using contingency funds for this purpose if they are available. The NVC also has the ability to prepay for gravel used for road repairs which has worked well this year.

Northport Village Corporation
Balance Sheet by Class
As of July 31, 2020

	General Government	TOTAL
ASSETS		
Current Assets		
Checking/Savings		
1007 · Checking Account		
1031 · Business Checking -2618 (Gen)	14,850.33	14,850.33
Total 1007 · Checking Account	14,850.33	14,850.33
1050 · Savings and Money Market		
1029 · ICS Savings 9857 (Gov)	120,368.18	120,368.18
1037 · BSB Money Market -4006	40,626.91	40,626.91
Total 1050 · Savings and Money Market	160,995.09	160,995.09
Total Checking/Savings	175,845.42	175,845.42
Accounts Receivable		
1200 · RE Taxes Receivables		
1215 · 2016 RE Taxes	-90.70	-90.70
1216 · 2017 RE Taxes	24.72	24.72
1217 · RE 2018 Taxes	1,668.28	1,668.28
1218 · 2019 RE Taxes	6,562.40	6,562.40
Total 1200 · RE Taxes Receivables	8,164.70	8,164.70
1202 · Tax Liens Receivable		
1213 · 2014 Taxes	61.40	61.40
Total 1202 · Tax Liens Receivable	61.40	61.40
Total Accounts Receivable	8,226.10	8,226.10
Other Current Assets		
1300 · Other Current Assets		
1020 · Dump Stickers for Resale	984.50	984.50
Total 1300 · Other Current Assets	984.50	984.50
1450 · Due from Utilities		
1451 · Due from Water (Payroll)	4,489.17	4,489.17
1452 · Due from Sewer (Payroll)	8,813.79	8,813.79
1460 · Due from Water (non PR)	6,914.12	6,914.12
1462 · Due from Sewer (non PR)	19,310.61	19,310.61
Total 1450 · Due from Utilities	39,527.69	39,527.69
2012 · Prepaid Expense	3,000.00	3,000.00
Total Other Current Assets	43,512.19	43,512.19
Total Current Assets	227,583.71	227,583.71
Fixed Assets		
1500 · Property, Plant & Equipment		
1510 · Village Infrastructure	477,467.52	477,467.52
1515 · FA Building Improvements	138,076.75	138,076.75
1540 · FA Wharfs / Floats Asset	484,573.76	484,573.76
1545 · Vehicles	14,917.00	14,917.00
1552 · Other Accumulated Depreciation	-526,400.42	-526,400.42
1560 · Construct in Progress	54,438.64	54,438.64
1570 · Land	1,333,067.00	1,333,067.00
1610 · Land Improvements	1,200.00	1,200.00
1615 · Office Equipment	589.98	589.98
Total 1500 · Property, Plant & Equipment	1,977,930.23	1,977,930.23
7001 · Maple Street Project	156,494.98	156,494.98
Total Fixed Assets	2,134,425.21	2,134,425.21

Northport Village Corporation
Balance Sheet by Class
As of July 31, 2020

	General Government	TOTAL
Other Assets		
1900 · Investment in Gen. F. A.	-2,134,425.21	-2,134,425.21
Total Other Assets	-2,134,425.21	-2,134,425.21
TOTAL ASSETS	227,583.71	227,583.71
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable	6,188.43	6,188.43
Total Accounts Payable	6,188.43	6,188.43
Other Current Liabilities		
2010 · Deferred Tax Revenue	4,000.00	4,000.00
2036 · Dump Sticker Outstanding	32.50	32.50
2041 · Bond Anticipation Note - Key	60,609.94	60,609.94
2112 · Accrued Expenses	4,749.99	4,749.99
Total Other Current Liabilities	69,392.43	69,392.43
Total Current Liabilities	75,580.86	75,580.86
Long Term Liabilities		
2256 · 2009 MMBB Bond	162,096.00	162,096.00
2266 · BHPB General Obligation Bond	123,155.76	123,155.76
2821 · MMBB Refinancing Bond	90,615.53	90,615.53
2900 · Debit reserved for Debt Retirem	-375,867.29	-375,867.29
Total Long Term Liabilities	0.00	0.00
Total Liabilities	75,580.86	75,580.86
Equity		
32000 · Retained Earnings	-31,679.51	-31,679.51
3909 · Assigned Fund		
3904 · Village Truck	18,424.97	18,424.97
3912 · Nonspendable (Assigned)	3,952.00	3,952.00
3917 · Library Donations	150.00	150.00
3918 · Browntail Caterpillar Donations	50.00	50.00
Total 3909 · Assigned Fund	22,576.97	22,576.97
3911 · Unassigned Fund	303,051.41	303,051.41
Net Income	-139,780.74	-139,780.74
Total Equity	154,168.13	154,168.13
TOTAL LIABILITIES & EQUITY	229,748.99	229,748.99
UNBALANCED CLASSES	-2,165.28	2,165.28

Financial Statements

Northport Village Corporation

December 31, 2019

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Northport Village Corporation

December 31, 2019

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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, 2019, 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, 2019, 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 June 26, 2020, 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

NORTHPORT VILLAGE CORPORATION

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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, 2019. 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 \$5,207,731 as of December 31, 2019, compared to \$5,203,302 as of December 31, 2018.

The Corporation's governmental funds General Fund Balance was \$293,899 as of December 31, 2019, compared to \$325,578 as of December 31, 2018.

