

2016

# Financial Statements Town of Northport, Maine June 30, 2016

Northport, Me.

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**Financial Statements**

**Town of Northport, Maine**

**June 30, 2016**

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## Town of Northport, Maine

June 30, 2016

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## **Independent Auditors' Report**

**To the Selectboard  
Town of Northport  
Northport, Maine**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Northport, Maine, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town'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 did not audit the financial statements of the Northport School Department's general fund, fiduciary fund (agency fund - student activity accounts) and other governmental funds (special revenue and capital projects funds), which represent 22%, 18%, and 55%, respectively, of the assets, fund balances/net position, and revenues of the Town of Northport, Maine. Those statements were audited by other auditors whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the general fund and other governmental funds, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Northport, Maine, as of June 30, 2016, and the respective changes in financial position 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 the Management's Discussion and Analysis, budgetary comparison information, the Schedule of the Town's Proportionate Share of the Net Pension Liability, the Schedule of Town Contributions, and the Notes to the Schedules, as noted in the table of contents, 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 Town of Northport, Maine's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 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 by us and other auditors. In our opinion, based on our audit, the procedures described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Purdy Powers & Company*  
Professional Association

**Portland, Maine**  
**February 20, 2017**



# Town of Northport

16 Beech Hill Road • Northport, Maine  
04849 (207) 338-3819 • (207) 338-3596 (Fax)

*www.northportmaine.org*

*A community of neighbors, a tradition of caring since 1796.*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Town of Northport's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2016. Please read it in conjunction with the Town's financial statements.

### **Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented next. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

### **Reporting the Town as a Whole**

#### **The Statement of Net Position and the Statement of Activities**

One of the most important questions asked about the Town's finances is, "Is the Town as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and the current year change in net position. You can think of the Town's net position - the difference between assets and liabilities - as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

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.

- Governmental activities - Most of the Town’s basic services are reported here, including the fire protection, general administration, road maintenance, funding of education to RSU # 20, county tax payments, cemetery care, health and sanitation, and recreation. Property and excise taxes, state and federal grants, and miscellaneous reimbursements and fees finance most of these activities.

**Reporting the Town's Most Significant Funds Fund Financial Statements**

Our analysis of the Town's major funds begins with the fund financial statements on page 6 and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law. However, the Selectboard establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's funds-governmental accounting approach is as follows:

- Governmental funds - Most of the Town'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 Town'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 Town'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 a reconciliation on pages 7 and 9.

**THE TOWN AS A WHOLE**

For the years ended June 30, 2016 and 2015, net position changed as follows:

	<u>2016</u>	<u>2015</u>
<b>Governmental Activities</b>		
Beginning net position	\$ 5,250,079	\$ 4,931,195
Transfer of fund balance -		
Northport School Department	1,174,502	-
Increase (decrease) in net position	<u>763,025</u>	<u>318,884</u>
Ending net position	<u>\$ 7,187,606</u>	<u>\$ 5,250,079</u>

That reflects an increase of 11.9% for governmental activities in 2016 (after the transfer of fund balance for the Northport School Department) and a 6.5% increase in 2015.

A major part of the increase in Governmental Activities is due to the school now a department of the town. This will be reflected throughout the audit in the town as a whole.

## Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Town's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

General government	Building permits, planning board receipts, tax interest and charges, and fines
Health and sanitation	Landfill receipts and transfer station reimbursements
Public works	Local road assistance

All other governmental revenues are reported as miscellaneous. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

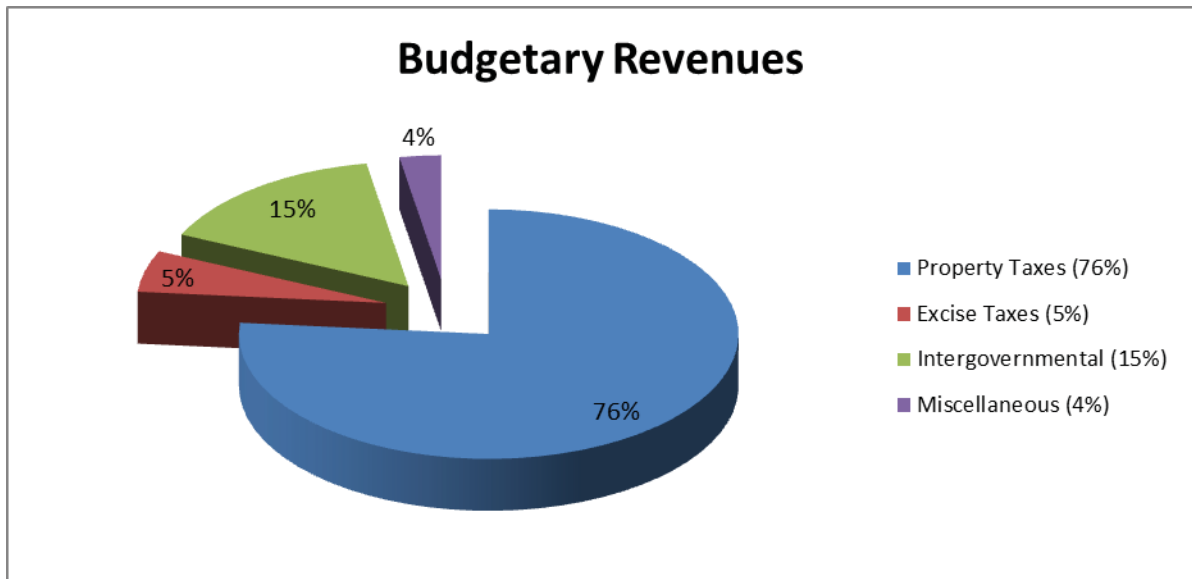
## THE TOWN'S FUNDS

The following schedule presents a summary of general fund revenues and expenditures on a budgetary basis for the fiscal years ended June 30, 2016, and 2015, and the amount and percentage of increases and decreases in relation to the prior year.

<u>Revenue</u>	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u> <u>from 2015</u>	<u>%</u> <u>Increase</u> <u>(Decrease)</u>
Property taxes	\$ 4,090,737	\$ 4,801,381	\$ (710,644)	(14.8%)
Excise taxes	287,553	272,826	14,727	5.4%
Intergovernmental	828,746	237,800	590,946	2.5%
Miscellaneous	144,613	127,528	17,085	13.4%
Total Revenue	<u>\$ 5,351,649</u>	<u>\$ 5,439,535</u>	<u>\$ (87,886)</u>	<u>(1.6)%</u>



