

Audited Financial Statements
and Other Financial Information

Town of North Yarmouth, Maine

June 30, 2023



Proven Expertise & Integrity

TOWN OF NORTH YARMOUTH, MAINE

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JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of North Yarmouth
North Yarmouth, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of North Yarmouth, Maine, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town of North Yarmouth, Maine's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 North Yarmouth, Maine as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of North Yarmouth, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of North Yarmouth, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of North Yarmouth, Maine's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of North Yarmouth, Maine's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and OPEB information on pages 5 through 12 and 52 through 56 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of North Yarmouth, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2024, on our consideration of the Town of North Yarmouth, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Town of North Yarmouth, Maine'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 the Town of North Yarmouth, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
February 15, 2024

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(UNAUDITED)

The following management's discussion and analysis of Town of North Yarmouth, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of North Yarmouth's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule and OPEB information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The above-mentioned financial statements have one column for the Town's activity. The type of activity presented for the Town of North Yarmouth is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include municipal administration, community services, public safety, public works, buildings and grounds, solid waste and recycling, municipal finances, county assessment, education, program expenses, overlay and capital outlay.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of North Yarmouth, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of North Yarmouth are considered governmental funds.

Governmental funds: All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of North Yarmouth presents five columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, ARPA fund, Westcustogo Hall fund and the capital projects fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activity. The Town's total net position for governmental activities decreased by \$36,631 from \$21,332,937 to \$21,296,306.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for governmental activities to a balance of \$2,394,475 at the end of this year.

Table 1
Town of North Yarmouth, Maine
Net Position
June 30,

	2023	2022 (Restated)
Assets:		
Current Assets	\$ 3,848,310	\$ 3,112,800
Noncurrent Assets - Capital Assets	20,451,635	21,363,249
Total Assets	<u>24,299,945</u>	<u>24,476,049</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to OPEB	12,314	16,033
Total Deferred Outflows of Resources	<u>12,314</u>	<u>16,033</u>
Liabilities:		
Current Liabilities	252,533	287,595
Noncurrent Liabilities	2,699,734	2,820,064
Total Liabilities	<u>2,952,267</u>	<u>3,107,659</u>
Deferred Inflows of Resources:		
Prepaid Taxes	35,507	26,667
Deferred Inflows Related to OPEB	28,179	24,819
Total Deferred Inflows of Resources	<u>63,686</u>	<u>51,486</u>
Net Position:		
Net Investment in Capital Assets	17,719,720	18,455,696
Restricted	1,181,511	1,079,087
Unrestricted	2,395,075	1,798,154
Total Net Position	<u>\$ 21,296,306</u>	<u>\$ 21,332,937</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 6.17%, while total expenses increased 7.84%. All revenue categories experienced increases except for charges for services and grants and contributions not restricted to specific programs. The largest increases in expenses were in education and program expenses.

Table 2
Town of North Yarmouth, Maine
Changes in Net Position
For the Years Ended June 30,

	<u>2023</u>	<u>2022</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 432,618	\$ 519,536
Operating grants and contributions	28,053	27,912
<i>General Revenues:</i>		
Taxes	12,021,114	10,972,070
Grants and contributions not restricted to specific programs	1,235,220	1,408,553
Interest income	81,398	36,311
Miscellaneous	147,977	172,038
Total Revenues	<u>13,946,380</u>	<u>13,136,420</u>
Expenses		
Municipal administration	771,034	564,139
Community services	224,771	327,127
Public safety	595,229	561,231
Public works	1,385,032	1,380,550
Buildings and grounds	139,802	134,736
Solid waste and recycling	293,937	231,891
Municipal finances	775,021	790,256
County assessment	376,893	395,947
Education	8,850,145	8,230,390
Program expenses	400,679	19,564
Overlay	75,318	53,363
Capital outlay	-	177,338
Interest on long-term debt	95,150	100,400
Total Expenses	<u>13,983,011</u>	<u>12,966,932</u>
Change in Net Position	(36,631)	169,488
Net Position - July 1, Restated	<u>21,332,937</u>	<u>21,163,449</u>
Net Position - June 30	<u>\$ 21,296,306</u>	<u>\$ 21,332,937</u>

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Town of North Yarmouth, Maine
Fund Balances - Governmental Funds
June 30,

	2022	2022 (Restated)	Increase/ (Decrease)
Major Funds:			
General Fund:			
Nonspendable	\$ 5,400	\$ 4,500	\$ 900
Committed	65,488	58,275	7,213
Assigned	60,000	300,000	(240,000)
Unassigned	1,874,208	1,074,956	799,252
ARPA Fund:			
Restricted	101,609	408,574	(306,965)
Westcustogo Hall Fund:			
Committed	-	24,390	(24,390)
Capital Projects Fund:			
Committed	450,854	306,246	144,608
Total Major Funds	\$ 2,557,559	\$ 2,176,941	\$ 380,618
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ -	\$ 600	\$ (600)
Restricted	932,635	528,421	404,214
Assigned	60,902	55,348	5,554
Permanent Funds:			
Restricted	147,267	142,092	5,175
Total Nonmajor Funds	\$ 1,140,804	\$ 726,461	\$ 414,343

The changes to total fund balances for the general fund, ARPA fund, Westcustogo Hall fund, capital projects fund and nonmajor funds occurred due to the regular activity of operations.

Budgetary Highlights

The general fund expenditure budget increased to reflect the utilization of committed and unassigned fund balance.

The general fund actual revenues were in excess of budgeted amounts by \$231,387. All revenue categories were received within or in excess of budgeted amounts with the exception of charges for services and transfers from other funds.

The general fund actual expenditures were under budgeted amounts by \$382,019. All expenditures were at or within budgeted amounts with the exception of municipal administration and solid waste and recycling.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the Town decreased by \$911,614 from the prior year. This decrease is the result of capital additions of \$294,020, less net disposals of \$9,569 and current year depreciation expense of \$1,196,065.

Table 4
Town of North Yarmouth, Maine
Capital Assets (Net of Depreciation)
June 30,

	<u>2023</u>	<u>2022</u>
Land	\$ 1,162,995	\$ 1,039,695
Buildings and Improvements	4,315,815	4,462,515
Machinery and Equipment	1,502,264	1,568,863
Infrastructure	13,470,561	14,292,176
Total	<u>\$ 20,451,635</u>	<u>\$ 21,363,249</u>

Debt

At June 30, 2023, the Town had \$2,731,915 in a bond and note from direct borrowings payable outstanding versus \$2,907,553 in the prior year. Refer to Note 6 of Notes to Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance is currently at a level to sustain government operations for a period of approximately two months. The Town also maintains reserves for future capital and other program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors 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 at 110 Village Square Road, North Yarmouth, Maine 04097.