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.
- **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, 2019 and 2018:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>2019</u>	<u>2018</u>	<u>Change</u>
Current and other assets	\$ 332,389	\$ 330,693	\$ 1,696	\$ 374,343	\$ 503,363	\$ (129,020)
Capital assets	<u>2,134,429</u>	<u>2,127,148</u>	<u>7,281</u>	<u>3,500,721</u>	<u>3,426,296</u>	<u>74,425</u>
Total Assets	2,466,818	2,457,841	8,977	3,875,064	3,929,659	(54,595)
						-
Long-term liabilities	375,869	428,874	(53,005)	705,651	744,573	(38,922)
Other liabilities	<u>36,690</u>	<u>3,715</u>	<u>32,975</u>	<u>15,941</u>	<u>7,036</u>	<u>8,905</u>
Total Liabilities	412,559	432,589	(20,030)	721,592	751,609	(30,017)
Net Position:						
Net investment in capital assets	1,758,560	1,698,274	60,286	2,795,070	2,681,723	113,347
Restricted, expendable	-	-	-	57,600	50,400	7,200
Unrestricted	<u>295,699</u>	<u>326,978</u>	<u>(31,279)</u>	<u>300,802</u>	<u>445,927</u>	<u>(145,125)</u>
	<u>\$ 2,054,259</u>	<u>\$ 2,025,252</u>	<u>\$ 29,007</u>	<u>\$ 3,153,472</u>	<u>\$ 3,178,050</u>	<u>\$ (24,578)</u>

The Water and Wastewater utilities both funded infrastructure projects/improvements. The Water utility replaced the Cobe Road water main. The Wastewater utility installed a table feeder in the treatment plant and paid for engineering related to the construction of a year-round facility for chlorination/de-chlorination as required by the DEP. These projects did not require borrowing from external sources.

The following schedule is a summary of the statement of activities for the years December 31, 2019 and 2018:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>2019</u>	<u>2018</u>	<u>Change</u>
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ 296,126	\$ 300,148	\$ (4,022)
Operating grants and contributions	-	-	-	28,211	23,950	4,261
General Revenues:						
Property taxes	218,308	202,978	15,330	-	-	-
Town appropriation	25,000	25,000	-	-	-	-
Other	12,616	14,597	(1,981)	(9,352)	(7,164)	(2,188)
Transfers	-	(5,000)	5,000	-	5,000	(5,000)
Total Revenues	<u>255,924</u>	<u>237,575</u>	<u>18,349</u>	<u>314,985</u>	<u>321,934</u>	<u>(6,949)</u>
Expenses:						
General:						
General government	96,741	87,817	8,924	-	-	-
Protection and safety	25,709	28,441	(2,732)	-	-	-
Roads and storm drains	14,535	12,459	2,076	-	-	-
Community	63,876	59,578	4,298	-	-	-
Capital outlay	14,182	17,886	(3,704)	-	-	-
Miscellaneous	272	-	272	-	-	-
Interest on long-term debt	11,602	6,587	5,015	-	-	-
Water services	-	-	-	172,806	157,482	15,324
Wastewater services	-	-	-	166,757	118,142	48,615
Total Expenses	<u>226,917</u>	<u>212,768</u>	<u>14,149</u>	<u>339,563</u>	<u>275,624</u>	<u>63,939</u>
Change in Net Position	<u>\$ 29,007</u>	<u>\$ 24,807</u>	<u>\$ 4,200</u>	<u>\$ (24,578)</u>	<u>\$ 46,310</u>	<u>\$ (70,888)</u>

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

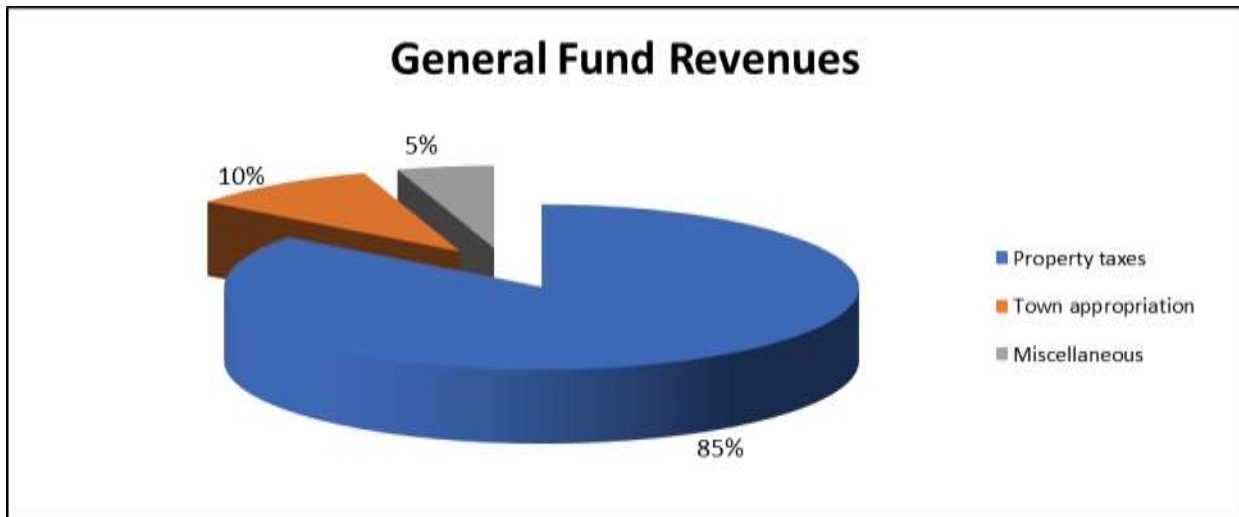
Our analysis of the Corporation's major funds begins with the fund financial statements and provides detailed information about the most significant funds-not the Corporation as a whole. Some funds are required to be established by State law. However, many other funds are established to help control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