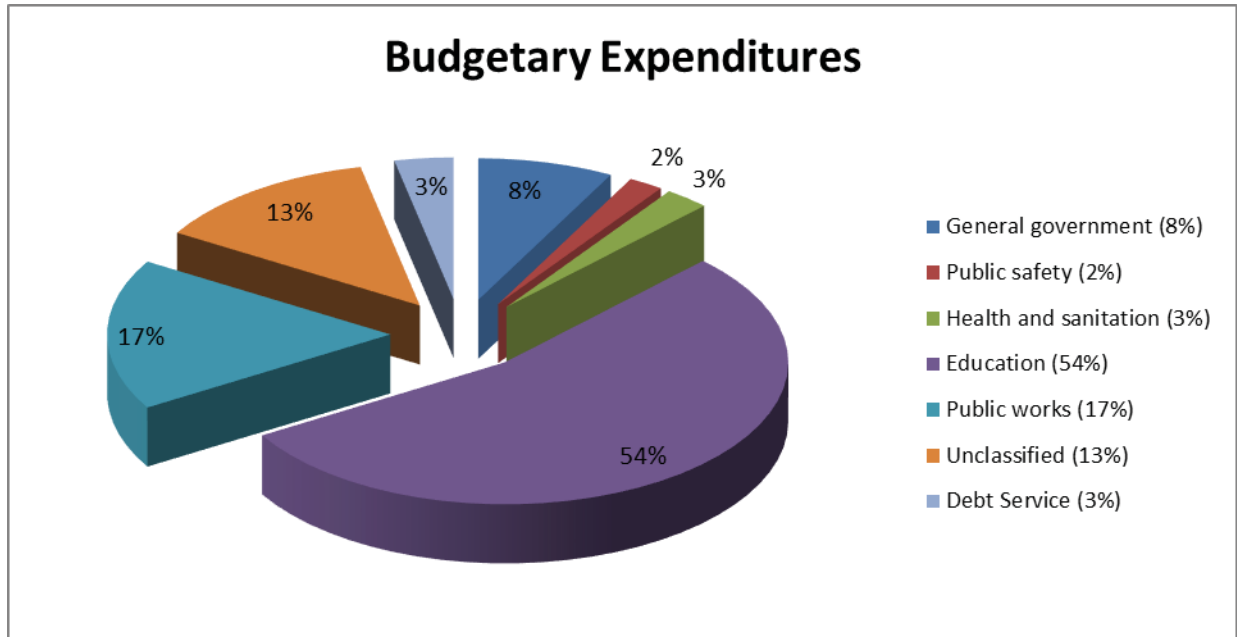
The Town's general fund operating fund revenues on a budgetary basis were as follows:



The biggest changes in revenues are in property taxes and intergovernmental. Decreased property taxes may be due to the unrest economically and politically leading up to the presidential election in 2016. The increase in intergovernmental funds may be attributed to reimbursement programs associated with the school department.

<u>Expenditures</u>	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u> <u>from 2015</u>	<u>% Increase</u> <u>(Decrease)</u>
<i>General government</i>	\$ 359,629	\$ 363,655	\$ (4,026)	(1.1%)
<i>Public safety</i>	92,243	100,592	(8,349)	(8.3%)
<i>Health and sanitation</i>	118,776	109,871	8,905	8.1%
<i>Education</i>	2,503,578	3,364,953	(861,375)	(25.6%)
<i>Public works</i>	796,313	393,061	403,252	102.6%
<i>Community</i>	-	119,878	(119,878)	(100.0%)
<i>Development</i>				
<i>Unclassified</i>	604,348	685,747	(81,399)	(11.9%)
<i>Debt Service</i>	155,888	34,056	121,832	357.7%
<b>Total Expenditures</b>	<u>\$ 4,630,775</u>	<u>\$ 5,171,813</u>	<u>\$ (541,038)</u>	<u>(10.5)%</u>

The Town's general fund operating fund expenditures on a budgetary basis were as follows:



The increase in public works is related to large projects, i.e., replacing the Kelly Cove box culvert, reconstructing Nebraska Road and a severe rain storm that washed out sections of roads. Education expenses dropped with no additional startup costs and more local control over that part of the budget.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The budget to actual comparison is shown on page 10.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2016, the Town had \$8 million invested in capital assets including fire trucks, equipment, buildings, and town owned roads. (See table below.) There was a net transfer of capital assets of \$1,779,172 from RSU #20. (See Note N.)

	<b>Governmental Activities</b>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Land	\$ 924,851	\$ 129,903
Construction in Progress	1,224,930	39,946
Buildings	1,490,561	593,448
Equipment	101,177	101,177
Vehicles	681,179	594,293
Infrastructure	<u>3,351,293</u>	<u>3,158,436</u>
Totals	<u>\$ 7,773,991</u>	<u>\$ 4,617,203</u>

Changes in capital assets and debt administration is related to the school and all its assets now a part of the town. In February 2016, an addition to the school was begun which increased the town's debt as well as assets. The negotiated debt from RSU #20 is also reflected in the town's debt administration. Infrastructure improvements included replacing the box culvert at Kelly as well as reconstructing the Nebraska Road. The purchase of a generator for the fire house and the town also added to the town's assets.

### Debt

At year end, the Town had \$1,942,155 in long-term debt outstanding. The Town owed \$33,115 on the 2011 general obligation bond to fund the sand/salt shed and the Town owed \$1,909,040 through the Northport School Department for various projects. This includes a transfer of long-term debt of \$902,150 from RSU #20.

The town will have paid off its loan on the sand and salt garage in the fall of 2016. The remaining debt is what was negotiated during the withdrawal from RSU #20 and the construction loan for the addition at the school.

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

There are no major public work projects known at this time. However, this may change during the upcoming budget meetings. It is also not anticipated that the school will have any major projects for the coming year. The continued economic and political unrest in the country may impact Northport's residents and therefore Northport as a whole. What, if any, impact these have on the town's mil rate is not known at this time.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office.

Town of Northport  
Barbara Ashe, Administrator  
16 Beech Hill Road  
Northport, ME 04849  
Phone: (207)338-3819

## Statement of Net Position

### Town of Northport, Maine

As of June 30, 2016

	Governmental Activities
<b>Assets</b>	
Cash	\$ 2,460,779
Investments	9,943
Accounts receivable	339,772
Taxes receivable	182,979
Tax liens receivable	63,750
Inventory	540
Tax acquired property	240
Capital assets, net of accumulated depreciation	6,257,704
<b>Total Assets</b>	<b>9,315,707</b>
<b>Deferred Outflows</b>	
Deferred outflows related to pension	17,430
<b>Total Deferred Outflows</b>	<b>17,430</b>
<b>Liabilities</b>	
Accounts payable	45,774
Accrued expenses	106,326
Taxes paid in advance	4,286
Accrued interest	45,659
Long-term liabilities:	
Portion due or payable within one year:	
Bond payable	122,809
Portion due or payable after one year:	
Bond payable	1,819,346
Accrued compensated absences	1,331
<b>Total Liabilities</b>	<b>2,145,531</b>
<b>Deferred Inflows</b>	
Deferred inflows related to pension	-
<b>Total Deferred Inflows</b>	<b>-</b>
<b>Net Position</b>	
Net investment in capital assets	4,315,549
Restricted:	
Nonexpendable	13,120
Expendable	19,607
Unrestricted	2,839,330
<b>Net Position</b>	<b>\$ 7,187,606</b>

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

Statement of Activities

Town of Northport, Maine

For the Year Ended June 30, 2016

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Governmental</u>
					<u>Activities</u>
<b>Governmental Activities:</b>					
General government	\$ 370,703	\$ 43,236	\$ -	\$ -	\$ (327,467)
Public safety	135,973	-	500	-	(135,473)
Health and sanitation	118,776	55,710	-	-	(63,066)
Education	2,704,816	9,463	196,862	-	(2,498,491)
Public works	747,979	-	35,284	-	(712,695)
Unclassified	604,823	-	1,995	8,000	(594,828)
Interest on long term debt	36,166	-	-	-	(36,166)
Capital outlays	4,170	-	-	-	(4,170)
<b>Total Governmental Activities</b>	<b>\$ 4,723,406</b>	<b>\$ 108,409</b>	<b>\$ 234,641</b>	<b>\$ 8,000</b>	<b>(4,372,356)</b>
			General revenues:		
			Taxes:		
			Property taxes	4,081,737	
			Excise taxes	287,553	
			Interest income	6,381	
			Intergovernmental	690,176	
			Miscellaneous	69,534	
			<b>Total General Revenues</b>	<b>5,135,381</b>	
			<b>Change in Net Position</b>	<b>763,025</b>	
			Net Position at Beginning of Year	5,250,079	
			Transfer of Fund Balance - School Department	1,174,502	
			<b>Net Position at End of Year</b>	<b>\$ 7,187,606</b>	