TOWN OF NORTH YARMOUTH, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,156,740
Investments	431,109
Accounts receivable (net of allowance for uncollectibles)	
Taxes	8,270
Liens	64,001
Other	182,790
Prepaid items	5,400
Total current assets	<u>3,848,310</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	1,162,995
Buildings and equipment, net of accumulated depreciation	<u>19,288,640</u>
Total noncurrent assets	<u>20,451,635</u>
TOTAL ASSETS	<u>24,299,945</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	12,314
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>12,314</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 24,312,259</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 22,487
Accrued expenses	34,060
Current portion of long-term obligations	<u>195,986</u>
Total current liabilities	<u>252,533</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bond payable	2,555,000
Accrued compensated absences	81,391
Net OPEB liability	<u>62,066</u>
Total noncurrent liabilities	<u>2,699,734</u>
TOTAL LIABILITIES	<u>2,952,267</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	35,507
Deferred inflows related to OPEB	<u>28,179</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>63,686</u>
NET POSITION	
Net investment in capital assets	17,719,720
Restricted	1,181,511
Unrestricted	<u>2,395,075</u>
TOTAL NET POSITION	<u>21,296,306</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 24,312,259</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF NORTH YARMOUTH, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Municipal administration	\$ 771,034	\$ 37,647	\$ -	\$ -	\$ (733,387)
Community services	224,771	35,554	293	-	(188,924)
Public safety	595,229	188,801	-	-	(406,428)
Public works	1,385,032	-	27,760	-	(1,357,272)
Buildings and grounds	139,802	-	-	-	(139,802)
Solid waste and recycling	293,937	170,616	-	-	(123,321)
Municipal finances	775,021	-	-	-	(775,021)
County assessment	376,893	-	-	-	(376,893)
Education	8,850,145	-	-	-	(8,850,145)
Program expenses	400,679	-	-	-	(400,679)
Overlay	75,318	-	-	-	(75,318)
Interest on long-term debt	95,150	-	-	-	(95,150)
Total government	<u>\$ 13,983,011</u>	<u>\$ 432,618</u>	<u>\$ 28,053</u>	<u>\$ -</u>	<u>(13,522,340)</u>

STATEMENT B (CONTINUED)
TOWN OF NORTH YARMOUTH, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(13,522,340)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	10,917,084
Excise taxes	1,104,030
Grants and contributions not restricted to specific programs	1,235,220
Interest income	81,398
Miscellaneous	147,977
Total general revenues	<u>13,485,709</u>
Change in net position	(36,631)
NET POSITION - JULY 1, RESTATED	<u>21,332,937</u>
NET POSITION - JUNE 30	<u>\$ 21,296,306</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF NORTH YARMOUTH, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	ARPA Fund	Westcustogo Hall Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,129,276	\$ -	\$ -	\$ 67,284	\$ 960,180	\$ 3,156,740
Investments	-	-	-	386,904	44,205	431,109
Accounts receivable (net of allowance for uncollectibles):						
Taxes	8,270	-	-	-	-	8,270
Liens	64,001	-	-	-	-	64,001
Other	168,857	-	-	-	13,933	182,790
Prepaid items	5,400	-	-	-	-	5,400
Due from other funds	3,334	101,609	-	-	122,486	227,429
TOTAL ASSETS	\$ 2,379,138	\$ 101,609	\$ -	\$ 454,188	\$ 1,140,804	\$ 4,075,739
LIABILITIES						
Accounts payable	\$ 22,487	\$ -	\$ -	\$ -	\$ -	\$ 22,487
Accrued expenses	34,060	-	-	-	-	34,060
Due to other funds	224,095	-	-	3,334	-	227,429
TOTAL LIABILITIES	280,642	-	-	3,334	-	283,976
DEFERRED INFLOWS OF RESOURCES						
Prepaid taxes	35,507	-	-	-	-	35,507
Deferred property tax	57,893	-	-	-	-	57,893
TOTAL DEFERRED INFLOWS OF RESOURCES	93,400	-	-	-	-	93,400
FUND BALANCES						
Nonspendable	5,400	-	-	-	-	5,400
Restricted	-	101,609	-	-	1,079,902	1,181,511
Committed	65,488	-	-	450,854	-	516,342
Assigned	60,000	-	-	-	60,902	120,902
Unassigned	1,874,208	-	-	-	-	1,874,208
TOTAL FUND BALANCES	2,005,096	101,609	-	450,854	1,140,804	3,698,363
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,379,138	\$ 101,609	\$ -	\$ 454,188	\$ 1,140,804	\$ 4,075,739

See accompanying independent auditor's report and notes to financial statements.

TOWN OF NORTH YARMOUTH, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 3,698,363
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 in the funds, net of accumulated depreciation	20,451,635
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	57,893
Deferred outflows of resources related OPEB are not financial resources and therefore are not reported in the funds	12,314
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bond payable	(2,730,000)
Notes from direct borrowings payable	(1,915)
Accrued compensated absences	(101,739)
Net OPEB liability	(62,066)
Deferred outflows of resources related OPEB are not financial resources and therefore are not reported in the funds	<u>(28,179)</u>
Net position of governmental activities	<u>\$ 21,296,306</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF NORTH YARMOUTH, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	ARPA Fund	Westcustogo Hall Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 10,935,894	\$ -	\$ -	\$ -	\$ -	\$ 10,935,894
Excise	1,104,030	-	-	-	-	1,104,030
Intergovernmental	1,263,273	-	-	-	-	1,263,273
Interest income	59,631	-	40	3,417	18,310	81,398
Charges for services	432,618	-	-	-	-	432,618
Miscellaneous	126,856	-	-	-	21,121	147,977
TOTAL REVENUES	13,922,302	-	40	3,417	39,431	13,965,190
EXPENDITURES						
Current:						
Municipal administration	681,650	-	-	-	-	681,650
Community services	268,936	-	-	-	-	268,936
Public safety	480,522	-	-	-	-	480,522
Public works	553,880	-	-	-	-	553,880
Buildings and grounds	139,802	-	-	-	-	139,802
Solid waste and recycling	293,937	-	-	-	-	293,937
Municipal finances	775,021	-	-	-	-	775,021
County assessment	376,893	-	-	-	-	376,893
Education	8,850,145	-	-	-	-	8,850,145
Program expenses	-	306,965	502	-	93,212	400,679
Overlay	75,318	-	-	-	-	75,318
Debt service:						
Principal	175,000	-	-	-	-	175,000
Interest	95,150	-	-	-	-	95,150
Capital outlay	-	-	-	3,296	-	3,296
TOTAL EXPENDITURES	12,766,254	306,965	502	3,296	93,212	13,170,229
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,156,048	(306,965)	(462)	121	(53,781)	794,961
OTHER FINANCING SOURCES (USES)						
Transfers in	174,559	-	-	197,289	560,953	932,801
Transfers (out)	(763,242)	-	(23,928)	(52,802)	(92,829)	(932,801)
TOTAL OTHER FINANCING SOURCES (USES)	(588,683)	-	(23,928)	144,487	468,124	-
NET CHANGE IN FUND BALANCES	567,365	(306,965)	(24,390)	144,608	414,343	794,961
FUND BALANCES - JULY 1, RESTATED	1,437,731	408,574	24,390	306,246	726,461	2,903,402
FUND BALANCES - JUNE 30	\$ 2,005,096	\$ 101,609	\$ -	\$ 450,854	\$ 1,140,804	\$ 3,698,363

See accompanying independent auditor's report and notes to financial statements.

