

Audited Financial Statements
and Other Financial Information

Town of North Yarmouth, Maine

June 30, 2021



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TOWN OF NORTH YARMOUTH, MAINE

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JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

Selectboard
Town of North Yarmouth
North Yarmouth, Maine

Report on the Financial Statements

We have audited the accompanying 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, 2021 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of North Yarmouth, Maine as of June 30, 2021 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.

Other Matters

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 on pages 4 through 12 and 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of 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.

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 the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 April 21, 2022, on our consideration of the Town of North Yarmouth, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is 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 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
April 21, 2022

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

(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, 2021. 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 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 four 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, the 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.

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 \$1,050,823 from \$22,291,640 to \$21,240,817.

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 \$2,400,231 at the end of this year.

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

	2021	2020 (Restated)
Assets:		
Current Assets	\$ 2,736,153	\$ 2,747,343
Noncurrent Assets - Capital Assets	21,745,478	23,085,387
Total Assets	24,481,631	25,832,730
Liabilities:		
Current Liabilities	267,466	444,941
Noncurrent Liabilities	2,956,919	3,080,000
Total Liabilities	3,224,385	3,524,941
Deferred Inflows of Resources:		
Prepaid Taxes	16,429	16,149
Total Deferred Inflows of Resources	16,429	16,149
Net Position:		
Net Investment in Capital Assets	18,665,478	19,830,387
Restricted	175,108	239,002
Unrestricted	2,400,231	2,222,251
Total Net Position	\$ 21,240,817	\$ 22,291,640

Revenues and Expenses

Revenues for the Town's governmental activities increased by 7.36%, while total expenses increased 11.66%. The largest increases in revenues were taxes and grants and contributions not restricted to specific programs. The largest increases in expenses were in community services and education.

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

	<u>2021</u>	<u>2020</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 472,372	\$ 346,297
Operating grants and contributions	26,223	31,400
<i>General Revenues:</i>		
Taxes	10,379,922	9,895,056
Grants and contributions not restricted to specific programs	790,308	528,505
Interest income	35,460	2,946
Miscellaneous	155,040	242,359
Total Revenues	<u>11,859,325</u>	<u>11,046,563</u>
Expenses		
Municipal administration	477,688	448,276
Community services	769,104	259,836
Public safety	535,800	427,226
Public works	1,348,151	1,252,123
Buildings and grounds	131,014	87,969
Solid waste and recycling	250,050	216,036
Municipal finances	829,759	926,320
County assessment	380,619	362,248
Education	7,898,211	7,368,665
Program expenses	99,512	140,706
Overlay	95,848	72,466
Capital outlay	94,392	-
Total Expenses	<u>12,910,148</u>	<u>11,561,871</u>
Change in Net Position	(1,050,823)	(515,308)
Net Position - July 1, Restated	<u>22,291,640</u>	<u>22,806,948</u>
Net Position - June 30	<u>\$ 21,240,817</u>	<u>\$ 22,291,640</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,

	2021	2020 (Restated)	Increase/ (Decrease)
Major Funds:			
General Fund:			
Committed	\$ 159,960	\$ 79,275	\$ 80,685
Assigned	371,685	300,000	71,685
Unassigned	1,220,503	994,422	226,081
Westcustogo Hall Fund:			
Committed	23,928	25,902	(1,974)
Capital Projects Fund:			
Committed	488,601	861,583	(372,982)
Total Major Funds	\$ 2,264,677	\$ 2,261,182	\$ 3,495
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 600	\$ 600	\$ -
Restricted	42,872	45,658	(2,786)
Assigned	65,016	80,866	(15,850)
Permanent Funds:			
Restricted	132,236	122,878	9,358
Total Nonmajor Funds	\$ 240,724	\$ 250,002	\$ (9,278)

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

Budgetary Highlights

The difference between the original and final budget for the general fund was the use of assigned fund balance and the use of applied revenues.