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

## Balance Sheet - Governmental Funds

### Town of Northport, Maine

As of June 30, 2016

	General	Other Governmental Funds	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 2,443,296	\$ 17,483	\$ -	\$ 2,460,779
Investments	-	9,943	-	9,943
Accounts receivable	316,976	22,796	-	339,772
Taxes receivable	182,979	-	-	182,979
Tax liens	63,750	-	-	63,750
Inventory	-	540	-	540
Due from other funds	49,453	7,769	21	57,243
Tax acquired property	240	-	-	240
	<u>\$ 3,056,694</u>	<u>\$ 58,531</u>	<u>\$ 21</u>	<u>\$ 3,115,246</u>
<b>Total Assets</b>				
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 42,813	\$ 2,961	\$ -	\$ 45,774
Accrued expenses	106,326	-	-	106,326
Taxes paid in advance	4,286	-	-	4,286
Due to other funds	7,790	49,453	-	57,243
	<u>161,215</u>	<u>52,414</u>	<u>-</u>	<u>213,629</u>
<b>Total Liabilities</b>				
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	156,000	-	-	156,000
	<u>156,000</u>	<u>-</u>	<u>-</u>	<u>156,000</u>
<b>Total Deferred Inflows of Resources</b>				
<b>Fund Balances</b>				
Nonspendable:				
Special revenue funds	-	540	-	540
Permanent funds	-	12,580	-	12,580
Restricted:				
Special revenue funds	-	4,740	-	4,740
Capital projects fund	-	-	21	21
Permanent funds	-	14,846	-	14,846
Committed:				
General fund	480,980	-	-	480,980
Assigned:				
Special revenue funds	-	1,988	-	1,988
General fund	1,369,381	-	-	1,369,381
Unassigned:				
Special revenue funds	-	(28,577)	-	(28,577)
General fund	889,118	-	-	889,118
	<u>2,739,479</u>	<u>6,117</u>	<u>21</u>	<u>2,745,617</u>
<b>Total Fund Balances</b>				
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
	<u>\$ 3,056,694</u>	<u>\$ 58,531</u>	<u>\$ 21</u>	<u>\$ 3,115,246</u>

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

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

**Town of Northport, Maine**

**As of June 30, 2016**

**Total Fund Balances - Governmental Funds** \$ 2,745,617

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: 6,257,704

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: 156,000

The following deferred outflows below are not current assets or financial  
resources in the current period and therefore are not reported in  
the Balance Sheet:

Deferred outflows related to pension 17,430

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:

Bond payable	\$ (1,942,155)	
Accrued compensated absences	(1,331)	
Accrued interest payable	<u>(45,659)</u>	
		<u>(1,989,145)</u>

**Net Position - Governmental Activities** \$ 7,187,606

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



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

**Town of Northport, Maine**

**For the Year Ended June 30, 2016**

	General	Other Governmental Funds	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 4,090,737	\$ -	\$ -	\$ 4,090,737
Excise taxes	287,553	-	-	287,553
Intergovernmental	828,746	104,071	-	932,817
Miscellaneous	162,749	21,554	21	184,324
<b>Total Revenues</b>	<u>5,369,785</u>	<u>125,625</u>	<u>21</u>	<u>5,495,431</u>
<b>Expenditures</b>				
Current				
General government	359,629	-	-	359,629
Public safety	92,243	-	-	92,243
Health and sanitation	118,776	-	-	118,776
Education	2,503,578	184,659	-	2,688,237
Public works	805,113	-	-	805,113
Unclassified	604,823	-	-	604,823
Debt service - principal	122,445	-	-	122,445
- interest	33,443	-	-	33,443
Capital outlays	-	-	1,139,520	1,139,520
<b>Total Expenditures</b>	<u>4,640,050</u>	<u>184,659</u>	<u>1,139,520</u>	<u>5,964,229</u>
<b>Revenues Over (Under) Expenditures</b>	729,735	(59,034)	(1,139,499)	(468,798)
<b>Other Financing Sources (Uses)</b>				
Proceeds from borrowing	-	-	1,139,520	1,139,520
Operating transfers in	100	40,000	-	40,100
Operating transfers out	(40,000)	(100)	-	(40,100)
<b>Total Other Financing Sources (Uses)</b>	<u>(39,900)</u>	<u>39,900</u>	<u>1,139,520</u>	<u>1,139,520</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	689,835	(19,134)	21	670,722
Fund Balances at Beginning of Year	1,752,164	25,251	-	1,777,415
Transfer of Fund Balance - School Department	297,480	-	-	297,480
<b>Fund Balances at End of Year</b>	<u>\$ 2,739,479</u>	<u>\$ 6,117</u>	<u>\$ 21</u>	<u>\$ 2,745,617</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

## Town of Northport, Maine

As of June 30, 2016

**Net Change in Fund Balances - Total Governmental Funds** \$ 670,722

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

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

Additions to capital assets	\$ 1,377,616	
Depreciation expense	<u>(272,614)</u>	
		1,105,002

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

Proceeds from borrowing	(1,139,520)	
Principal portion of debt service payments	<u>122,445</u>	
		(1,017,075)

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 compensated absences	(1,331)	
Change in accrued interest payable	(2,723)	
Adjustment to pension expense	<u>17,430</u>	
		13,376

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:

(9,000)

**Change in Net Position of Governmental Activities** **\$ 763,025**

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

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - General Fund**

**Town of Northport, Maine**

**For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
<b>Revenues</b>				
Taxes				
Property taxes	\$ 4,079,525	\$ 4,079,525	\$ 4,090,737	\$ 11,212
Excise taxes	-	287,553	287,553	-
Intergovernmental revenues				
State revenue sharing	52,280	52,280	55,508	3,228
State road assistance	-	35,284	35,284	-
Homestead exemption	24,082	24,082	24,082	-
Other	3,702	202,890	713,872	510,982
Miscellaneous revenues	-	130,437	144,613	14,176
<b>Total Revenues</b>	<b>4,159,589</b>	<b>4,812,051</b>	<b>5,351,649</b>	<b>539,598</b>
<b>Expenditures</b>				
Current				
General government	370,595	401,718	359,629	42,089
Public safety	108,734	113,910	92,243	21,667
Health and sanitation	94,424	150,134	118,776	31,358
Education	2,502,975	2,732,382	2,503,578	228,804
Public works	894,363	1,216,843	796,313	420,530
Unclassified	629,526	638,092	604,348	33,744
Debt service - principal	122,445	122,445	122,445	-
- interest	33,443	33,443	33,443	-
<b>Total Expenditures</b>	<b>4,756,505</b>	<b>5,408,967</b>	<b>4,630,775</b>	<b>778,192</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(596,916)</b>	<b>(596,916)</b>	<b>720,874</b>	<b>1,317,790</b>
<b>Other Financing Sources (Uses)</b>				
Utilization of assigned fund balance	634,357	634,357	-	(634,357)
Utilization of unassigned fund balance	150,000	150,000	-	(150,000)
Operating transfers in	16,000	16,000	16,100	100
Operating transfers out	(154,946)	(154,946)	(154,946)	-
<b>Total Other Financing Sources (Uses)</b>	<b>645,411</b>	<b>645,411</b>	<b>(138,846)</b>	<b>(784,257)</b>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>\$ 48,495</b>	<b>\$ 48,495</b>	<b>582,028</b>	<b>\$ 533,533</b>
Budgetary Fund Balance at Beginning of Year			1,519,489	
Transfer of Fund Balance - School Department			297,480	
<b>Budgetary Fund Balance at End of Year</b>			<b>\$ 2,398,997</b>	

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

**Statement of Net Position  
Fiduciary Funds - Agency Fund**

**Town of Northport, Maine**

**As of June 30, 2016**

	<u>Student Activity Accounts</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 2,144
<b>Total Assets</b>	<u>2,144</u>
 <b>Liabilities</b>	
Held for student activities and other purposes	<u>2,144</u>
<b>Total Liabilities</b>	<u>2,144</u>
 <b>Total Liabilities and Fund Balances</b>	 <u><u>\$ -</u></u>

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

## Notes to Financial Statement

### Town of Northport, Maine

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

The Town of Northport, Maine operates under a Selectboard form of government. The accounting policies of the Town of Northport, Maine conform to United States generally accepted accounting principles (GAAP). The Town applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant accounting policies established in GAAP and used by the Town are discussed below.