TOWN OF NORTH YARMOUTH, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 794,961</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to be allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	294,020
Capital asset disposals	(9,569)
Depreciation expense	<u>(1,196,065)</u>
	<u>(911,614)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>(18,810)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>(3,719)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>175,638</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>(3,360)</u>
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 governmental funds:	
Accrued compensated absences	(68,902)
Net OPEB liability	<u>(825)</u>
	<u>(69,727)</u>
Change in net position of governmental activities (Statement B)	<u>\$ (36,631)</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of North Yarmouth was incorporated under the laws of the State of Maine. The Town operates under the selectboard-manager form of government and provides the following services: administration services, community services, public safety, public works, buildings and grounds, solid waste and recycling, municipal finances, county assessment and education.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 96 “Subscription-Based Information Technology Arrangements”. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 “Omnibus 2022”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (administration services, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities,

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The ARPA Fund is used to account for the financial resources of the American Rescue Plan Act funds. Revenue proceeds consist of federal grant funding.
- c. The Westcustogo Hall Fund is used to account for the financial resources concerning Westcustogo Hall and North Yarmouth Community Center that are legally restricted to expenditures for the same. The primary source of revenue for this fund is interest income.
- d. The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment. The primary revenue source of revenue for this fund is transfers from other funds.

Nonmajor Funds

- e. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- f. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town's policy for authorizing and spending investment income follows State statutes.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

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 relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund 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 soon enough thereafter to be used to pay liabilities of the current period. 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, if any, is recognized when due.

Budget

The Town'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.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

Deposits and Investments

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.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Town of North Yarmouth, Maine has a formal investment policy and also follows the State of Maine Statutes.

Receivables

Receivables include amounts due from governmental agencies, rescue receivables and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$182,790 for the year ended June 30, 2023.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances”.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term obligations consist of a bond payable, note from direct borrowing payable, accrued compensated absences and net OPEB liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

OPEB

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given annually by vote of the taxpayers and is expressed by the Selectboard.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one type of this item, deferred outflows of resources related to OPEB. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, 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 Town has deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualifies for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to OPEB qualifies for this reporting as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 10, 2022 on the assessed value listed as of April 1, 2022, for all real and personal property located in the Town. Taxes were due in two installments on September 15, 2022 and March 15, 2023. Interest on unpaid taxes commenced on September 16, 2022 and March 16, 2023, at 4% 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.

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.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$341,100 for the year ended June 30, 2023.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. The Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2023, the Town's cash and cash equivalent balances of \$3,156,740 were comprised of deposits amounting to \$3,156,762. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalent balance. Of these bank deposits \$500,000 was fully insured by federal depository insurance and \$73,469 was covered by the Securities Investor Protection Corporation (SIPC).and consequently were not exposed to custodial credit risk. The remaining deposits of \$2,583,293 were collateralized by securities held by an irrevocable stand-by letter of credit.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 2,216,439
Money market accounts	866,854
Cash equivalents	73,469
	<u>\$ 3,156,762</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does have a policy for custodial credit risk for investments. The Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and brokers/dealers.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does have a formal investment policy that mitigates interest rate risk by limiting investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

Of the Town's investments and cash equivalents of \$504,578, the entire amount was covered by the Securities Investor Protection Corporation (SIPC).

At June 30, 2023, the Town had the following investments and maturities:

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	>5 Years
Debt securities:					
U.S. Agency securities	\$ 124,269	\$ -	\$ 109,495	\$ 14,774	\$ -
Brokered certificate of deposit	10,032	-	-	10,032	-
Corporate bonds	240,293	-	19,753	152,082	68,458
Equity securities:					
Exchange traded funds	56,515	56,515	-	-	-
	<u>\$ 431,109</u>	<u>\$ 56,515</u>	<u>\$ 129,248</u>	<u>\$ 176,888</u>	<u>\$ 68,458</u>

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2023:

Investments by fair value level	Fair Value Measurements Using			
	June 30, 2023 Total	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Debt securities:</u>				
U.S. Agency Securities	\$ 124,269	\$ -	\$ 124,269	\$ -
Brokered certificate of deposit	10,032	-	10,032	-
Corporate bonds	240,293	-	240,293	-
Total debt securities	<u>374,594</u>	<u>-</u>	<u>374,594</u>	<u>-</u>
<u>Equity securities:</u>				
Exchange traded funds	56,515	56,515	-	-
Total equity securities	<u>56,515</u>	<u>56,515</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>431,109</u>	<u>\$ 56,515</u>	<u>\$ 374,594</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	73,469			
Total cash equivalents measured at the NAV	<u>73,469</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 504,578</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level III investments.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

limits, financial institutions, mutual funds and repurchase agreements. The Town does have an investment policy on credit risk. The Town mitigates this risk by limiting investments to authorized types of securities, using qualified financial institutions authorized by the finance committee and diversifying the investment portfolio to meet the Town's current and future cash flow needs. Generally, the Town invests excess funds in cash management accounts and various insured certificates of deposit.