The general fund actual revenues were in excess of budgeted amounts by \$458,260. All revenue categories were received within or in excess of budgeted amounts with the exception of property taxes, interest income and other revenue.

The general fund actual expenditures were under budgeted amounts by \$341,202. All expenditures were within or under budgeted amounts with the exception of municipal administration, buildings and grounds and solid waste and recycling.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the Town decreased by \$1,339,909 from the prior year. This decrease is the result of capital additions of \$311,237, less net disposals of \$490,308 and current year depreciation expense of \$1,160,838.

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

	<u>2021</u>	<u>2020</u>
Land	\$ 994,542	\$ 989,942
Buildings and Improvements	4,302,217	4,851,073
Machinery and Equipment	1,574,874	1,630,449
Infrastructure	<u>14,873,845</u>	<u>15,613,923</u>
Total	<u>\$ 21,745,478</u>	<u>\$ 23,085,387</u>

Debt

At June 30, 2021, the Town had \$3,080,000 in a bond outstanding versus \$3,255,000 in the prior year. Refer to Note 6 of Notes to Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

The Town has also noted a subsequent event as a currently known fact. Refer to Note 21 of Notes to Financial Statements for more detailed information.

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 one month. 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, 2021

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,590,822
Investments	712,421
Accounts receivable (net of allowance for uncollectibles)	
Taxes	316,239
Liens	32,169
Other	84,285
Due from other governments	<u>217</u>
Total current assets	<u>2,736,153</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	994,542
Buildings and equipment, net of accumulated depreciation	<u>20,750,936</u>
Total noncurrent assets	<u>21,745,478</u>
TOTAL ASSETS	<u>\$ 24,481,631</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 59,551
Accrued expenses	2,554
Accrued payroll	15,468
Due to other governments	1,913
Current portion of long-term obligations	<u>187,980</u>
Total current liabilities	<u>267,466</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bond payable	2,905,000
Accrued compensated absences	<u>51,919</u>
Total noncurrent liabilities	<u>2,956,919</u>
TOTAL LIABILITIES	<u>3,224,385</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	16,429
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>16,429</u>
NET POSITION	
Net investment in capital assets	18,665,478
Restricted	175,108
Unrestricted	<u>2,400,231</u>
TOTAL NET POSITION	<u>21,240,817</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 24,481,631</u>

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

TOWN OF NORTH YARMOUTH, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 477,688	\$ 22,040	\$ -	\$ -	\$ (455,648)
Community services	769,104	148,570	175	-	(620,359)
Public safety	535,800	75,238	-	-	(460,562)
Public works	1,348,151	89	26,048	-	(1,322,014)
Buildings and grounds	131,014	-	-	-	(131,014)
Solid waste and recycling	250,050	226,435	-	-	(23,615)
Municipal finances	829,759	-	-	-	(829,759)
County assessment	380,619	-	-	-	(380,619)
Education	7,898,211	-	-	-	(7,898,211)
Program expenses	99,512	-	-	-	(99,512)
Overlay	95,848	-	-	-	(95,848)
Capital outlay	94,392	-	-	-	(94,392)
Total government	<u>\$ 12,910,148</u>	<u>\$ 472,372</u>	<u>\$ 26,223</u>	<u>\$ -</u>	<u>(12,411,553)</u>

STATEMENT B (CONTINUED)
TOWN OF NORTH YARMOUTH, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(12,411,553)
General revenues:	
Taxes:	
Property taxes, levied for general purposes	9,270,037
Excise taxes	1,109,885
Grants and contributions not restricted to specific programs	790,308
Interest income	35,460
Miscellaneous	155,040
Total general revenues	11,360,730
Change in net position	(1,050,823)
NET POSITION - JULY 1, RESTATED	22,291,640
NET POSITION - JUNE 30	\$ 21,240,817