#### **Principles Determining Scope of Reporting Entity**

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

Based on the aforementioned criteria, the Town of Northport 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. 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. Currently, the Town has no business-type activities.

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 Town 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.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

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

##### 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 Town 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.

*Special Revenue Funds* are used to account for the proceeds of specific sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

*Capital Projects Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

*Permanent Funds* are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization as stipulated by the specific trust instrument.

##### Fiduciary Funds (not included in Government-wide statements)

The Town's fiduciary funds are presented in the fiduciary fund statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Town, these funds are not incorporated into the Government-wide statements.

Agency funds are used to account for assets held by the Town as an agent for individuals, private organizations, and/or other government units.

##### 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.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

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

##### **Basis of Accounting - Continued**

###### **Accrual**

The governmental activities in the government-wide 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 Town'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.

##### **Investments**

The Town follows GASBS No. 31, Accounting and Reporting of Certain Investments and External Investment Pools. Under GASBS No. 31, certain investments held by governments are reported at their fair value in the balance sheet. Unrealized gains and losses are included in the statement of revenues, expenditures and changes in fund balance.

##### **Inventories**

Inventories consisting of food and supplies are accounted for at the lower of cost or market on a first-in, first-out (FIFO) basis. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

##### **Accounts Receivable**

Accounts receivable are stated at the amount the Town expects to collect from outstanding balances. Town management closely monitors outstanding balances and records an allowance for doubtful accounts as necessary based upon historical trends of bad debts as well as a detailed review of current year receivables and their aging.

##### **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.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

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

##### Capital Assets - Continued

Estimated useful lives are as follows: buildings and improvements, 20 to 40 years; infrastructure, 5 to 40 years; and vehicles and equipment, 3 to 25 years.

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

##### Accrued Compensated Absences

Under the terms of the personnel policies, annual vacation and sick leave is granted in varying amounts. No liability is recorded for accrued compensation absences at June 30, 2016, the inclusion of which would not be material to the financial statements.

##### Budget

The Town of Northport'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 Town prepared a budget for this fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- A meeting of the inhabitants of the Town of Northport was then called for the purpose of adopting the proposed budget after public notice of the meeting was given.
- The budget was adopted subsequent to passage by the inhabitants of the Town.

##### 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 Statement - Continued

### Town of Northport, Maine

#### 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. Since not all funds maintain a separate cash account, cash is pooled in the General Fund cash account and activity for individual funds are recorded through the General Fund and each respective individual fund through the recognition of a "due to/due from" as appropriate. 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 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 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 Inflow of Resources**

In addition to assets, the statement of financial position and the governmental funds balance sheet will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until that time. The Northport School Department has one item that that meets this criterion, deferred pensions, which is reported in the statement of financial position.

In addition to liabilities, the statement of financial position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resource, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one type of item, unavailable revenue, which results from property taxes, which arises under the modified accrual basis of accounting that qualifies for reporting in this category and is reported in the governmental funds balance sheet. The Northport School Department also has one type of item, deferred pensions, which is reported in the statement of financial position.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

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

##### Pensions

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Note H and the required supplementary information following the financial statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the Northport School Department recognizes a net pension liability, which represents the School Department's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Maine Public Employees Retirement System (MainePERS). The net pension liability is measured as of the School Department's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension Plan (TPP) and additions to/deductions from the TPP's fiduciary net position have been determined on the same basis as they are reported by the TPP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

##### Interfund Activity

Interfund activity is reported as either 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. Since not all funds maintain a separate cash account, cash is pooled in the General Fund cash account and activity for individual funds are recorded through the General Fund and each respective individual fund through the recognition of a "due to/due from" as appropriate. 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.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

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

##### Interfund Activity - Continued

Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

##### Revenue Recognition - Property Taxes

The Town's property tax for the current year was levied July 29, 2015, on the assessed value listed as of April 1, 2015, for all real and personal property located in the Town. Taxes were due September 27, 2015 and March 1, 2016. Interest on unpaid taxes commenced on September 28, 2015 and March 2, 2016, at 7% 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 deferred revenues.

The Town 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 \$48,495 for the year ended June 30, 2016.

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

##### Government-wide Fund Net Position

Government-wide net position is 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 Town'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 asset positions 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.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

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

##### Governmental Fund Balances - Continued

*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 Selectboard or a body or official to which the Selectboard 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 Town 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.

#### Note B - Cash and Investments

The Town conducts all its banking and investment transactions with its depository banks and investment firm.

##### Custodial Credit Risk

At June 30, 2016, the carrying amount of the Town's deposits was \$2,462,923, and the bank balance was \$2,940,073. The difference between the carrying amount and the bank balance 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 Town's deposits may not be returned to it. The Town does not have a deposit policy on custodial credit risk. As of June 30, 2016, \$571,132 of the Town's bank balance of \$2,940,073 was exposed to credit risk as follows:

Uninsured and Uncollateralized	<u>\$ 31,978</u>
Collateralized with securities held by the pledging financial institution	<u>\$ 539,154</u>

##### Investments

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, certain corporate stocks and bonds and mutual funds.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note B - Cash and Investments - Continued

##### Interest Rate Risk

In accordance with the Town's investment policy, to the extent possible, investment maturities will be matched with anticipated cash requirements. At June 30, 2016, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Maturity</u>		
			<u>Less than 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Corporate stocks	<u>\$ 9,943</u>	<u>\$ 9,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

##### Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have an investment policy on custodial credit risk. As of June 30, 2016, the Town had no investments subject to custodial credit risk.

##### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is minimized by diversifying investments held. At June 30, 2016, the Town had no investments subject to credit risk.

##### Concentration of Credit Risk

The Town does not have an investment policy on concentration of credit risk. At June 30, 2016, the Town held the following common stock which represented greater than 5% of the total investments held: AT&T \$9,161.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note C - Capital Assets

A summary of capital asset activity for the year ended June 30, 2016 follows:

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Non-Depreciable Assets:				
Land	\$ 129,903	\$ 794,948	\$ -	\$ 924,851
Construction in Process	39,946	1,198,181	13,197	1,224,930
Depreciable Assets:				
Buildings	593,448	897,113	-	1,490,561
Equipment	101,177	-	-	101,177
Vehicles	594,293	86,886	-	681,179
Infrastructure	<u>3,158,436</u>	<u>192,857</u>	<u>-</u>	<u>3,351,293</u>
Totals at historical cost	4,617,203	3,169,985	13,197	7,773,991
Less Accumulated Depreciation:				
Buildings	148,103	37,627	-	185,730
Equipment	82,327	1,315	-	83,642
Vehicles	319,362	47,865	-	367,227
Infrastructure	<u>693,881</u>	<u>185,807</u>	<u>-</u>	<u>879,688</u>
Total accumulated depreciation	<u>1,243,673</u>	<u>272,614</u>	<u>-</u>	<u>1,516,287</u>
Capital Assets, Net	<u>\$ 3,373,530</u>	<u>\$ 2,897,371</u>	<u>\$ 13,197</u>	<u>\$ 6,257,704</u>

Depreciation expense was charged to the following functions:

General government	\$ 11,074
Public safety	43,730
Education	32,678
Public works	<u>185,132</u>
Total governmental activities depreciation expense	<u>\$ 272,614</u>