Certain long-term trust funds are invested through a financial institution with trust powers in a mix of securities that comply with state and federal regulations to provide long-term growth and income. As of June 30, 2023, the Town's investments in corporate bonds were rated by Moody's Rating Service:

Rating	Amount
A	\$ 9,861
A-	26,477
A+	19,733
AA	9,215
AA-	37,788
AAA	19,160
BBB	46,376
BBB+	62,815
Unrated	8,868
	<u>\$ 240,293</u>

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
Major funds:		
General fund	\$ 3,334	\$ 224,095
ARPA	101,609	-
Capital projects	-	3,334
Nonmajor funds:		
Special revenue funds	113,186	-
Permanent funds	9,300	-
	<u>\$ 227,429</u>	<u>\$ 227,429</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 -INTERFUND TRANSFERS

Interfund transfers at June 30, 2023 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General fund	\$ 174,559	\$ 763,242
Capital projects	197,289	52,802
Nonmajor funds:		
Special revenue funds	560,953	92,829
	<u>\$ 932,801</u>	<u>\$ 932,801</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	<u>Balance 7/1/22</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6/30/23</u>
Non-depreciated assets:				
Land	\$ 1,039,695	\$ -	\$ -	\$ 1,039,695
Construction in progress	-	123,300	-	123,300
	<u>1,039,695</u>	<u>123,300</u>	<u>-</u>	<u>1,162,995</u>
Depreciated assets:				
Buildings and improvements	5,436,778	-	-	5,436,778
Machinery and equipment	3,128,255	170,720	(73,140)	3,225,835
Infrastructure	37,071,884	-	-	37,071,884
	<u>45,636,917</u>	<u>170,720</u>	<u>(73,140)</u>	<u>45,734,497</u>
Less accumulated depreciation:				
Buildings and improvements	(974,263)	(146,700)	-	(1,120,963)
Machinery and equipment	(1,559,392)	(227,750)	63,571	(1,723,571)
Infrastructure	(22,779,708)	(821,615)	-	(23,601,323)
	<u>(25,313,363)</u>	<u>(1,196,065)</u>	<u>63,571</u>	<u>(26,445,857)</u>
Net depreciated assets	<u>20,323,554</u>	<u>(1,025,345)</u>	<u>(9,569)</u>	<u>19,288,640</u>
Net capital assets	<u>\$ 21,363,249</u>	<u>\$ (902,045)</u>	<u>\$ (9,569)</u>	<u>\$ 20,451,635</u>

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS (CONTINUED)

<u>Current year depreciation:</u>	
Municipal administration	\$ 13,216
Community services	107,049
Public safety	114,707
Public works	961,093
Total depreciation expense	<u>\$ 1,196,065</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	Balance 7/1/22 (Restated)	Additions	Deletions	Balance 6/30/23	Current Portion
Bond payable	\$ 2,905,000	\$ -	\$ (175,000)	\$ 2,730,000	\$ 175,000
Note from direct borrowings payable	<u>2,553</u>	-	<u>(638)</u>	<u>1,915</u>	<u>638</u>
	<u>\$ 2,907,553</u>	<u>\$ -</u>	<u>\$ (175,638)</u>	<u>\$ 2,731,915</u>	<u>\$ 175,638</u>

The following is a summary of the outstanding bond payable:

\$3,430,000, 2018 General Obligation Bond due in annual principal installments and semiannual interest installments through November 2038. Interest is charged at a varying fixed rate from 3.00% to 4.00% per annum. Annual principal installments vary from \$175,000 to \$170,000. \$ 2,730,000

The following is a summary of the outstanding note from direct borrowings payable:

June 2020 Postage meter lease payable to Pitney Bowes due in quarterly installments of \$160 through 2026. \$ 1,915

The following is a summary of outstanding bond principal, note from direct borrowing payable and interest requirements for the following fiscal years ending June 30:

	<u>Bond Payable</u>		<u>Note from direct borrowings payable</u>		<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 175,000	\$ 89,900	\$ 638	\$ -	265,538
2025	175,000	83,650	638	-	259,288
2026	170,000	79,475	639	-	250,114
2027	170,000	74,375	-	-	244,375
2028	170,000	69,275	-	-	239,275
2029-2033	850,000	268,388	-	-	1,118,388
2037-2038	850,000	118,575	-	-	968,575
2039-2043	170,000	3,400	-	-	173,400
	<u>\$ 2,730,000</u>	<u>\$ 787,038</u>	<u>\$ 1,915</u>	<u>\$ -</u>	<u>\$ 3,518,953</u>

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - LONG-TERM DEBT (CONTINUED)

All bonds payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2023 is as follows:

	Balance 7/1/22	Additions	Deletions	Balance 6/30/23	Current Portion
Accrued compensated absences	\$ 32,837	\$ 68,902	\$ -	\$ 101,739	\$ 20,348
Net OPEB liability	61,241	8,859	(8,034)	62,066	-
Totals	<u>\$ 94,078</u>	<u>\$ 77,761</u>	<u>\$ (8,034)</u>	<u>\$ 163,805</u>	<u>\$ 20,348</u>

Please see Notes 8 and 15 for detailed information on the other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time permits employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2023, the Town's liability for compensated absences is \$101,739.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2023:

Invested in capital assets	\$ 46,897,492
Accumulated depreciation	(26,445,857)
Outstanding capital related debt	(2,731,915)
	<u>\$ 17,719,720</u>

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 - RESTRICTED NET POSITION

At June 30, 2023, the Town had the following restricted net position:

ARPA fund	\$	101,609
Nonmajor special revenue funds (Schedule E)		932,635
Nonmajor permanent funds (Schedule G)		147,267
	\$	<u>1,181,511</u>

NOTE 11 - NONSPENDABLE FUND BALANCES

At June 30, 2023, the Town had the following nonspendable fund balances:

General fund:		
Prepaid items	\$	<u>5,400</u>

NOTE 12 - RESTRICTED FUND BALANCES

At June 30, 2023, the Town had the following restricted fund balances:

ARPA fund	\$	101,609
Nonmajor special revenue funds (Schedule E)		932,635
Nonmajor permanent funds (Schedule G)		147,267
	\$	<u>1,181,511</u>

NOTE 13 - COMMITTED FUND BALANCES

At June 30, 2023, the Town had the following committed fund balances:

General fund:		
Senior Tax Program	\$	45,138
Accrued compensated absences		20,350
Capital projects fund		450,854
	\$	<u>516,342</u>

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 - ASSIGNED FUND BALANCES

At June 30, 2023, the Town had the following assigned fund balances:

General fund:		
Use for FY 2024 budget	\$	60,000
Nonmajor special revenue funds (Schedule E)		60,902
	\$	<u>120,902</u>

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Employees Covered by Benefit Terms

At January 1, 2023, the following employees were covered by the benefit terms:

Active members	11
Retirees and spouses	-
Total	<u>11</u>

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

Retiree Premium Amounts

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS 200	\$ 1,086	\$ 2,436
<u>Medicare</u>		
Medicare-Eligible Retirees	\$ 601	\$ 1,201

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the Town reported a liability of \$62,066 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2023 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2023, the Town recognized OPEB expense of \$7,904. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,274	\$ 15,936
Changes of assumptions	9,747	12,243
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	293	-
Total	<u>\$ 12,314</u>	<u>\$ 28,179</u>