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

TOWN OF NORTH YARMOUTH, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2021

	General Fund	Westcustogo Hall Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,243,852	\$ 59,782	\$ 32,953	\$ 254,235	\$ 1,590,822
Investments	-	-	662,073	50,348	712,421
Accounts receivable (net of allowance for uncollectibles):					
Taxes	316,239	-	-	-	316,239
Liens	32,169	-	-	-	32,169
Other	84,285	-	-	-	84,285
Due from other governments	217	-	-	-	217
Due from other funds	356,564	-	-	50,426	406,990
TOTAL ASSETS	\$ 2,033,326	\$ 59,782	\$ 695,026	\$ 355,009	\$ 3,143,143
LIABILITIES					
Accounts payable	\$ 59,551	\$ -	\$ -	\$ -	\$ 59,551
Accrued expenses	2,554	-	-	-	2,554
Accrued payroll	15,468	-	-	-	15,468
Due to other governments	1,913	-	-	-	1,913
Due to other funds	50,426	35,854	206,425	114,285	406,990
TOTAL LIABILITIES	129,912	35,854	206,425	114,285	486,476
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	16,429	-	-	-	16,429
Deferred property tax	134,837	-	-	-	134,837
TOTAL DEFERRED INFLOWS OF RESOURCES	151,266	-	-	-	151,266
FUND BALANCES					
Nonspendable	-	-	-	600	600
Restricted	-	-	-	175,108	175,108
Committed	159,960	23,928	488,601	-	672,489
Assigned	371,685	-	-	65,016	436,701
Unassigned	1,220,503	-	-	-	1,220,503
TOTAL FUND BALANCES	1,752,148	23,928	488,601	240,724	2,505,401
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,033,326	\$ 59,782	\$ 695,026	\$ 355,009	\$ 3,143,143

See accompanying independent auditors' 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, 2021

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,505,401
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	21,745,478
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	134,837
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bond payable	(3,080,000)
Accrued compensated absences	<u>(64,899)</u>
Net position of governmental activities	<u><u>\$ 21,240,817</u></u>

See accompanying independent auditors' 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, 2021

	General Fund	Westcustogo Hall Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 9,183,358	\$ -	\$ -	\$ -	\$ 9,183,358
Excise	1,109,885	-	-	-	1,109,885
Intergovernmental	816,531	-	-	-	816,531
Interest income	13,509	297	10,848	10,806	35,460
Charges for services	472,372	-	-	-	472,372
Miscellaneous	126,892	20	-	28,128	155,040
TOTAL REVENUES	<u>11,722,547</u>	<u>317</u>	<u>10,848</u>	<u>38,934</u>	<u>11,772,646</u>
EXPENDITURES					
Current:					
Municipal administration	494,680	-	-	-	494,680
Community services	188,391	-	-	-	188,391
Public safety	420,123	-	-	-	420,123
Public works	409,593	-	-	-	409,593
Buildings and grounds	131,014	-	-	-	131,014
Solid waste and recycling	250,050	-	-	-	250,050
Municipal finances	1,004,759	-	-	-	1,004,759
County assessment	380,619	-	-	-	380,619
Education	7,898,211	-	-	-	7,898,211
Program expenses	-	4,148	2,698	92,666	99,512
Overlay	95,848	-	-	-	95,848
Capital outlay	-	-	405,629	-	405,629
TOTAL EXPENDITURES	<u>11,273,288</u>	<u>4,148</u>	<u>408,327</u>	<u>92,666</u>	<u>11,778,429</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>449,259</u>	<u>(3,831)</u>	<u>(397,479)</u>	<u>(53,732)</u>	<u>(5,783)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	186,000	1,857	24,497	230,454	442,808
Transfers (out)	(256,808)	-	-	(186,000)	(442,808)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(70,808)</u>	<u>1,857</u>	<u>24,497</u>	<u>44,454</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	378,451	(1,974)	(372,982)	(9,278)	(5,783)
FUND BALANCES - JULY 1, RESTATED	<u>1,373,697</u>	<u>25,902</u>	<u>861,583</u>	<u>250,002</u>	<u>2,511,184</u>
FUND BALANCES - JUNE 30	<u>\$ 1,752,148</u>	<u>\$ 23,928</u>	<u>\$ 488,601</u>	<u>\$ 240,724</u>	<u>\$ 2,505,401</u>