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note D - Interfund Receivables and Payables

Interfund balances at June 30, 2016 consisted of the following individual fund receivables and payables:

	Receivables <u>Due from</u>	Payables <u>(Due to)</u>	Net Internal <u>Balances</u>
<b>Governmental Activities</b>			
General Fund:			
<i>Special Revenue Funds:</i>			
School Lunch	\$ 24,188	\$ (1,077)	
Title IA	6,676	-	
IDEA	11,558	-	
IDEA Preschool	303	-	
Title VI REAP	4,886	-	
Title IIA	807	-	
Fresh Fruit and Vegetables	1,035	-	
Maine Community Foundation	-	(326)	
Whole Kids	-	(2,000)	
Withdrawal Grants	-	(1,988)	
Oral Health	-	(200)	
Proficiency Based Education	-	(2,178)	
	<u>49,453</u>	<u>(7,769)</u>	
<i>Capital Projects Fund:</i>	<u>-</u>	<u>(21)</u>	
	<u>49,453</u>	<u>(7,790)</u>	\$ 41,663
Special Revenue Funds:			
<i>General Fund:</i>			
School Lunch	\$ 1,077	(24,188)	
Title IA	-	(6,676)	
IDEA	-	(11,558)	
IDEA Preschool	-	(303)	
Title VI REAP	-	(4,886)	
Title IIA	-	(807)	
Fresh Fruit and Vegetables	-	(1,035)	
Maine Community Foundation	326	-	
Whole Kids	2,000	-	
Withdrawal Grants	1,988	-	
Oral Health	200	-	
Proficiency Based Education	2,178	-	
	<u>7,769</u>	<u>(49,453)</u>	(41,684)
Capital Projects Fund:			
<i>General Fund:</i>	<u>21</u>	<u>-</u>	<u>21</u>
Net Governmental Activities	<u>\$ 57,243</u>	<u>\$ (57,243)</u>	<u>\$ -</u>

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note D - Interfund Receivables and Payables - Continued

Interfund balances resulted from (1) the Town pooling cash in the General Fund for other funds disclosed above, for greater efficiency and physical control, (2) the time lag between the dates that interfund goods or reimbursable expenditures occur, or (3) the time lag between the dates payments between funds are made.

#### Note E - Interfund Transfers

Interfund transfers are used to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year consisted of the following amounts:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
<u>General Fund:</u>			
<i>Special Revenue Fund:</i>			
School Lunch	\$ -	\$ (40,000)	
<i>Trust Fund:</i>			
Wyman Needy	<u>100</u>	<u>-</u>	
	100	(40,000)	\$ (39,900)
Special Revenue Funds:			
<i>General Fund:</i>			
School Lunch	40,000	-	
<i>Trust Fund:</i>			
Wyman Needy	<u>-</u>	<u>(100)</u>	
	<u>40,000</u>	<u>(100)</u>	<u>39,900</u>
<b>Total Interfund Transfers</b>	<u>\$ 40,100</u>	<u>\$ (40,100)</u>	<u>\$ -</u>

#### Note F - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due within One Year</u>
<b>Governmental Activities:</b>					
General obligation debt	\$ 65,866	\$ 1,998,734	\$ 122,445	\$ 1,942,155	\$ 122,809
Compensated absences	<u>-</u>	<u>1,331</u>	<u>-</u>	<u>1,331</u>	<u>-</u>
	<u>\$ 65,866</u>	<u>\$ 2,000,065</u>	<u>\$ 122,445</u>	<u>\$ 1,943,486</u>	<u>\$ 122,809</u>



## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note F - Long-Term Liabilities - Continued

##### Long-Term Debt

At June 30, 2016 long-term debt consisted of the following:

2011 General Obligation Bond with Bangor Savings Bank for the purpose of providing partial funding for a sand/salt shed. The original borrowing was \$189,000 and is due in monthly payments of \$2,838 which includes interest at 2.60% through June 2017.	\$ 33,115
Northport School Department \$3,000,000 Construction Bond Anticipation Note with Bangor Savings Bank obtained in anticipation of a bond for construction. The borrowing matures January 2017 with interest at 0.72%. (See Subsequent Event - Note O)	1,139,520
Northport School Department 1998 General Obligation Bond, interest rate at 4.827% with annual principal payments of \$10,700. The bond matures in 2018.	32,100
Northport School Department 2004 General Obligation Bond, interest rate at 3.557% with annual principal payments of \$52,511. The bond matures in 2024.	472,595
Northport School Department 2005 General Obligation Bond, interest rate at 4.000% with annual principal payments of \$26,483. The bond matures in 2025.	264,825
	<u>\$ 1,942,155</u>

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note F - Long-Term Liabilities - Continued

The annual requirements to amortize long-term debt are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 122,809	\$ 36,122	\$ 158,931
2018	146,670	37,610	184,280
2019	146,670	33,920	180,590
2020	135,970	30,549	166,519
2021	135,970	27,274	163,244
2022-2026	627,330	92,327	719,657
2027-2031	284,880	65,214	350,094
2032-2036	284,880	33,138	318,018
2037-2041	56,976	969	57,945
	<u>\$ 1,942,155</u>	<u>\$ 357,123</u>	<u>\$ 2,299,278</u>

#### Note G - Landfill Closure and Post Closure Costs

The Town stopped accepting solid waste at its landfill site. State and federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Any amounts for future post-closure landfill costs are uncertain. There were no costs associated with post closure maintenance and monitoring for the year ended June 30, 2016.

#### Note H - Pension

The Northport School Department provides retirement pension plan for its employees through a defined benefit pension plan.

##### Defined Benefit Pension Plan - Maine Public Employees Retirement System (MEPERS)

###### Plan Description

Qualifying personnel of the School Department participate in the Maine Public Employees Retirement System. The plan is a multiple employer, cost-sharing pension plan with a special funding situation. The State of Maine is a non-employer contributing entity in that the state pays the unfunded actuarial liability (UAL) on behalf of the teachers, while the School Department contributes the normal cost, which is actuarially calculated. The School Department has been enrolled in the MEPERS system since July 1, 2015. MEPERS is established under Maine law found in 5 MRSA Part 20. The authority to establish and amend benefit provisions rests with the State legislature.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note H - Pension - Continued

##### Funding Policy

The School Department makes available to all full time employees the option to make a one-time irrevocable election to participate in the Maine Public Employees Retirement System (MEPERS), State Employees and Teachers Plan. The employee shall pay, through payroll deduction(s), his/her required contribution determined by MEPERS, 7.65%. The School shall pay its required contribution determined by MEPERS. This benefit shall be offered to eligible employees on the date of hire.

##### Pension Benefits

Benefit terms are established in Maine Statute. The System's retirement programs provide defined retirement benefits based on member's average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility of benefits upon reaching qualification) occurs upon the earning of 25 years of service credit for School Department employees.

Normal retirement age of State Employees and Teachers members is age 60 to 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute.

The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual interest credited to member's accounts is set by the System's Board of Trustees.

##### Member and Employer Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the plan under which a member is covered. Employer contributions rates are determined through actuarial valuations. For the year ended June 30, 2016, the member contribution rate was 7.65%, the School Department's contribution rate was 3.36% (normal cost), and the State of Maine contributed 10.02% (UAL).

##### Revenue Recognition

Employer contributions to the System are recognized as additions in the period when they become due pursuant to formal commitments or statutory requirements. Investment income is recognized when earned and investment expenses are recorded when incurred.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note H - Pension - Continued

##### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the School Department reported a net pension liability of \$0. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The School Department proportion of the net pension liability was based on a projection of the School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At the June 30, 2015 measurement date, the School Department proportion was 0.00%.