- Governmental funds - Most of the Corporation's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Corporation's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Corporation's programs. We describe the relationship, or differences, between governmental activities, reported in the Statement of Net Position and the Statement of Activities,

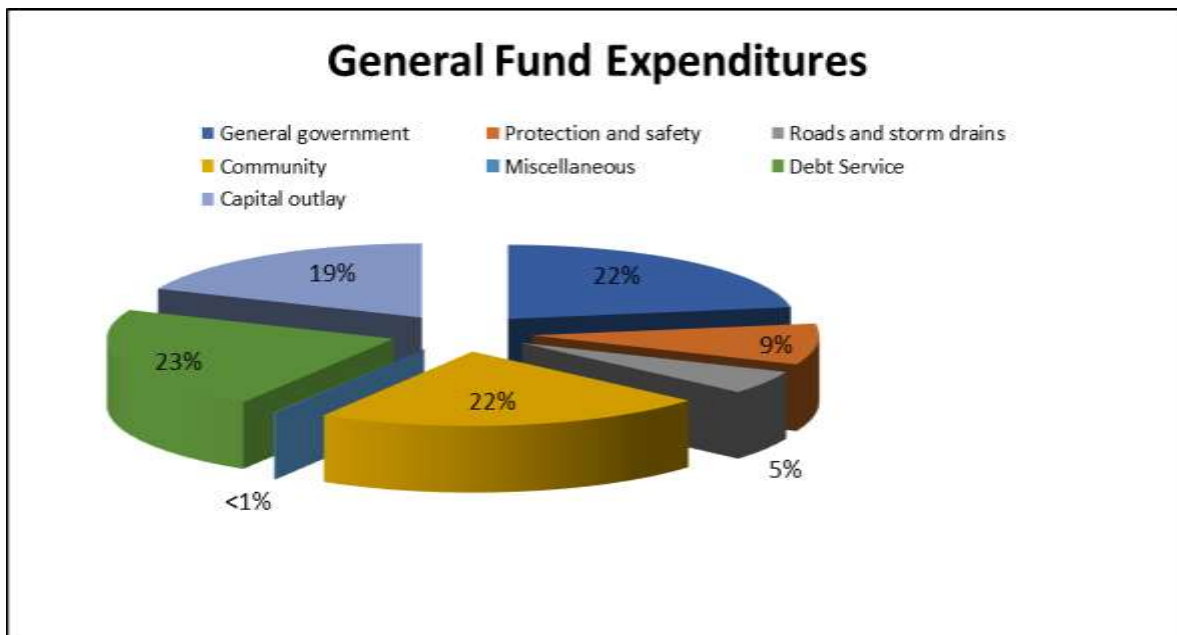
and governmental funds in reconciliation at the bottom of the fund financial statements.

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

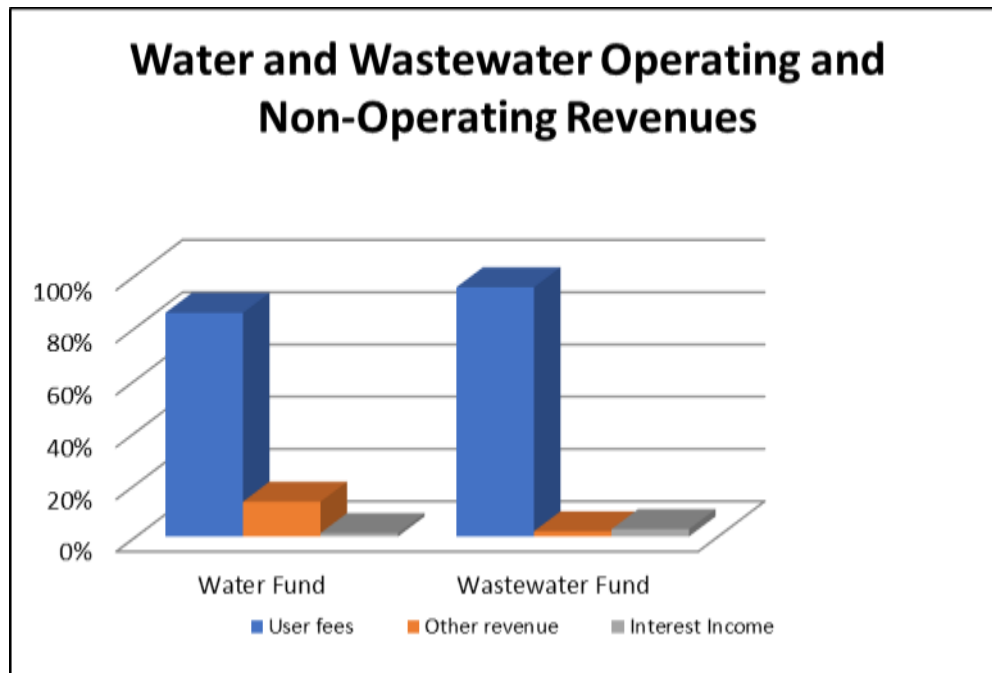
Current year revenues in the general fund were made up of the following:



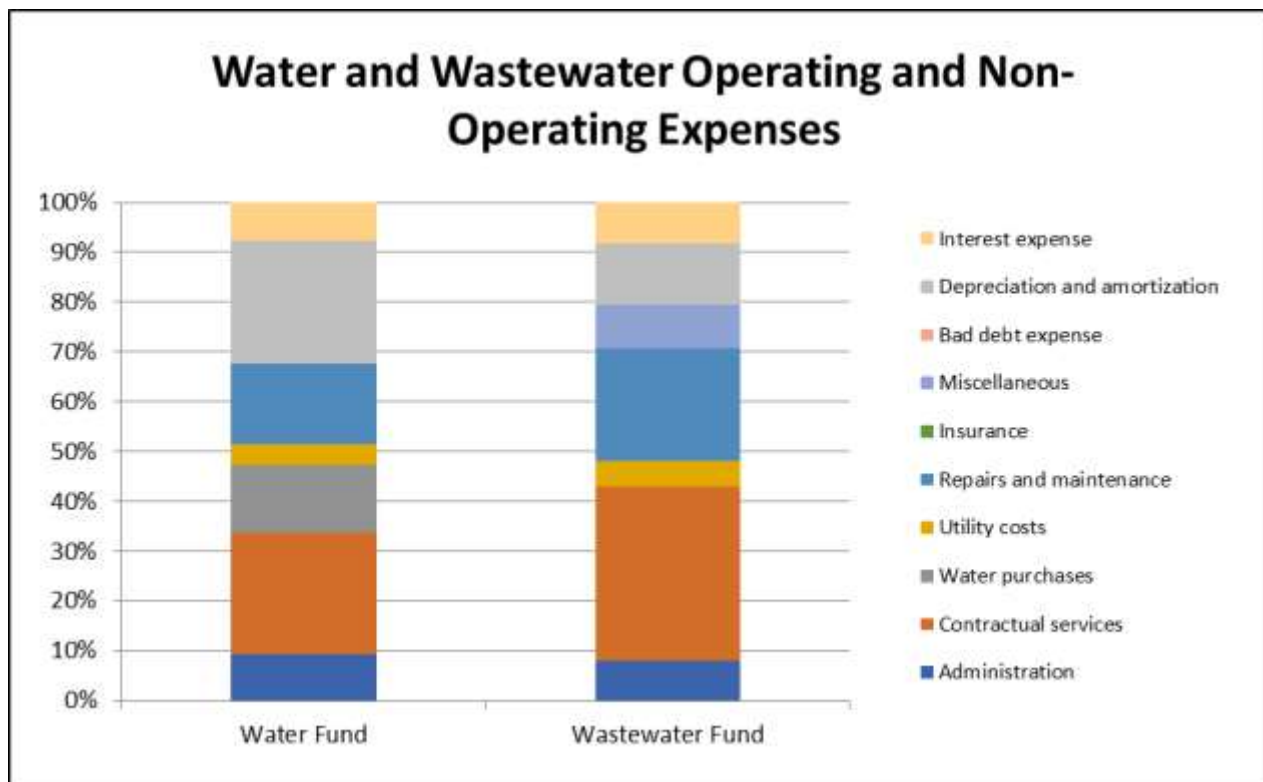
Current year expenditures in the general fund were made up of the following:



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



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 \$5,635,150 in net capital assets compared to \$5,553,444 last year. Below is a breakdown of capital assets between governmental activities and business-type activities.

	<u>2019</u>	<u>2018</u>
Governmental Activities		
General Fund	\$ 2,134,429	\$ 2,127,148
Total Governmental Activities	<u>2,134,429</u>	<u>2,127,148</u>
Business-type Activities		
Water	\$ 2,246,801	\$ 2,171,874
Wastewater	1,253,920	1,254,422
Total Business-type Activities	<u>3,500,721</u>	<u>3,426,296</u>
Total Net Capital Assets	<u>\$ 5,635,150</u>	<u>\$ 5,553,444</u>

This year's major additions included:

The Water utility replaced the Cobe Road water main as part of the Utility long term infrastructure plan.

Long Term Liabilities

At year-end, the Corporation had \$1,081,520 in outstanding bonds compared to \$1,173,447 last year. Below is a breakdown of outstanding bonds between governmental activities and business-type activities.

	<u>2019</u>	<u>2018</u>
Governmental Activities		
General Fund	\$ 375,869	\$ 428,874
Total Governmental Activities	<u>375,869</u>	<u>428,874</u>
Business-type Activities		
Water	342,779	361,671
Wastewater	362,872	382,902
Total Business-type Activities	<u>705,651</u>	<u>744,573</u>
Total Outstanding Bonds	<u>\$ 1,081,520</u>	<u>\$ 1,173,447</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Wastewater customers will see a significant increase in user fees in calendar 2020 due to a DEP requirement for year-round chlorination/de-chlorination of wastewater discharge into Penobscot Bay. The primary drivers of this expense are the increased labor and chemical usage to comply with this requirement.