See accompanying independent auditors' 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, 2021

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (5,783)</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	311,237
Capital asset disposals	(490,308)
Depreciation expense	<u>(1,160,838)</u>
	<u>(1,339,909)</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>86,679</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>175,000</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 interest	18,045
Accrued compensated absences	15,145
	<u>33,190</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ (1,050,823)</u></u>

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

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, education, program expenses, overlay and capital outlay.

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.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March of 2020, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. The state of emergency expired on June 30, 2021.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

On April 21, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. In accordance with Executive Order 8, issued by the Governor of Maine on August 26, 2020, the Town took required measures to further reduce the risk of exposure to voters, poll workers and election officials participating in municipal and school district elections on October 3, 2020, November 3, 2020, March 23, 2021 and June 7-8, 2021 by following all current CDC guidelines such as social distancing, frequent sanitization and proper ventilation in the voting place at all times.

Impact on Finances

The Town does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus Aid Relief and Economic Security ("CARES") Act, American Rescue Plan Act ("ARPA") funding and applicable Federal and/or State programs.

Expected Federal/State Support

The Town may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town expects that if those actions are necessary, that the Town would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the Town and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

Implementation of New Accounting Standards

During the year ended June 30, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 84 “Fiduciary Activities”. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 90 “Majority Equity Interests”. This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

Statement No 93 “Replacement of Interbank Offered Rates (paragraphs 4-11a).” The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency and comparability of reported

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

information. Management has determined the impact of this Statement is not material to the financial statements.

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) is 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.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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 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 concerning the same. The primary source of revenue for this fund is interest income.
- c. 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

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. 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

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

citizenry. 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, 2021

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, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$84,502 for the year ended June 30, 2021.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021

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 and accrued compensated absences.

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.

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.

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.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 only one type of item, deferred amortization on bond refunding. 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

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and other deferred revenue also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. 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 11, 2020 on the assessed value listed as of April 1, 2020, for all real and personal property located in the Town. Taxes were due in four installments on September 15, 2020, December 15, 2020, March 15, 2021 and June 15, 2021. Interest on unpaid taxes commenced on September 16, 2020, December 16, 2020, March 16, 2021 and June 16, 2021, at 8% per annum.

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

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 \$272,521 for the year ended June 30, 2021.

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).

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

At June 30, 2021, the Town's cash and cash equivalent balances of \$1,590,822 were comprised of deposits amounting to \$1,706,829. 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 \$332,851 was fully insured by federal depository insurance and \$36,686 was covered by the Securities Investor Protection Corporation (SIPC) and consequently were not exposed to custodial credit risk. The remaining deposits of \$1,337,292 were collateralized by securities held by the financial institution in the client's name.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 1,438,761
Savings account	82,851
Money market accounts	148,531
Cash equivalents	36,686
	<u>\$ 1,706,829</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 of \$712,421, \$463,314 was covered by the Securities Investor Protection Corporation (SIPC). The remaining investments of \$249,107 were collateralized by securities held by the financial institution in the client's name.