For the fiscal year ended June 30, 2016, the School Department recognized pension expense of \$0. At June 30, 2016, the reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources are as follows:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
School Department contributions subsequent to the measurement date	17,430	-
Total	<u>\$ 17,430</u>	<u>\$ -</u>

##### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred

For the Year Ended June 30, 2017 \$ 17,430

##### Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions applied to all period included in the measurement:

Inflation	3.50%
Salary Increases	3.55 to 13.50%
Investment Rate of Return	7.125%
Cost of Living Benefit Increases	2.55%

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note H - Pension - Continued

##### Actuarial Assumptions - Continued

For the School Department employees, the mortality rate is based on the RP2000 Combined Mortality Tables for males and females using Scale AA, with a two year setback for active members.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates or return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equities	20%	5.2%
Non-US Equities	20%	5.5%
Private Equity	10%	7.6%
Real Assets:		
Real Estate	10%	3.7%
Infrastructure	10%	4.0%
Hard Assets	5%	4.8%
Fixed Income	<u>25%</u>	0.7%
	<u>100%</u>	

##### Discount Rate

The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that plan member contribution will be made the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note H - Pension - Continued

##### Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School Department's proportionate share of the net pension liability calculated using the discount rate of 7.125%, as well as what the School Department proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.125%) or 1 percentage point higher (8.125%) than the current rate:

	1% Decrease (6.125%)	Current Discount Rate (7.125%)	1% Increase (8.125%)
Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -

##### Pension Plan Financial and Actuarial Information

Additional financial information and actuarial information can be found in the Maine PERS 2015 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207)512-3100.

#### Note I - Risk Management

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

Based on the coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2016.

#### Note J - Commitments

The Town has entered into separate agreements with unrelated third parties for certain services. Future required payments under the two agreements are as follows:

	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>Total</u>
Cemetery Mowing	\$ 7,560	\$ 9,450	\$ 5,670	\$ -	\$ 22,680
Septage Removal	-	4,000	4,000	4,000	12,000
Winter Cleanup and Mowing	<u>3,310</u>	<u>3,310</u>	<u>3,310</u>	<u>-</u>	<u>9,930</u>
	<u>\$ 10,870</u>	<u>\$ 16,760</u>	<u>\$ 12,980</u>	<u>\$ 4,000</u>	<u>\$ 44,610</u>



## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note L - Assigned Fund Balance

At June 30, 2016 the assigned general fund balance consisted of the following:

	Balance at <u>7/1/2015</u>	Transfers/ <u>Appropriations</u>	<u>Revenues</u>	<u>Expenditures</u>	Balance at <u>6/30/2016</u>
Planning Board	\$ 2,285	\$ 2,000	\$ 425	\$ 1,211	\$ 3,499
Animal Control	6,508	8,000	1,296	7,326	8,478
Roads and Bridges	569,363	125,000	322,480	611,669	405,174
Cemetery	2,900	9,600	-	11,070	1,430
Cemetery Development	9,914	4,500	-	3,500	10,914
General Assistance	5,763	-	1,995	3,078	4,680
Snowmobile Reimbursement	179	-	331	179	331
Northport Harbor Fund	16,556	16,000	4,406	29,389	7,573
Northport Needy Families	630	-	167	50	747
Northport Warm Neighbors Fund	4,835	-	1,567	265	6,137
Transfer Station	15,424	75,000	55,710	114,776	31,358
Shaw Brook Bridge Reserve	-	75,000	-	8,800	66,200
Children's Community Christmas	-	-	863	475	388
Digital Mapping Fund	4,839	-	4,843	-	9,682
Cemetery Capital Reserve Fund	1,604	-	151	-	1,755
Wyman Park	3,682	-	3	-	3,685
Fire Watch	801	-	1	-	802
Fire Truck Replacement	51,051	25,741	1,716	-	78,508
Town Wharf	2,434	-	2	-	2,436
Sand/Salt Shed	15,831	-	13	-	15,844
Marine Reserve Fund	127,066	(16,000)	15,354	-	126,420
First Responders Equip. Reserve	25,366	9,364	31	-	34,761
Education	-	2,061,995	526,887	2,543,578	45,304
Education - MainePERS	-	-	500,000	-	500,000
Nature Conservancy	325	-	325	325	325
Tree Growth Reimbursement	1,236	-	1,560	1,236	1,560
Veterans Exemption Reimb.	1,289	-	1,390	1,289	1,390
	<u>\$ 869,881</u>	<u>\$ 2,396,200</u>	<u>\$1,441,516</u>	<u>\$ 3,338,216</u>	<u>\$ 1,369,381</u>



## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note M - Fund Balance

Fund balance consisted of the following as of June 30, 2016:

	General <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Fund Balances:</b>			
Nonspendable fund balance:			
School Lunch	\$ -	\$ 540	\$ 540
Cemetery Trust	-	5,080	5,080
Wyman Needy Trust	-	5,000	5,000
Christmas Charity	-	2,500	2,500
Total Nonspendable fund balance	<u>-</u>	<u>13,120</u>	<u>13,120</u>
Restricted fund balance:			
Maine Community Foundation	-	327	327
Whole Kids	-	2,000	2,000
Oral Health	-	200	200
Proficiency Based Education	-	2,177	2,177
Fresh Fruits and Vegetables Program	-	36	36
Capital Projects Fund	-	21	21
Cemetery Trust	-	14,757	14,757
Wyman Needy Trust	-	28	28
Christmas Charity	-	61	61
Total Restricted fund balance	<u>-</u>	<u>19,607</u>	<u>19,607</u>
Committed fund balance:			
General Fund - School appropriations	<u>480,980</u>	<u>-</u>	<u>480,980</u>
Total Committed fund balance	<u>480,980</u>	<u>-</u>	<u>480,980</u>
Assigned fund balance:			
Withdrawal Grants	-	1,988	1,988
General Fund (See Note L)	<u>1,369,381</u>	<u>-</u>	<u>1,369,381</u>
Total Assigned fund balance	<u>1,369,381</u>	<u>1,988</u>	<u>1,371,369</u>
Unassigned fund balance (deficit):			
IDEA	-	(4,479)	(4,479)
Title VI	-	(60)	(60)
Title IIA	-	(2,768)	(2,768)
School Lunch	-	(21,270)	(21,270)
General fund	<u>889,118</u>	<u>-</u>	<u>889,118</u>
Total Unassigned fund balance (deficit)	<u>889,118</u>	<u>(28,577)</u>	<u>860,541</u>
<b>Total Fund Balances</b>	<u>\$ 2,739,479</u>	<u>\$ 6,138</u>	<u>\$ 2,745,617</u>

## Notes to Financial Statement - Continued

### Town of Northport, Maine

#### Note N - Special Item - School Administration Reorganization

During the year ended June 30, 2015, the Town of Northport voted to withdraw from Regional School Unit (RSU) #20. On July 1, 2015, the withdrawal officially took place. The Northport School Department became a separate municipal school administrative unit (Northport MSU) comprised solely of Northport. On July 1, RSU #20 has transferred 12.12% of all real and personal property interests and existing school indebtedness to the Town of Northport. The Northport School Department followed Governmental Accounting Standards Board Statement (GASBS) No. 69 *Government Combinations and Disposals of Government Operations* in recording the acquisition of a portion of RSU #20.

The transfer of fund balances, assets and assumed liabilities, as reported by the Northport School Department have been reported in the accompanying financial statements as an adjustment to fund balance and are detailed in the following schedule:

<u>Amounts transferred to the Town of Northport School Department:</u>	<u>Governmental Funds</u>
Capital assets, net	\$ 1,779,172
Receivable from RSU#20	297,480
Long-term liabilities	<u>(902,150)</u>
Totals	<u>\$ 1,174,502</u>

#### Note O - Subsequent Event

Subsequent to June 30, 2016, the Town issued a \$3,000,000 bond to Maine Municipal Bond Bank, the proceeds of which were used to pay off the bond anticipation note described in Note F. This bond calls for annual principal payments of \$150,000 over a twenty-year term, with interest payable semi-annually at rates ranging from 1.16% to 3.492%. Future required payments of principal and interest as reported in Note F for the bond anticipation note have been computed using the amortization schedule for the construction bond.