\$293 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended December 31:	
2024	\$ (662)
2025	(665)
2026	39
2027	(2,306)
2028	(2,942)
Thereafter	(9,622)

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2023. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.72% per annum for June 30, 2023 was based upon a measurement date of December 29, 2022. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	2.72%	3.72%	4.72%
Total OPEB liability	\$ 73,431	\$ 62,066	\$ 52,865
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 51,327	\$ 62,066	\$ 76,005
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2023, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2021. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Assumptions

The actuarial assumptions used in the January 1, 2023 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. As of January 1, 2023, they are as follows:

Discount Rate - 3.72% per annum for year end 2023 reporting. 2.06% per annum for year end 2022 reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2023_fl was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	3.00%
Rate of Growth in Real Income/GDP per capital 2032+	1.50%
Extra Trend due to Taste/Technology 2032+	0.80%
Expected Health Share of GDP 2032	19.80%
Health Share of GDP Resistance Point	19.00%
Year for Limiting Cost Growth to GDP Growth	2043

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group.

The trends selected from 2023 to 2026 were based on plan design, population weighting, renewal projections and market analysis. For years 2027 to 2031, these are interpolated from 2026 to 2032 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

Administrative and claims expense: 3% per annum

Future plan changes: It is assumed that the current Plan and cost-sharing structure remains in place for all future years.

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2021.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims. A constant cost sharing in plan design between employer and employees is assumed.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality:

Healthy Annuitant- Based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2023 with the following exceptions:

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The net difference between expected and actual experience as of January 1, 2023 was (\$13,662).

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the January 1, 2023 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town office at 110 Village Square Road, North Yarmouth, Maine 04097.

NOTE 16 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS

The Town has established a tax increment financing district in accordance with Maine statutes to finance development programs located in the Town of North Yarmouth. The expenditures from this development program will be recovered in future years through an incremental tax levied upon the district's so called "captured asset value". A portion of the incremental tax revenues will be returned to the district to fund the expenditures of the development program and to finance future expansion.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS
(CONTINUED)

Village Omnibus Tax Increment Financing District

The TIF District will remain in place for a period of 30 years from adoption. The tax increment revenues will be retained by the Town and used to fund the development plan of the District. The Selectboard shall determine, in its discretion, whether it is necessary or appropriate to enter any Credit Enhancement Agreement to grant these abatements. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the commitment it makes in return for the tax abatement. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program. Any projects financed through municipal bonded indebtedness must be approved in advance by the North Yarmouth voters.

The District was created to assist in improving the Town's certain public facilities within said rights of way and to expand and diversify the Town's tax base in order to improve its economy. This Development Program will provide the infrastructure and planning necessary for commercial development of property within the District, as well as certain public improvements within and outside the District that will enable additional commercial development within the Town, thereby expanding and diversifying the Town's tax base.

The taxable Original Assessed Value of the District is \$16,651,400 and consists of 263.92 acres and 70 parcels, only 5 of which are public properties. Therefore, the majority of the property within the District is privately owned and subject to independent development consistent with the Town's Zoning Ordinance and Comprehensive Plan.

Abatements

The Town is not subject to any tax abatement agreements entered into by other governmental entities.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2023, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Percentage</u>	<u>Amount</u>
MSAD #51	\$ 16,644,570	26.56%	\$ 4,420,298
County of Cumberland	29,931,420	1.07%	321,633
			<u>\$ 4,741,931</u>

NOTE 18 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 19 - 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 participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2023.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - RISK MANAGEMENT (CONTINUED)

The Town is a member of the Maine Municipal Association - Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a "claims made" form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment-related claims, subject to a \$5,000 retention and a 10% contribution by the member.

The Town is also a member of the Maine Municipal Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

The Town is also a member of the Maine Municipal Association - Unemployment Compensation Group Fund ("MMA UC Fund"). The MMA UC Fund was created to assist in meeting members' obligations under the Employment Security Act in an efficient and cost-effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As such, the Town makes quarterly payments into their account, based on rates developed by MMA's consulting actuary. Claims, if any, are paid out of the Town's own account. The Maine Department of Labor classifies MMA's UC Fund members as Direct Re-imbusement Employers. In other words, the Fund reimburses the Maine DOL on the Town's behalf only when the Town has unemployment claims from present or former employees.

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town's account, the UC Fund continues to pay the Town's claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - RISK MANAGEMENT (CONTINUED)

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2023. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 20 - DEFERRED COMPENSATION PLAN

MISSIONSQUARE RETIREMENT

A. Plan Description

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k) and maintained by MissionSquare Retirement. The plan, available to employees who are in certain employee groups, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

B. Funding Policy

Under the defined contribution plan, the Town contributes up to a five percent (5%) match of the gross wage of full-time hourly employees and up to an eight (8%) match of the gross wage of salaried full-time employees to the fund.

The Town's contributions to the plan for 2023 were \$43,300.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 21 - JOINT VENTURES

The Town is a member of a joint venture with 45 other municipalities throughout Cumberland, Oxford and York counties. Ecomaine is a solid waste management corporation that creates electricity through its processing of waste and also operates as an extensive recycling program. A joint committee, made up of the Town of North Yarmouth and 20 other member communities owns and controls the corporation. Interlocal (waste handling) agreements between Ecomaine and participating communities obligate the members to deliver certain solid waste produced with the community to Ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore has not reported an asset in the financial statements in connection with its participation in Ecomaine. The Town of North Yarmouth has an owner membership of 1.46% in Ecomaine as of June 30, 2023 (the most current period available).

Ecomaine has issued bonds to fund the design, construction and start-up of a resource recovery system. The bonds are special revenue obligations of Ecomaine, payable from and secured by a pledge of Ecomaine revenues. The bonds do not constitute a debt or liability within the meaning of any constitutional or statutory provision of the State of Maine or a pledge of the full faith and credit of a political subdivision of the State of Maine. Ecomaine has no taxing power. The obligations of the participating municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. On June 30, 2023 (the most current period available), Ecomaine had no outstanding debt. Additionally, the Town's share of the projected landfill closure and post closure cost relating to Ecomaine is estimated to be \$188,288.