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, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 257,936	\$ 369,624	\$ 627,560
Restricted cash	-	57,600	57,600
Accounts receivable	529	7,863	8,392
Taxes receivable	7,432	-	7,432
Tax liens	1,796	-	1,796
Other assets	3,952	-	3,952
Internal balances	60,744	(60,744)	-
Capital assets, net of accumulated depreciation	<u>2,134,429</u>	<u>3,500,721</u>	<u>5,635,150</u>
Total Assets	2,466,818	3,875,064	6,341,882
Liabilities			
Accounts payable	18,054	5,027	23,081
Accrued expenses	16,436	4,314	20,750
Accrued interest	2,200	6,600	8,800
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	55,132	39,843	94,975
Portion due or payable after one year:			
Bonds payable	<u>320,737</u>	<u>665,808</u>	<u>986,545</u>
Total Liabilities	<u>412,559</u>	<u>721,592</u>	<u>1,134,151</u>
Net Position			
Net investment in capital assets	1,758,560	2,795,070	4,553,630
Restricted, expendable	-	57,600	57,600
Unrestricted	<u>295,699</u>	<u>300,802</u>	<u>596,501</u>
Total Net Position	<u>\$ 2,054,259</u>	<u>\$ 3,153,472</u>	<u>\$ 5,207,731</u>

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

Statement of Activities

Northport Village Corporation

For the Year Ended December 31, 2019

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
General government	\$ 96,741	\$ -	\$ -	\$ (96,741)		\$ (96,741)
Protection and safety	25,709	-	-	(25,709)		(25,709)
Roads and storm drains	14,535	-	-	(14,535)		(14,535)
Community	63,876	-	-	(63,876)		(63,876)
Miscellaneous	272	-	-	(272)		(272)
Capital outlay	14,182	-	-	(14,182)		(14,182)
Interest on long-term debt	11,602	-	-	(11,602)		(11,602)
Total Governmental Activities	226,917	-	-	(226,917)		(226,917)
Business-type Activities:						
Water services	172,806	164,328	25,511		\$ 17,033	17,033
Wastewater services	166,757	131,798	2,700		(32,259)	(32,259)
Total Business-type Activities	339,563	296,126	28,211		(15,226)	(15,226)
Total Primary Government	\$ 566,480	\$ 296,126	\$ 28,211	(226,917)	(15,226)	(242,143)
General Revenues:						
Property taxes				218,308	-	218,308
Town appropriations				25,000	-	25,000
Interest income				3,335	6,305	9,640
Miscellaneous				9,281	(15,657)	(6,376)
Total General Revenues and Transfers				255,924	(9,352)	246,572
Change in Net Position				29,007	(24,578)	4,429
Net position at beginning of year				2,025,252	3,178,050	5,203,302
				\$ 2,054,259	\$ 3,153,472	\$ 5,207,731

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

Balance Sheet - Governmental Funds

Northport Village Corporation

As of December 31, 2019

	General Fund
Assets	
Cash	\$ 257,936
Accounts receivable	529
Taxes receivable	7,432
Tax liens	1,796
Due from other funds	63,018
Prepaid expenses	<u>3,952</u>
Total Assets	<u><u>\$ 334,663</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balances	
Liabilities	
Accounts payable	\$ 18,054
Accrued expenses	16,436
Due to other funds	<u>2,274</u>
Total Liabilities	36,764
Deferred Inflows of Resources	
Unavailable revenue - property taxes	<u>4,000</u>
Total Deferred Inflows of Resources	4,000
Fund Balances	
Nonspendable	3,952
Assigned	18,425
Unassigned	<u>271,522</u>
Total Fund Balances	<u>293,899</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 334,663</u></u>

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, 2019

Total Fund Balances - Governmental Funds \$ 293,899

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: 2,134,429

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	\$ (375,869)	
Accrued interest payable	<u>(2,200)</u>	
		<u>(378,069)</u>

Total Net Position - Governmental Activities \$ 2,054,259

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, 2019

	<u>General Fund</u>
Revenues	
Property taxes	\$ 218,308
Town appropriation	25,000
Miscellaneous	<u>12,616</u>
Total Revenues	255,924
Expenditures	
Current	
General government	64,585
Protection and safety	25,709
Roads and storm drains	14,535
Community	63,876
Miscellaneous	272
Debt service - principal	53,005
- interest	12,002
Capital outlay	<u>53,619</u>
Total Expenditures	<u>287,603</u>
Revenues Under Expenditures	(31,679)
Fund balance at beginning of year	<u>325,578</u>
Fund Balance at End of Year	<u><u>\$ 293,899</u></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, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (31,679)

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	\$ 39,437	
Depreciation expense	<u>(32,156)</u>	
		7,281

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		53,005
--	--	--------

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 \$ 29,007

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 216,599	\$ 216,599	\$ 218,308	\$ 1,709
Town appropriation	25,000	25,000	25,000	-
Miscellaneous	8,700	8,700	12,616	3,916
Total Revenues	<u>250,299</u>	<u>250,299</u>	<u>255,924</u>	<u>5,625</u>
Expenditures				
Current				
General government	53,486	53,486	64,585	(11,099)
Protection and safety	26,606	26,606	25,709	897
Roads and storm drains	22,800	22,800	14,535	8,265
Community	61,900	61,900	63,876	(1,976)
Miscellaneous	2,000	2,000	272	1,728
Debt service - principal	53,005	53,005	53,005	-
- interest	12,002	12,002	12,002	-
Capital outlay	53,619	53,619	53,619	-
Total Expenditures	<u>285,418</u>	<u>285,418</u>	<u>287,603</u>	<u>(2,185)</u>
Revenues Over (Under) Expenditures	(35,119)	(35,119)	(31,679)	3,440
Other Financing Sources (Uses)				
Utilization of unassigned fund balance	<u>35,119</u>	<u>35,119</u>	<u>-</u>	<u>(35,119)</u>
Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ -	(31,679)	\$ (31,679)
Budgetary fund balance at beginning of year			<u>325,578</u>	
Budgetary Fund Balance at End of Year			<u>\$ 293,899</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, 2019