Subsequent to June 30, 2016 the School Department entered into a contract with a bus company under which the company will provide bus service to the Department for the next five school years, at annual costs ranging from \$84,000 to \$89,400.

**Combining Balance Sheet  
Nonmajor Governmental Funds - Other Governmental Funds**

**Town of Northport, Maine**

**As of June 30, 2016**

	Special Revenue	Permanent Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 17,483	\$ 17,483
Investments	-	9,943	9,943
Accounts receivable	22,796	-	22,796
Inventory	540	-	540
Due from other funds	7,769	-	7,769
<b>Total Assets</b>	<u>\$ 31,105</u>	<u>\$ 27,426</u>	<u>\$ 58,531</u>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 2,961	\$ -	\$ 2,961
Due to other funds	49,453	-	49,453
<b>Total Liabilities</b>	<u>52,414</u>	<u>-</u>	<u>52,414</u>
 <b>Fund Balances (Deficits)</b>			
Nonspendable	540	12,580	13,120
Restricted	4,740	14,846	19,586
Assigned	1,988	-	1,988
Unassigned	(28,577)	-	(28,577)
<b>Total Fund Balances (Deficits)</b>	<u>(21,309)</u>	<u>27,426</u>	<u>6,117</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 31,105</u>	<u>\$ 27,426</u>	<u>\$ 58,531</u>

See accompanying independent auditors' report.

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds - Other Governmental Funds**

**Town of Northport, Maine**

**For the Year Ended June 30, 2016**

	<u>Special Revenue</u>	<u>Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>			
Intergovernmental	\$ 104,071	\$ -	\$ 104,071
Interest income	-	11	11
Net investment return	-	2,114	2,114
Contributions	-	150	150
Miscellaneous	19,279	-	19,279
<b>Net Revenues</b>	<u>123,350</u>	<u>2,275</u>	<u>125,625</u>
<b>Expenditures</b>			
Current	184,659	-	184,659
Capital outlay	-	-	-
<b>Total Expenditures</b>	<u>184,659</u>	<u>-</u>	<u>184,659</u>
<b>Revenues Over (Under) Expenditures</b>	(61,309)	2,275	(59,034)
<b>Other Financing Sources (Uses)</b>			
Operating transfers - in	40,000	-	40,000
Operating transfers - out	-	(100)	(100)
<b>Total Other Financing Sources (Uses)</b>	<u>40,000</u>	<u>(100)</u>	<u>39,900</u>
<b>Revenues and Other Sources Over (Under) Expenses and Other Uses</b>	(21,309)	2,175	(19,134)
Fund balances at beginning of year	-	25,251	25,251
<b>Fund Balances (Deficits) at End of Year</b>	<u>\$ (21,309)</u>	<u>\$ 27,426</u>	<u>\$ 6,117</u>

See accompanying independent auditors' report.

**Combining Balance Sheet  
Permanent Funds - Trust Funds**

**Town of Northport, Maine**

**As of June 30, 2016**

	<u>Cemetery</u>	<u>Wyman Needy</u>	<u>Christmas Charity</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 9,894	\$ 5,028	\$ 2,561	\$ 17,483
Investments	<u>9,943</u>	<u>-</u>	<u>-</u>	<u>9,943</u>
<b>Total Assets</b>	<b><u>\$ 19,837</u></b>	<b><u>\$ 5,028</u></b>	<b><u>\$ 2,561</u></b>	<b><u>\$ 27,426</u></b>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <b>Fund Balances</b>				
Nonspendable	5,080	5,000	2,500	12,580
Restricted	<u>14,757</u>	<u>28</u>	<u>61</u>	<u>14,846</u>
<b>Total Fund Balances</b>	<b><u>19,837</u></b>	<b><u>5,028</u></b>	<b><u>2,561</u></b>	<b><u>27,426</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 19,837</u></b>	<b><u>\$ 5,028</u></b>	<b><u>\$ 2,561</u></b>	<b><u>\$ 27,426</u></b>

See accompanying independent auditors' report.

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Permanent Funds - Trust Funds**

**Town of Northport, Maine**

**For the Year Ended June 30, 2016**

	<u>Cemetery</u>	<u>Wyman Needy</u>	<u>Christmas Charity</u>	<u>Total</u>
<b>Revenues</b>				
Interest income	\$ 5	\$ 4	\$ 2	\$ 11
Net investment return	2,114	-	-	2,114
Contributions	<u>150</u>	<u>-</u>	<u>-</u>	<u>150</u>
<b>Net Revenues</b>	2,269	4	2	2,275
<b>Expenditures</b>				
Current	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues Over (Under) Expenditures</b>	2,269	4	2	2,275
<b>Other Financing Sources (Uses)</b>				
Operating transfers - out	<u>-</u>	<u>(100)</u>	<u>-</u>	<u>(100)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(100)</u>	<u>-</u>	<u>(100)</u>
<b>Revenues and Other Sources Over (Under) Expenses and Other Uses</b>	2,269	(96)	2	2,175
Fund balances at beginning of year	<u>17,568</u>	<u>5,124</u>	<u>2,559</u>	<u>25,251</u>
<b>Fund Balances at End of Year</b>	<u>\$ 19,837</u>	<u>\$ 5,028</u>	<u>\$ 2,561</u>	<u>\$ 27,426</u>

See accompanying independent auditors' report.

# Schedule of Valuation, Assessment and Collection of Taxes

## Town of Northport, Maine

For the Year Ended June 30, 2016

### Valuation

Real estate	\$ 293,113,320
Personal property	<u>2,505,400</u>

**Total Valuation** \$ 295,618,720

### Assessment

Valuation x Rate - \$295,618,720 x .01380	\$ 4,079,538
Supplemental taxes	<u>2,212</u>

**Total Assessment Charged to Tax Collector** \$ 4,081,750

### Collection and Credits

Cash collections	\$ 3,896,360
Tax abatements	<u>2,410</u>

**Total Collection and Credits** 3,898,770

**2016 Taxes Receivable - June 30, 2016** \$ 182,980

See accompanying independent auditors' report.

**Schedule of Departmental Operations (1 of 3)**

**Town of Northport, Maine**

**For the Year Ended June 30, 2016**

	Beginning	Appropriations	Budget	Other	Total	Expended	Balances	
	Balance		Transfer	Credits	Available		Lapsed	Carried
<b>General Government</b>								
Office operations	\$ -	\$ 34,500	\$ -	\$ 25,493	\$ 59,993	52,883	\$ 7,110	\$ -
Assessing	-	20,800	-	-	20,800	20,800	-	-
Bank fees and service charges	-	-	-	-	-	135	(135)	-
Administration	-	161,351	-	80	161,431	161,431	-	-
Payroll taxes	-	24,600	-	-	24,600	21,051	3,549	-
Employee benefits	-	22,500	-	-	22,500	16,972	5,528	-
Contingency	-	10,000	-	(80)	9,920	9,900	20	-
Town Hall operations	-	24,900	-	-	24,900	13,006	11,894	-
Legal	-	25,000	-	-	25,000	14,376	10,624	-
Planning Board	2,285	2,000	-	425	4,710	1,211	-	3,499
Code Enforcement office	-	22,500	(8,341)	5,205	19,364	19,364	-	-
Northport Village Corp.	-	25,000	-	-	25,000	25,000	-	-
Digital Mapping	-	-	3,500	-	3,500	3,500	-	-
	<u>2,285</u>	<u>373,151</u>	<u>(4,841)</u>	<u>31,123</u>	<u>401,718</u>	<u>359,629</u>	<u>38,590</u>	<u>3,499</u>
<b>Public Safety</b>								
Fire department	-	39,300	(5,741)	2,881	36,440	36,440	-	-
Fire department chief's salary	-	17,000	-	-	17,000	6,374	10,626	-
Emergency management	-	2,000	-	-	2,000	2,000	-	-
Ambulance	-	12,931	-	-	12,931	12,931	-	-
First response medical team	-	9,500	(4,364)	519	5,655	5,655	-	-
Insurance	-	22,000	-	-	22,000	19,782	2,218	-
Street lights	-	1,600	-	-	1,600	1,411	189	-
E911 Signs	-	-	-	480	480	324	156	-
Animal control	6,508	8,000	-	1,296	15,804	7,326	-	8,478
	<u>6,508</u>	<u>112,331</u>	<u>(10,105)</u>	<u>5,176</u>	<u>113,910</u>	<u>92,243</u>	<u>13,189</u>	<u>8,478</u>

See accompanying independent auditors' report.