At June 30, 2021, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>< 1 Year</u>	<u>1 - 5 Years</u>	<u>>5 Years</u>
Debt securities:					
U.S. Agency securities	\$ 9,667	\$ -	\$ -	\$ -	\$ 9,667
Corporate bonds	639,369	-	50,727	371,293	217,349
Equity securities:					
Exchange traded funds	63,385	63,385	-	-	-
	<u>\$ 712,421</u>	<u>\$ 63,385</u>	<u>\$ 50,727</u>	<u>\$ 371,293</u>	<u>\$ 227,016</u>

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2021:

	June 30, 2021 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
U.S. Agency Securities	\$ 9,667	\$ -	\$ 9,667	\$ -
Corporate bonds	639,369	-	639,369	-
Total debt securities	<u>649,036</u>	<u>-</u>	<u>649,036</u>	<u>-</u>
Equity securities:				
Exchange traded funds	63,385	63,385	-	-
Total equity securities	<u>63,385</u>	<u>63,385</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>712,421</u>	<u>\$ 63,385</u>	<u>\$ 649,036</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	36,686			
Total cash equivalents measured at the NAV	<u>36,686</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 749,107</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 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.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2021, the Town's investments in corporate bonds were rated Aaa (\$10,451), Aa1 (\$10,125), Aa2 (\$32,270), Aa3 (\$9,605), A1 (\$89,047), A2 (\$41,691), A3 (\$177,770), Baa1 (\$124,533), Baa2 (\$112,734) and Baa3 (\$10,170) by Moody's Rating Service. \$20,973 of bonds were unrated and/or ratings could not be found.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2021 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
Major funds:		
General fund	\$ 356,564	\$ 50,426
Westcustogo fund	-	35,854
Capital projects	-	206,425
Nonmajor funds:		
Special revenue funds	46,701	114,285
Permanent funds	3,725	-
	<u>\$ 406,990</u>	<u>\$ 406,990</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, 2021

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2021 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General fund	\$ 186,000	\$ 256,808
Westcustogo fund	1,857	-
Capital projects	24,497	-
Nonmajor funds:		
Special revenue funds	230,454	186,000
	<u>\$ 442,808</u>	<u>\$ 442,808</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, 2021:

	<u>Balance 7/1/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6/30/21</u>
Non-depreciated assets:				
Land	\$ 989,942	\$ 4,600	\$ -	\$ 994,542
	<u>989,942</u>	<u>4,600</u>	<u>-</u>	<u>994,542</u>
Depreciated assets:				
Buildings and improvements	5,628,239	53,700	(531,500)	5,150,439
Machinery and equipment	2,918,522	158,937	(35,000)	3,042,459
Infrastructure	36,741,640	94,000	-	36,835,640
	<u>45,288,401</u>	<u>306,637</u>	<u>(566,500)</u>	<u>45,028,538</u>
Less accumulated depreciation:				
Buildings and improvements	(777,166)	(124,206)	53,150	(848,222)
Machinery and equipment	(1,288,073)	(202,554)	23,042	(1,467,585)
Infrastructure	(21,127,717)	(834,078)	-	(21,961,795)
	<u>(23,192,956)</u>	<u>(1,160,838)</u>	<u>76,192</u>	<u>(24,277,602)</u>
Net depreciated assets	<u>22,095,445</u>	<u>(854,201)</u>	<u>(490,308)</u>	<u>20,750,936</u>
Net capital assets	<u>\$ 23,085,387</u>	<u>\$ (849,601)</u>	<u>\$ (490,308)</u>	<u>\$ 21,745,478</u>

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

Municipal administration	\$ 16,198
Community services	102,363
Public safety	115,677
Public works	926,600
Total depreciation expense	<u>\$ 1,160,838</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2021:

	<u>Balance 7/1/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/21</u>	<u>Current Portion</u>
Bond payable	<u>\$ 3,255,000</u>	<u>\$ -</u>	<u>\$ (175,000)</u>	<u>\$ 3,080,000</u>	<u>\$ 175,000</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. \$ 3,080,000

The following is a summary of outstanding bond principal and interest requirements for the following fiscal years ending June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2022	\$ 175,000	\$ 100,400	275,400
2023	175,000	95,150	270,150
2024	175,000	89,900	264,900
2025	175,000	83,650	258,650
2026	170,000	79,475	249,475
2027-2031	850,000	320,769	1,170,769
2032-2036	850,000	182,644	1,032,644
2037-2041	510,000	30,600	540,600
	<u>\$ 3,080,000</u>	<u>\$ 982,588</u>	<u>\$ 4,062,588</u>