	Water Fund	Wastewater Fund	Total
Assets			
Current Assets			
Cash	\$ 140,049	\$ 229,575	\$ 369,624
Restricted cash	-	57,600	57,600
Due from other funds	-	4,210	4,210
Accounts receivable	6,164	1,699	7,863
Total Current Assets	146,213	293,084	439,297
Other Assets			
Property, plant and equipment, net	2,246,804	1,233,818	3,480,622
Construction in progress	-	20,099	20,099
Total Other Assets	2,246,804	1,253,917	3,500,721
Total Assets	2,393,017	1,547,001	3,940,018
Liabilities			
Current Liabilities			
Accounts payable	2,903	2,124	5,027
Due to other funds	27,953	37,001	64,954
Accrued interest	2,300	4,300	6,600
Accrued expenses	2,983	1,331	4,314
Current portion of long-term debt	19,291	20,552	39,843
Total Current Liabilities	55,430	65,308	120,738
Long-Term Debt , less current portion	323,488	342,320	665,808
Total Liabilities	378,918	407,628	786,546
Net Position			
Net investment in capital assets	1,904,025	891,045	2,795,070
Restricted, expendable	-	57,600	57,600
Unrestricted:			
Water reserve	107,074	-	107,074
Wastewater reserve	-	187,728	187,728
Village truck	3,000	3,000	6,000
Total Net Position	<u>\$ 2,014,099</u>	<u>\$ 1,139,373</u>	<u>\$ 3,153,472</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, 2019

	Water Fund	Wastewater Fund	Total
Operating Revenues			
User fees	\$ 164,328	\$ 131,798	\$ 296,126
Other revenue	25,511	2,700	28,211
Total Operating Revenues	<u>189,839</u>	<u>134,498</u>	<u>324,337</u>
Operating Expenses			
Administration	15,979	13,351	29,330
Contractual services	42,032	58,395	100,427
Water purchases	23,611	-	23,611
Utility costs	7,418	8,444	15,862
Repairs and maintenance	27,748	37,507	65,255
Miscellaneous	114	14,851	14,965
Depreciation	42,635	20,604	63,239
Total Operating Expenses	<u>159,537</u>	<u>153,152</u>	<u>312,689</u>
Net Operating Income (Loss)	30,302	(18,654)	11,648
Non-Operating Revenues (Expenses)			
Interest income	2,442	3,863	6,305
Contingencies	(12,329)	(3,328)	(15,657)
Interest expense	(13,269)	(13,605)	(26,874)
Net Non-Operating Expenses	<u>(23,156)</u>	<u>(13,070)</u>	<u>(36,226)</u>
Change in Net Position	7,146	(31,724)	(24,578)
Net position at beginning of the year	<u>2,006,953</u>	<u>1,171,097</u>	<u>3,178,050</u>
Net Position at End of Year	<u>\$ 2,014,099</u>	<u>\$ 1,139,373</u>	<u>\$ 3,153,472</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, 2019

	Water Fund	Wastewater Fund	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 170,125	\$ 136,960	\$ 307,085
Receipts from other sources	25,511	2,700	28,211
Payments to suppliers	(67,892)	(72,577)	(140,469)
Payments to employees	(26,598)	(33,027)	(59,625)
Net Cash Provided by Operating Activities	<u>101,146</u>	<u>34,056</u>	<u>135,202</u>
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	(117,565)	(20,099)	(137,664)
Principal payments on long-term debt	(18,892)	(20,030)	(38,922)
Contingencies	(12,329)	(3,328)	(15,657)
Deposits into restricted cash	-	(7,200)	(7,200)
Interest payments	(13,369)	(12,505)	(25,874)
Net Cash Used by Capital and Related Financing Activities	<u>(162,155)</u>	<u>(63,162)</u>	<u>(225,317)</u>
Cash Flows from Investing Activities			
Interest income	2,442	3,863	6,305
Decrease in Cash and Cash Equivalents	<u>(58,567)</u>	<u>(25,243)</u>	<u>(83,810)</u>
Cash and cash equivalents at beginning of year	198,616	254,818	453,434
Cash and Cash Equivalents at End of Year	<u>\$ 140,049</u>	<u>\$ 229,575</u>	<u>\$ 369,624</u>
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ 30,302	\$ (18,654)	\$ 11,648
Adjustment to reconcile changes in operating income to net cash provided by operating activities:			
Depreciation	42,635	20,604	63,239
(Increase) Decrease in operating assets:			
Accounts receivable	3,414	4,431	7,845
Due from other funds	-	(3,855)	(3,855)
Increase (Decrease) in operating liabilities:			
Accounts payable	2,667	2,124	4,791
Due to other funds	19,745	28,675	48,420
Accrued expenses	2,383	731	3,114
Net Cash Provided by Operating Activities	<u>\$ 101,146</u>	<u>\$ 34,056</u>	<u>\$ 135,202</u>
Supplemental Disclosure of Cash Flow Information			
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, 2019.