## Schedule of Departmental Operations (2 of 3)

### Town of Northport, Maine

For the Year Ended June 30, 2016

	Beginning	Appropriations	Budget	Other	Total	Expended	Balances	
	Balance		Transfer	Credits	Available		Lapsed	Carried
<b>Public Works</b>								
Roads and bridges	\$ 569,363	\$ 125,000	\$ -	\$ 322,480	\$ 1,016,843	611,669	\$ -	\$ 405,174
Snow removal and sanding	-	200,000	-	-	200,000	184,644	15,356	-
	<u>569,363</u>	<u>325,000</u>	<u>-</u>	<u>322,480</u>	<u>1,216,843</u>	<u>796,313</u>	<u>15,356</u>	<u>405,174</u>
<b>Health &amp; Sanitation</b>								
Septage contract	-	4,000	-	-	4,000	4,000	-	-
Transfer station	15,424	75,000	-	55,710	146,134	114,776	-	31,358
	<u>15,424</u>	<u>79,000</u>	<u>-</u>	<u>55,710</u>	<u>150,134</u>	<u>118,776</u>	<u>-</u>	<u>31,358</u>
<b>Unclassified</b>								
Cemetery	2,900	9,600	-	-	12,500	11,070	-	1,430
Cemetery development	9,914	4,500	-	-	14,414	3,500	-	10,914
Social services	-	7,500	-	-	7,500	7,500	-	-
Belfast Free Library	-	3,500	-	-	3,500	3,500	-	-
County tax	-	542,149	-	-	542,149	542,149	-	-
General assistance	5,763	-	-	1,995	7,758	3,078	-	4,680
Wyman Needy Fund	-	-	-	100	100	100	-	-
Wyman Park Maintenance Fund	-	500	-	-	500	500	-	-
Snowmobile club payment	179	-	-	331	510	179	-	331
Northport Harbor Fund	16,556	-	16,000	4,406	36,962	29,389	-	7,573
Northport needy families	630	-	-	167	797	50	-	747
Northport scholarship	-	5,000	-	-	5,000	500	4,500	-
Northport Warm Neighbors Fund	4,835	-	-	1,567	6,402	265	-	6,137
Abatements	-	-	-	-	-	2,568	(2,568)	-
	<u>40,777</u>	<u>572,749</u>	<u>16,000</u>	<u>8,566</u>	<u>638,092</u>	<u>604,348</u>	<u>1,932</u>	<u>31,812</u>

See accompanying independent auditors' report.

**Schedule of Departmental Operations (3 of 3)**

**Town of Northport, Maine**

**For the Year Ended June 30, 2016**

	Beginning Balance	Appropriations	Budget Transfer	Other Credits	Total Available	Expended	Other Debits	Balances	
								Lapsed	Carried
<b>Education</b>									
Education	\$ -	\$ 2,542,975	\$ -	\$ 526,887	\$ 3,069,862	\$ 2,503,578	\$ 40,000	\$ -	\$ 526,284
<b>Debt Service</b>	-	155,888	-	-	155,888	155,888	-	-	-
<b>Assigned Accounts</b>									
Education - MainePERS	-	-	-	500,000	500,000	-	-	-	500,000
Shaw Brook Bridge Reserve	-	75,000	-	-	75,000	8,800	-	-	66,200
Children's Community Christmas Reserve	-	-	-	863	863	475	-	-	388
Digital Mapping Reserve	4,839	-	4,841	2	9,682	-	-	-	9,682
Cemetery Capital Reserve	1,604	-	-	151	1,755	-	-	-	1,755
Wyman Park	3,682	-	-	3	3,685	-	-	-	3,685
Fire Watch	801	-	-	1	802	-	-	-	802
Fire Truck Replacement	51,051	20,000	5,741	1,716	78,508	-	-	-	78,508
Town Wharf	2,434	-	-	2	2,436	-	-	-	2,436
Sand/Salt Shed	15,831	-	-	13	15,844	-	-	-	15,844
First Responders Equipment Reserve	25,366	5,000	4,364	31	34,761	-	-	-	34,761
Marine Reserve Fund	127,066	-	(16,000)	15,354	126,420	-	-	-	126,420
	<u>232,674</u>	<u>100,000</u>	<u>(1,054)</u>	<u>518,136</u>	<u>849,756</u>	<u>9,275</u>	<u>-</u>	<u>-</u>	<u>840,481</u>
	<u>\$ 867,031</u>	<u>\$ 4,261,094</u>	<u>\$ -</u>	<u>\$ 1,468,078</u>	<u>\$ 6,596,203</u>	<u>\$ 4,640,050</u>	<u>\$ 40,000</u>	<u>\$ 69,067</u>	<u>\$ 1,847,086</u>

See accompanying independent auditors' report.

## Schedule of the Town's Proportionate Share of the Net Pension Liability

### Town of Northport, Maine Northport School Department

#### Last ten fiscal years\*

	<u>6/30/2016</u>
Town's proportion of the net pension liability (asset)	0.000000%
Town's proportionate share of the net pension liability (asset)	\$ -
State's proportionate share of the net pension liability (asset) associated with the Town	<u>-</u>
Total	\$ -
Town's covered-employee payroll	<u>\$ -</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	0.000000%
Plan fiduciary net position as a percentage of the total pension liability	83.55%

\*The amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year. The data above was determined by the actuarial valuation which was one year prior to the audit report date. A full ten year schedule will be displayed as it becomes available.

See accompanying independent auditors' report.

## Schedule of the School Department Pension Contributions

### Town of Northport, Maine Northport School Department

#### Last ten fiscal years\*

	<u>6/30/2016</u>
Contractually required contribution	\$ 17,430
Contributions in relation to the contractually required contribution	<u>17,430</u>
Contribution deficiency (excess)	\$ -
Town's covered-employee payroll	<u>\$ 479,280</u>
Contributions as a percentage of covered-employee payroll	3.64%

\*The amounts presented for each fiscal year were determined as of June 30 of the preceeding fiscal year, which differs from the timeframes used in the Schedule of the Town's Proportionate Share of the Net Pension Liability. A full ten year schedule will be displayed as it becomes available.

See accompanying independent auditors' report.

## **Notes to the Required Supplemental Information**

### **Town of Northport, Maine**

#### **Notes to the Schedule of the Town's Proportionate Share of the Net Pension Liability and the Schedule of Town Contributions**

The information presented in the Schedule of the Town's Proportionate Share of the Net Pension Liability and the Schedule of Town Contributions was determined as part of the actuarial valuation at the dates indicated.

The information presented relates solely to the Town of Northport School Department and not to the System as a whole.

See accompanying independent auditors' report.