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021 is as follows:

	Balance 7/1/20	Additions	Deletions	Balance 6/30/21	Current Portion
Accrued compensated absences	\$ 80,044	\$ -	\$ (15,145)	\$ 64,899	\$ 12,980

Please see Note 8 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 long-term obligations debt 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, 2021, the Town's liability for compensated absences is \$64,899.

NOTE 9 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2021, the Town had the following restricted net position and fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 42,872
Nonmajor permanent funds (Schedule J)	<u>132,236</u>
	<u>\$ 175,108</u>

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 - NONSPENDABLE FUND BALANCES

At June 30, 2021, the Town had the following nonspendable fund balances:

Nonmajor special revenue funds (Schedule E)	<u><u>\$ 600</u></u>
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NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2021, the Town had the following committed fund balances:

General fund:	
Senior Tax Program	\$ 131,138
Accrued compensated absences	28,822
Westcustogo Hall fund	23,928
Capital projects fund	488,601
	<u><u>\$ 672,489</u></u>

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2021, the Town had the following assigned fund balances:

General fund:	
Use for FY 2022 budget	\$ 371,685
Nonmajor special revenue funds (Schedule E)	65,016
	<u><u>\$ 436,701</u></u>

NOTE 13 - 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, 2021

NOTE 13 - 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, 2021

NOTE 14 - 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, 2021, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Percentage</u>	<u>Amount</u>
MSAD #51	\$ 21,421,316	28.65%	\$ 6,138,275
County of Cumberland	34,065,185	1.14%	387,869
			<u>\$ 6,526,143</u>

NOTE 15 - 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 16 - 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, 2021.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - 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 Reimbursement 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, 2021

NOTE 16 - 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, 2021. 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 17 - 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 2021 were \$40,901.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18 - 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 1.47% in Ecomaine as of June 30, 2021 (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, 2021 (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 \$229,739.

NOTE 19 - 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 20 - RESTATEMENTS

The net position of the governmental activities and the governmental funds have both been restated at July 1, 2020 to account for the reclassification of funds from fiduciary to governmental as required by the implementation of GASB Statement No. 84, "Fiduciary Activities". The beginning governmental activities net position and the beginning special revenue funds were both restated by \$122,878. The resulting restatements increased governmental activities net position from \$22,272,763 to \$22,395,461 and increased permanent funds total fund balance from \$0 to \$122,878.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 20 - RESTATEMENTS (CONTINUED)

Additionally in 2021, the Town determined that certain transactions in prior years had been recorded incorrectly or omitted, therefore, restatements to the 2020 government-wide and fund financial statements were required. The general fund total fund balance and the Westcustogo Hall fund total fund balance were restated by \$171,796 to reflect a transfer from prior year between the funds. The beginning net position and general fund total fund balance were restated by \$104,001 to correct errors in the accrued payroll and withholding accounts and cash. The resulting restatements decreased net position from \$22,395,461 to \$22,291,640, decreased the general fund total fund balance from \$1,649,494 to \$1,373,697 and increased the Westcustogo Hall fund total fund balance from a deficit balance of \$145,894 to a balance of \$25,902.

NOTE 21 - SUBSEQUENT EVENT

On July 6, 2021, the Town signed a Shared Services Agreement with the Town of Cumberland for Recreation and Library Services for FY 2022 in the amount of \$321,651.