NOTE 22 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 23 - RESTATEMENTS

In fiscal year 2023, the Town determined that certain transactions in prior years had been recorded incorrectly or omitted, therefore, restatements to the 2022 government-wide statements were required. The general fund beginning fund balance decreased by \$14,631 to \$1,437,731. The beginning net position for governmental activities was restated by a decrease of \$2,553 to account for a note from direct borrowings payable. The resulting restatements decreased net position from \$21,350,121 to \$21,332,937.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

TOWN OF NORTH YARMOUTH, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1, Restated	\$ 1,437,731	\$ 1,437,731	\$ 1,437,731	\$ -
Resources (Inflows):				
Property taxes	10,843,651	10,843,651	10,935,894	92,243
Excise taxes	954,200	954,200	1,104,030	149,830
Intergovernmental	1,196,140	1,196,140	1,263,273	67,133
Charges for services	455,955	455,955	432,618	(23,337)
Interest income	10,000	10,000	59,631	49,631
Other revenue	115,100	115,100	126,856	11,756
Transfers from other funds	290,428	290,428	174,559	(115,869)
Amounts Available for Appropriation	<u>15,303,205</u>	<u>15,303,205</u>	<u>15,534,592</u>	<u>231,387</u>
Charges to Appropriations (Outflows):				
Municipal administration	633,623	633,623	681,650	(48,027)
Community services	325,143	325,143	268,936	56,207
Public safety	494,746	494,746	480,522	14,224
Public works	653,784	653,784	553,880	99,904
Buildings and grounds	146,651	146,651	139,802	6,849
Solid waste and recycling	245,806	245,806	293,937	(48,131)
Municipal finances	754,191	800,232	775,021	25,211
County assessment	376,893	376,893	376,893	-
Education	8,850,145	8,850,145	8,850,145	-
Debt service:				
Principal	175,000	175,000	175,000	-
Interest	95,150	95,150	95,150	-
Overlay	341,100	341,100	75,318	265,782
Transfers to other funds	773,242	773,242	763,242	10,000
Total Charges to Appropriations	<u>13,865,474</u>	<u>13,911,515</u>	<u>13,529,496</u>	<u>382,019</u>
Budgetary Fund Balance, June 30	<u>\$ 1,437,731</u>	<u>\$ 1,391,690</u>	<u>\$ 2,005,096</u>	<u>\$ 613,406</u>
Utilization of committed fund balance	\$ -	\$ 42,472	\$ -	\$ (42,472)
Utilization of unassigned fund balance	-	3,569	-	(3,569)
	<u>\$ -</u>	<u>\$ 46,041</u>	<u>\$ -</u>	<u>\$ (46,041)</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF NORTH YARMOUTH, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/21 (Reporting December 31, 2021)	\$ 61,241	\$ -	\$ 61,241
Changes for the year:			
Service cost	7,445	-	7,445
Interest	1,414	-	1,414
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(7,964)	-	(7,964)
Contributions - employer	-	70	(70)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(70)	(70)	-
Administrative expense	-	-	-
Net changes	825	-	825
Balances at 1/1/22 (Reporting December 31, 2022)	\$ 62,066	\$ -	\$ 62,066

See accompanying independent auditor's report and notes to financial statements.

TOWN OF NORTH YARMOUTH, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS*

	2023	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>						
Service cost (BOY)	7,445	8,226	7,248	3,885	4,333	3,533
Interest (includes interest on service cost)	1,414	1,719	1,828	1,597	1,306	1,434
Changes of benefit terms	-	-	-	(1,119)	-	-
Differences between expected and actual experience	-	(17,079)	-	5,310	-	(9,095)
Changes of assumptions	(7,964)	(4,377)	4,470	14,788	(4,199)	3,444
Benefit payments, including refunds of member contributions	(70)	(166)	(160)	-	-	(192)
Net change in total OPEB liability	\$ 825	\$ (11,677)	\$ 13,386	\$ 24,461	\$ 1,440	\$ (876)
Total OPEB liability - beginning	\$ 61,241	\$ 72,918	\$ 59,532	\$ 35,071	\$ 33,631	\$ 34,507
Total OPEB liability - ending	\$ 62,066	\$ 61,241	\$ 72,918	\$ 59,532	\$ 35,071	\$ 33,631
<u>Plan fiduciary net position</u>						
Contributions - employer	70	166	160	-	-	192
Contributions - member	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(70)	(166)	(160)	-	-	(192)
Administrative expense	-	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 62,066	\$ 61,241	\$ 72,918	\$ 59,532	\$ 35,071	\$ 33,631
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 566,319	\$ 566,319	\$ 475,072	\$ 475,072	\$ 444,056	\$ 444,056
Net OPEB liability as a percentage of covered payroll	11.0%	10.8%	15.3%	12.5%	7.9%	7.6%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

TOWN OF NORTH YARMOUTH, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST TEN FISCAL YEARS*

	2023	2022	2021	2020	2019	2018
<u>MMEHT:</u>						
Employer contributions	\$ 70	\$ 166	\$ 160	\$ -	\$ -	\$ 192
Benefit payments	(70)	(166)	(160)	-	-	(192)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 566,319	\$ 566,319	\$ 475,072	\$ 475,072	\$ 444,056	\$ 444,056
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

Changes of Assumptions

Maine Municipal Health Trust

There was a change in the discount rate from 2.06% to 3.72% per GASB 75 discount rate selection. Ultimate medical trends were aligned to the higher inflation environment for the roll forward as of this measurement date.

Other Supplementary Information

Other supplementary information includes financial statements not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF NORTH YARMOUTH, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 10,843,651	\$ 10,843,651	\$ 10,935,894	\$ 92,243
Auto excise	950,000	950,000	1,096,088	146,088
Boat excise	4,200	4,200	7,942	3,742
Subtotal	<u>11,797,851</u>	<u>11,797,851</u>	<u>12,039,924</u>	<u>242,073</u>
Intergovernmental revenues:				
BETE	69,063	69,063	69,197	134
General assistance	700	700	293	(407)
Homestead exemption	399,948	399,948	399,948	-
LRAP	25,000	25,000	27,760	2,760
State revenue sharing	696,729	696,729	752,593	55,864
Tree growth	2,500	2,500	4,310	1,810
Veterans' exemption	2,200	2,200	2,774	574
Renewable energy exemption	-	-	6,398	6,398
Subtotal	<u>1,196,140</u>	<u>1,196,140</u>	<u>1,263,273</u>	<u>67,133</u>
Charges for services:				
Agent fees	12,000	12,000	17,944	5,944
Building permits	75,000	75,000	73,657	(1,343)
Burn permits	200	200	-	(200)
Clerk fees	500	500	1,014	514
Code enforcement	14,775	14,775	9,980	(4,795)
Community center fees	77,305	77,305	35,554	(41,751)
Customer service fees	350	350	608	258
Dog control/park use permit	500	500	100	(400)
Electrical permits	20,000	20,000	13,871	(6,129)
FOAA fees	200	200	-	(200)
Genealogy seach	50	50	-	(50)
Planning board fees	2,400	2,400	4,200	1,800
Plumbing fees	18,300	18,300	11,571	(6,729)
Private road signs and road permits	800	800	1,244	444
Rescue fees	60,000	60,000	88,358	28,358
Site plan review	1,500	1,500	575	(925)
Solid waste/recycling	170,000	170,000	170,616	616
Solid waste hauler permit	75	75	-	(75)
Vital records	2,000	2,000	3,326	1,326
Subtotal	<u>455,955</u>	<u>455,955</u>	<u>432,618</u>	<u>(23,337)</u>