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 July 30, 2019, on the assessed value listed as of April 1, 2019, for all real and personal property located in the Corporation. Taxes were due September 2, 2019. Interest on unpaid taxes commenced on September 1, 2019, at 89% 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, 2019, the carrying amount of the Corporation's deposits was \$685,160 and the bank balance was \$686,648. 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, 2019, none of the Corporation's bank balance of \$686,648 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, 2019 was \$57,600.

Notes to Financial Statements - Continued

Northport Village Corporation

Note C - Capital Assets

A summary of capital asset transactions for the year ended December 31, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land and easements	\$ 1,333,067	\$ -	\$ -	\$ 1,333,067
Construction in progress	15,000	39,437	-	54,437
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	-	-	14,919
Infrastructure	<u>633,965</u>	<u>-</u>	<u>-</u>	<u>633,965</u>
Totals at historical cost	2,621,392	39,437	-	2,660,829
Less Accumulated Depreciation:				
Land improvements	840	30	-	870
Buildings and improvements	66,586	2,643	-	69,229
Wharf	157,552	11,918	-	169,470
Office equipment	573	17	-	590
Vehicles	12,995	1,920	-	14,915
Infrastructure	<u>255,698</u>	<u>15,628</u>	<u>-</u>	<u>271,326</u>
Total accumulated depreciation	<u>494,244</u>	<u>32,156</u>	<u>-</u>	<u>526,400</u>
Capital Assets, Net	<u>\$ 2,127,148</u>	<u>\$ 7,281</u>	<u>\$ -</u>	<u>\$ 2,134,429</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>
Business-type Activities:				
Depreciable Assets:				
Water main and equipment	\$ 2,799,059	\$ 117,565	\$ -	\$ 2,916,624
Sewer main and equipment	2,297,458	20,099	-	2,317,557
Vehicles	<u>9,518</u>	<u>-</u>	<u>-</u>	<u>9,518</u>
Total depreciable assets	5,106,035	137,664	-	5,243,699
Less Accumulated Depreciation:				
Water main and equipment	627,743	42,080	-	669,823
Sewer main and equipment	1,043,591	20,046	-	1,063,637
Vehicles	<u>8,405</u>	<u>1,113</u>	<u>-</u>	<u>9,518</u>
Total accumulated depreciation	<u>1,679,739</u>	<u>63,239</u>	<u>-</u>	<u>1,742,978</u>
Capital Assets, Net	<u>\$ 3,426,296</u>	<u>\$ 74,425</u>	<u>\$ -</u>	<u>\$ 3,500,721</u>

Depreciation expense was charged to the following functions:

Governmental activities:

General government \$ 32,156

Business-type activities:

Water \$ 42,635

Sewer 20,604

Total business-type activities depreciation expense \$ 63,239

Notes to Financial Statements - Continued

Northport Village Corporation

Note D - Interfund Receivables and Payables

Interfund balances at December 31, 2019, 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>
Governmental Activities			
General Fund:			
Enterprise Fund:			
Wastewater	\$ 37,001	\$ (2,274)	
Water	<u>26,017</u>	<u>-</u>	
Net Governmental Activities	63,018	(2,274)	\$ 60,744
Business-type Activities			
Enterprise Fund:			
Wastewater:			
General Fund	2,274	(37,001)	
Water	1,936	-	
Water:			
General Fund	-	(26,017)	
Wastewater	<u>-</u>	<u>(1,936)</u>	
Net Business-type Activities	<u>4,210</u>	<u>(64,954)</u>	<u>(60,744)</u>
	<u>\$ 67,228</u>	<u>\$ (67,228)</u>	<u>\$ -</u>

Note E - Bonds Payable

Long-term liability activity for the year ended December 31, 2019, 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>
Governmental Activities:					
General obligation debt	<u>\$ 428,874</u>	<u>\$ -</u>	<u>\$ 53,005</u>	<u>\$ 375,869</u>	<u>\$ 55,132</u>
Business-type Activities:					
General obligation debt	<u>\$ 744,573</u>	<u>\$ -</u>	<u>\$ 38,922</u>	<u>\$ 705,651</u>	<u>\$ 39,843</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, 2019:

	<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.	\$ -	\$ 54,896
\$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.	162,097	-
\$159,874 - 2012 Sewer Bond with USDA Rural Development. Due in annual installments of \$7,513 which include interest at 2% through 2040.	-	127,791
\$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.	90,616	522,964
\$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.	123,156	-
	<u>\$ 375,869</u>	<u>\$ 705,651</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>	
2020	\$ 55,132	\$ 10,422	\$ 39,843	\$ 25,190	\$ 130,587
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	61,078	4,475	44,677	20,113	130,343
2025-2029	53,860	11,676	241,248	75,286	382,070
2030-2034	30,123	3,651	211,611	26,806	272,191
2035-2039	-	-	34,720	2,845	37,565
2040	-	-	7,344	147	7,491
	<u>\$ 375,869</u>	<u>\$ 51,210</u>	<u>\$ 705,651</u>	<u>\$ 218,900</u>	<u>\$ 1,351,630</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, 2019.