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

TOWN OF NORTH YARMOUTH, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 1,373,697	\$ 1,373,697	\$ 1,373,697	\$ -
Resources (Inflows):				
Property taxes	9,191,492	9,191,492	9,183,358	(8,134)
Excise taxes	834,700	834,700	1,109,885	275,185
Intergovernmental	686,806	686,806	816,531	129,725
Charges for services	340,465	340,465	472,372	131,907
Interest income	15,000	15,000	13,509	(1,491)
Other revenue	169,470	195,824	126,892	(68,932)
Transfers from other funds	186,000	186,000	186,000	-
Amounts Available for Appropriation	<u>12,797,630</u>	<u>12,823,984</u>	<u>13,282,244</u>	<u>458,260</u>
Charges to Appropriations (Outflows):				
Municipal administration	472,725	472,725	494,680	(21,955)
Community services	289,210	289,210	188,391	100,819
Public safety	448,539	448,539	420,123	28,416
Public works	464,058	464,058	409,593	54,465
Buildings and grounds	127,860	127,860	131,014	(3,154)
Solid waste and recycling	230,733	230,733	250,050	(19,317)
Municipal finances	974,014	1,030,014	1,004,759	25,255
County assessment	380,619	380,619	380,619	-
Education	7,898,211	7,898,211	7,898,211	-
Overlay	272,521	272,521	95,848	176,673
Transfers to other funds	230,454	256,808	256,808	-
Total Charges to Appropriations	<u>11,788,944</u>	<u>11,871,298</u>	<u>11,530,096</u>	<u>341,202</u>
Budgetary Fund Balance, June 30	<u>\$ 1,008,686</u>	<u>\$ 952,686</u>	<u>\$ 1,752,148</u>	<u>\$ 799,462</u>
Utilization of assigned fund balance	\$ -	\$ 56,000	\$ -	\$ (56,000)
Utilization of committed fund balance	<u>365,000</u>	<u>365,000</u>	<u>-</u>	<u>(365,000)</u>
	<u>\$ 365,000</u>	<u>\$ 421,000</u>	<u>\$ -</u>	<u>\$ (421,000)</u>

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

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

SCHEDULE A

TOWN OF NORTH YARMOUTH, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 9,191,492	\$ 9,191,492	\$ 9,183,358	\$ (8,134)
Auto excise	828,750	828,750	1,098,996	270,246
Boat excise	5,950	5,950	10,889	4,939
Subtotal	<u>10,026,192</u>	<u>10,026,192</u>	<u>10,293,243</u>	<u>267,051</u>
Intergovernmental revenues:				
BETE	53,685	53,685	52,120	(1,565)
General assistance	2,500	2,500	175	(2,325)
Homestead exemption	323,222	323,222	323,222	-
LRAP	27,400	27,400	26,048	(1,352)
Snowmobiles	1,250	1,250	-	(1,250)
State revenue sharing	271,799	271,799	410,482	138,683
Tree growth	4,000	4,000	2,331	(1,669)
Veterans' exemption	2,950	2,950	2,153	(797)
Subtotal	<u>686,806</u>	<u>686,806</u>	<u>816,531</u>	<u>129,725</u>
Charges for services:				
Agent fees	12,100	12,100	17,858	5,758
Appeals	50	50	-	(50)
Building permits	75,000	75,000	112,064	37,064
Burn permits	240	240	202	(38)
Clerk fees	800	800	796	(4)
Code enforcement	250	250	415	165
Customer service fees	650	650	741	91
Dog control/park use permit	2,850	2,850	-	(2,850)
Electrical permits	15,500	15,500	15,733	233
Geneology search	150	150	45	(105)
Peer review	1,000	1,000	-	(1,000)
Planning board fees	1,200	1,200	4,625	3,425
Plumbing fees	18,000	18,000	14,483	(3,517)
Private road signs	300	300	89	(211)
Rescue fees	60,000	60,000	75,036	15,036
Site plan review	1,200	1,200	1,250	50
Solid waste/recycling	148,000	148,000	226,285	78,285
Solid waste hauler permit	75	75	150	75
Vital records	3,100	3,100	2,600	(500)
Subtotal	<u>340,465</u>	<u>340,465</u>	<u>472,372</u>	<u>131,907</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, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Interest income:				
Tax interest	15,000	15,000	13,509	(1,491)
Subtotal	<u>15,000</u>	<u>15,000</u>	<u>13,509</u>	<u>(1,491)</u>
Miscellaneous revenues:				
Cable franchise fees	30,000	30,000	33,484	3,484
Cell tower rental	40,000	40,000	39,460	(540)
Consolidated Comm lease	6,000	6,000	6,000	-
Donation	15,000	15,000	15,000	-
Property and casualty	5,500	5,500	5,025	(475)
Rental fees	10,200	10,200	11,050	850
Tax penalty	3,000	3,000	1,695	(1,305)
Timber harvest	5,000	5,000	-	(5,000)
Other miscellaneous	54,770	81,124	15,178	(65,946)
Subtotal	<u>169,470</u>	<u>195,824</u>	<u>126,892</u>	<u>(68,932)</u>
Transfers from other funds	<u>186,000</u>	<u>186,000</u>	<u>186,000</u>	<u>-</u>
Amounts Available for Appropriation	<u>\$ 11,423,933</u>	<u>\$ 11,450,287</u>	<u>\$ 11,908,547</u>	<u>\$ 458,260</u>