SCHEDULE A (CONTINUED)

TOWN OF NORTH YARMOUTH, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Interest income:				
Interest income	-	-	44,820	44,820
Tax interest	10,000	10,000	14,811	4,811
Subtotal	<u>10,000</u>	<u>10,000</u>	<u>59,631</u>	<u>49,631</u>
Miscellaneous revenues:				
Cable franchise fees	30,000	30,000	28,853	(1,147)
Cell tower rental	45,000	45,000	50,597	5,597
Consolidated Comm lease	6,000	6,000	9,500	3,500
Donation	15,000	15,000	15,000	-
Property and casualty	5,000	5,000	2,470	(2,530)
Rental fees	10,200	10,200	11,050	850
Sale of assets	1,000	1,000	-	(1,000)
Other miscellaneous	2,900	2,900	9,386	6,486
Subtotal	<u>115,100</u>	<u>115,100</u>	<u>126,856</u>	<u>11,756</u>
Transfers from other funds	<u>290,428</u>	<u>290,428</u>	<u>174,559</u>	<u>(115,869)</u>
Amounts Available for Appropriation	<u>\$ 13,865,474</u>	<u>\$ 13,865,474</u>	<u>\$ 14,096,861</u>	<u>\$ 231,387</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF NORTH YARMOUTH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive/ (Negative)
MUNICIPAL ADMINISTRATION:					
Operations	\$ 475,339	\$ -	\$ 475,339	\$ 456,237	\$ 19,102
Contracts/professional services	158,284	-	158,284	225,413	(67,129)
Totals	633,623	-	633,623	681,650	(48,027)
COMMUNITY SERVICES:					
Code enforcement	153,320	-	153,320	151,003	2,317
Parks and recreation	7,300	-	7,300	2,110	5,190
General assistance	2,650	-	2,650	3,172	(522)
Social services	7,492	-	7,492	7,492	-
Cemeteries	5,560	-	5,560	817	4,743
Living Well	1,200	-	1,200	574	626
Community center	147,621	-	147,621	103,768	43,853
Totals	325,143	-	325,143	268,936	56,207
PUBLIC SAFETY:					
Fire/rescue department	369,266	-	369,266	357,301	11,965
Contracts/professional services	125,480	-	125,480	123,221	2,259
Totals	494,746	-	494,746	480,522	14,224
PUBLIC WORKS	653,784	-	653,784	553,880	99,904

TOWN OF NORTH YARMOUTH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive/ (Negative)
BUILDINGS AND GROUNDS:					
Custodial	37,280	-	37,280	34,681	2,599
Utilities	67,084	-	67,084	70,359	(3,275)
Facility maintenance	42,287	-	42,287	34,762	7,525
Totals	146,651	-	146,651	139,802	6,849
SOLID WASTE AND RECYCLING					
	245,806	-	245,806	293,937	(48,131)
MUNICIPAL FINANCES:					
Employee benefits	434,917	8,472	443,389	420,579	22,810
Municipal insurance	48,063	-	48,063	45,661	2,402
Shared services	271,211	-	271,211	271,212	(1)
Grant expenses	-	3,569	3,569	3,569	-
Senior tax program	-	34,000	34,000	34,000	-
Totals	754,191	46,041	800,232	775,021	25,211
COUNTY ASSESSMENT					
	376,893	-	376,893	376,893	-
EDUCATION					
	8,850,145	-	8,850,145	8,850,145	-
DEBT SERVICE:					
Principal	175,000	-	175,000	175,000	-
Interest	95,150	-	95,150	95,150	-
Totals	270,150	-	270,150	270,150	-
OVERLAY					
	341,100	-	341,100	75,318	265,782
TRANSFERS TO OTHER FUNDS:					
TIF	575,953	-	575,953	565,953	10,000
Capital projects fund	197,289	-	197,289	197,289	-
Totals	773,242	-	773,242	763,242	10,000
TOTAL DEPARTMENTAL OPERATIONS	\$ 13,865,474	\$ 46,041	\$ 13,911,515	\$ 13,529,496	\$ 382,019

See accompanying independent auditor's report and notes to financial statements.

TOWN OF NORTH YARMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 822,213	\$ 137,967	\$ 960,180
Investments	44,205	-	44,205
Accounts receivable (net of allowance for uncollectibles)	13,933	-	13,933
Due from other funds	113,186	9,300	122,486
TOTAL ASSETS	\$ 993,537	\$ 147,267	\$ 1,140,804
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-
FUND BALANCES			
Nonspendable	-	-	-
Restricted	932,635	147,267	1,079,902
Committed	-	-	-
Assigned	60,902	-	60,902
Unassigned	-	-	-
TOTAL FUND BALANCES	993,537	147,267	1,140,804
TOTAL LIABILITIES AND FUND BALANCES	\$ 993,537	\$ 147,267	\$ 1,140,804

See accompanying independent auditor's report and notes to financial statements.

TOWN OF NORTH YARMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Investment income, net of unrealized gains/(losses)	\$ 15,735	\$ 2,575	\$ 18,310
Other income	18,521	2,600	21,121
TOTAL REVENUES	<u>34,256</u>	<u>5,175</u>	<u>39,431</u>
EXPENDITURES			
Other	93,212	-	93,212
TOTAL EXPENDITURES	<u>93,212</u>	<u>-</u>	<u>93,212</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(58,956)</u>	<u>5,175</u>	<u>(53,781)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	560,953	-	560,953
Transfers (out)	(92,829)	-	(92,829)
TOTAL OTHER FINANCING SOURCES (USES)	<u>468,124</u>	<u>-</u>	<u>468,124</u>
NET CHANGE IN FUND BALANCES	409,168	5,175	414,343
FUND BALANCES - JULY 1	<u>584,369</u>	<u>142,092</u>	<u>726,461</u>
FUND BALANCES - JUNE 30	<u>\$ 993,537</u>	<u>\$ 147,267</u>	<u>\$ 1,140,804</u>

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF NORTH YARMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2023