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 9.6 million gallons per year. Approximately \$24,000 was paid under this agreement during 2019.

The Corporation entered in an agreement with an independent contractor to provide curbside trash and recycling pickup for the period September 2019 through September 2022 with future payments of \$19,800 per year.

Notes to Financial Statements - Continued

Northport Village Corporation

Note H - Assigned Fund Balance

At December 31, 2019 the assigned fund balance consisted of the following:

Governmental Activities:	
Village truck	\$ <u>18,425</u>
Business-type Activities:	
<i>Water:</i>	
Village truck	\$ 3,000
<i>Wastewater:</i>	
Village truck	<u>3,000</u>
	<u>\$ 6,000</u>

Note I - Restricted Net Position

At December 31, 2019 restricted net position consisted of the following:

USDA maintenance reserve	\$ <u>57,600</u>
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The balance is expendable within its designated constraint.

Note J - Expenditures Over Appropriations

The following appropriations were exceeded by actual expenditures:

<u>Appropriations</u>		<u>Excess</u>
General government	\$	11,099
Community		1,976

Note K - Subsequent Event

Subsequent to year-end, the COVID-19 pandemic in the United States and throughout the globe has resulted in substantial volatility in financial markets, the banking system, and individual company revenue streams and has impacted many industries. Management is currently evaluating the impact of this pandemic on the Corporation as a whole.

Also subsequent to year-end, the Corporation obtained a Bond Anticipation Note (BAN) with a local bank. The amount of the BAN issued was \$1,600,000, with interest at 1.82%.

Schedule of Departmental Expenditures (1 of 2)

Northport Village Corporation

For the Year Ended December 31, 2019

	Budget	Actual	Variance Positive (Negative)
Expenditures			
General Government:			
Village Officials	\$ 1,100	\$ 1,188	\$ (88)
Payroll processing	1,100	1,389	(289)
Village Agent	14,000	17,390	(3,390)
Office personnel	6,000	5,579	421
Tax Collector	4,250	4,373	(123)
Professional services	8,600	11,960	(3,360)
Legal	-	235	(235)
Building and utilities	6,200	6,037	163
Insurance and bonds	4,906	5,847	(941)
MMA membership	225	234	(9)
Office expense	1,325	2,515	(1,190)
Payroll taxes	1,800	2,575	(775)
Miscellaneous	3,980	5,263	(1,283)
Total General Government	<u>53,486</u>	<u>64,585</u>	<u>(11,099)</u>
Protection and Safety:			
Street lights	6,100	6,887	(787)
Police	8,160	9,037	(877)
Hydrant rentals	4,696	3,090	1,606
Lifeguards	7,500	6,695	805
Protection and safety - other	150	-	150
Total Protection and Safety	<u>26,606</u>	<u>25,709</u>	<u>897</u>
Roads and Storm Drains:			
Road maintenance	16,800	9,822	6,978
Winter roads	6,000	4,713	1,287
Total Roads and Storm Drains	<u>22,800</u>	<u>14,535</u>	<u>8,265</u>

See accompanying independent auditors' report.

Schedule of Departmental Expenditures (2 of 2)

Northport Village Corporation

For the Year Ended December 31, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Community:			
Parks	13,400	14,614	(1,214)
Library	250	291	(41)
Community events	750	200	550
Information	2,500	2,424	76
Trash collection	19,000	19,267	(267)
Wharfs/Floats	17,500	17,916	(416)
Tree service	8,500	9,164	(664)
Total Community	<u>61,900</u>	<u>63,876</u>	<u>(1,976)</u>
Miscellaneous:			
Truck replacement	2,000	-	2,000
Miscellaneous	-	272	(272)
Total Miscellaneous	<u>2,000</u>	<u>272</u>	<u>1,728</u>
Debt Service:			
Principal	53,005	53,005	-
Interest	12,002	12,002	-
Total Debt Service	<u>65,007</u>	<u>65,007</u>	<u>-</u>
Capital Outlay	53,619	53,619	-
Total Capital Outlay	<u>53,619</u>	<u>53,619</u>	<u>-</u>
Total Departmental Expenditures	<u>\$ 285,418</u>	<u>\$ 287,603</u>	<u>\$ (2,185)</u>

See accompanying independent auditors' report.

Schedule of Valuation, Assessment and Collection of Taxes

Northport Village Corporation

For the Year Ended December 31, 2019

Valuation

Real estate \$ 89,685,600

Total Valuation \$ 89,685,600

Assessment

Valuation x Rate $\$89,685,600 \times .002416$ \$ 216,680

Cash collections (209,248)

2019 Taxes Receivable - December 31, 2019 \$ 7,432

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, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated June 26, 2020.

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. We did identify deficiencies in internal control, described below, that we consider to be significant deficiencies.

Approval of Expenditures

Condition: The Corporation's accounting and financial policies requires that a warrant is signed before bills are paid. During the audit, we found instances of this procedure not being followed as the Corporation was unable to locate signed warrants.

Reason improvement is needed: One of the responsibilities for maintaining a system of internal control includes maintenance of records to provide an audit trail to provide assurance that transactions are executed in accordance with authorization of the Corporation's Overseers.

Recommendation: In order to provide substantiation of expenses and approval of the expense amounts, we recommend that the Corporation not pay any bills until they have been reviewed and approved by the Overseers.

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 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 Powers & Company
Professional Association

Portland, Maine
June 26, 2020