	Events Committee	Flag Committee	Living Well in North Yarmouth	Memorial	Scholarship
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 6,185
Investments	-	-	-	-	44,205
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
Due from other funds	2,534	2,480	3,385	1,193	-
TOTAL ASSETS	\$ 2,534	\$ 2,480	\$ 3,385	\$ 1,193	\$ 50,390
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	2,534	2,480	3,385	1,193	50,390
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	2,534	2,480	3,385	1,193	50,390
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,534	\$ 2,480	\$ 3,385	\$ 1,193	\$ 50,390

TOWN OF NORTH YARMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2023

	Keep North Yarmouth Warm Fund	Grant Fund	TIF	Parks and Recreation	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 816,028	\$ -	\$ 822,213
Investments	-	-	-	-	44,205
Accounts receivable (net of allowance for uncollectibles)	-	13,933	-	-	13,933
Due from other funds	24,560	7,869	70,245	920	113,186
TOTAL ASSETS	\$ 24,560	\$ 21,802	\$ 886,273	\$ 920	\$ 993,537
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	24,560	21,802	886,273	-	932,635
Committed	-	-	-	-	-
Assigned	-	-	-	920	60,902
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	24,560	21,802	886,273	920	993,537
TOTAL LIABILITIES AND FUND BALANCES	\$ 24,560	\$ 21,802	\$ 886,273	\$ 920	\$ 993,537

See accompanying independent auditor's report and notes to financial statements.

TOWN OF NORTH YARMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Events Committee	Flag Committee	Living Well in North Yarmouth	Memorial	Scholarship
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ 4,225
Other income	-	1,645	-	1,193	-
TOTAL REVENUES	<u>-</u>	<u>1,645</u>	<u>-</u>	<u>1,193</u>	<u>4,225</u>
EXPENDITURES					
Other	-	100	509	-	1,500
TOTAL EXPENDITURES	<u>-</u>	<u>100</u>	<u>509</u>	<u>-</u>	<u>1,500</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,545</u>	<u>(509)</u>	<u>1,193</u>	<u>2,725</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	1,545	(509)	1,193	2,725
FUND BALANCES - JULY 1	<u>2,534</u>	<u>935</u>	<u>3,894</u>	<u>-</u>	<u>47,665</u>
FUND BALANCES - JUNE 30	<u>\$ 2,534</u>	<u>\$ 2,480</u>	<u>\$ 3,385</u>	<u>\$ 1,193</u>	<u>\$ 50,390</u>

TOWN OF NORTH YARMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Keep North Yarmouth Warm Fund	Grant Fund	TIF	Parks and Recreation	Total
REVENUES					
Interest income	\$ -	\$ -	\$ 11,510	\$ -	\$ 15,735
Other income	1,750	13,933	-	-	18,521
TOTAL REVENUES	1,750	13,933	11,510	-	34,256
EXPENDITURES					
Other	-	13,933	77,170	-	93,212
TOTAL EXPENDITURES	-	13,933	77,170	-	93,212
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,750	-	(65,660)	-	(58,956)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	560,953	-	560,953
Transfers (out)	-	-	(92,829)	-	(92,829)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	468,124	-	468,124
NET CHANGE IN FUND BALANCES	1,750	-	402,464	-	409,168
FUND BALANCES - JULY 1	22,810	21,802	483,809	920	584,369
FUND BALANCES - JUNE 30	\$ 24,560	\$ 21,802	\$ 886,273	\$ 920	\$ 993,537

See accompanying independent auditor's report and notes to financial statements.

Permanent Funds

Permanent funds are used to account for assets held by the Town of North Yarmouth, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of cemeteries.

TOWN OF NORTH YARMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2023

	Cemetery Trust	Total
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 137,967	\$ 137,967
Due from other funds	9,300	9,300
TOTAL ASSETS	<u>\$ 147,267</u>	<u>\$ 147,267</u>
LIABILITIES		
Due to others funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	147,267	147,267
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>147,267</u>	<u>147,267</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 147,267</u>	<u>\$ 147,267</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF NORTH YARMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Cemetery Trust	Total
	<u> </u>	<u> </u>
REVENUES		
Interest income	\$ 2,575	\$ 2,575
Other income	2,600	2,600
TOTAL REVENUES	<u>5,175</u>	<u>5,175</u>
EXPENDITURES		
Other	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	5,175	5,175
FUND BALANCES - JULY 1	<u>142,092</u>	<u>142,092</u>
FUND BALANCES - JUNE 30	<u>\$ 147,267</u>	<u>\$ 147,267</u>

See accompanying independent auditor's report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

TOWN OF NORTH YARMOUTH, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2023

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Municipal Administration	\$ 100,000	\$ 457,718	\$ 39,846	\$ -	\$ 597,564
Community Services	809,695	4,026,143	193,527	-	5,029,365
Public Safety	-	364,086	1,507,654	-	1,871,740
Public Works	253,300	588,831	1,484,808	37,071,884	39,398,823
Total General Capital Assets	1,162,995	5,436,778	3,225,835	37,071,884	46,897,492
Less: Accumulated Depreciation	-	(1,120,963)	(1,723,571)	(23,601,323)	(26,445,857)
Net General Capital Assets	\$ 1,162,995	\$ 4,315,815	\$ 1,502,264	\$ 13,470,561	\$ 20,451,635

See accompanying independent auditor's report and notes to financial statements.

TOWN OF NORTH YARMOUTH, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2023

	General Capital Assets 7/1/22	Additions	Deletions	General Capital Assets 6/30/23
Municipal Administration	\$ 620,303	\$ -	\$ (22,739)	\$ 597,564
Community Services	4,874,855	154,510	-	5,029,365
Public Safety	1,889,441	-	(17,701)	1,871,740
Public Works	39,292,013	139,510	(32,700)	39,398,823
Total General Capital Assets	46,676,612	294,020	(73,140)	46,897,492
Less: Accumulated Depreciation	(25,313,363)	(1,196,065)	63,571	(26,445,857)
Net General Capital Assets	<u>\$ 21,363,249</u>	<u>\$ (902,045)</u>	<u>\$ (9,569)</u>	<u>\$ 20,451,635</u>

See accompanying independent auditor's report and notes to financial statements.



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INDEPENDENT AUDITOR'S 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

Selectboard
Town of North Yarmouth
North Yarmouth, 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, each major fund and the aggregate remaining fund information of the Town of North Yarmouth, Maine as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town of North Yarmouth, Maine's basic financial statements and have issued our report thereon dated February 15, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of North Yarmouth, Maine'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 Town of North Yarmouth, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of North Yarmouth, Maine'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 a 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 a 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.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of North Yarmouth, Maine'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*. We noted certain other matters that we reported to the management of the Town of North Yarmouth, Maine in a separate letter dated February 5, 2024.

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.

RHR Smith & Company

Buxton, Maine
February 15, 2024