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

TOWN OF NORTH YARMOUTH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive/ (Negative)
MUNICIPAL ADMINISTRATION:					
Operations	\$ 352,767	\$ -	\$ 352,767	\$ 358,325	\$ (5,558)
Contracts/professional services	119,958	-	119,958	136,355	(16,397)
Totals	<u>472,725</u>	<u>-</u>	<u>472,725</u>	<u>494,680</u>	<u>(21,955)</u>
COMMUNITY SERVICES:					
Code enforcement	115,375	-	115,375	113,300	2,075
Economic development	90,000	-	90,000	3,012	86,988
Parks and recreation	7,850	-	7,850	3,334	4,516
General assistance	8,288	-	8,288	1,330	6,958
Social services	3,871	-	3,871	3,202	669
Cemeteries	1,815	-	1,815	3,480	(1,665)
Living Well	1,450	-	1,450	1,249	201
Community center	60,561	-	60,561	59,484	1,077
Totals	<u>289,210</u>	<u>-</u>	<u>289,210</u>	<u>188,391</u>	<u>100,819</u>
PUBLIC SAFETY:					
Fire/rescue department	332,820	-	332,820	306,756	26,064
Contracts/professional services	115,719	-	115,719	113,367	2,352
Totals	<u>448,539</u>	<u>-</u>	<u>448,539</u>	<u>420,123</u>	<u>28,416</u>
PUBLIC WORKS	<u>464,058</u>	<u>-</u>	<u>464,058</u>	<u>409,593</u>	<u>54,465</u>

TOWN OF NORTH YARMOUTH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive/ (Negative)
BUILDINGS AND GROUNDS:					
Custodial	43,639	-	43,639	33,406	10,233
Utilities	51,130	-	51,130	64,045	(12,915)
Facility maintenance	33,091	-	33,091	33,563	(472)
Totals	<u>127,860</u>	<u>-</u>	<u>127,860</u>	<u>131,014</u>	<u>(3,154)</u>
SOLID WASTE AND RECYCLING	<u>230,733</u>	<u>-</u>	<u>230,733</u>	<u>250,050</u>	<u>(19,317)</u>
MUNICIPAL FINANCES:					
Employee benefits	444,881	-	444,881	422,013	22,868
Municipal insurance	46,906	-	46,906	44,519	2,387
Shared services	201,577	-	201,577	201,577	-
Senior tax program	-	56,000	56,000	56,000	-
Debt service	280,650	-	280,650	280,650	-
Totals	<u>974,014</u>	<u>56,000</u>	<u>1,030,014</u>	<u>1,004,759</u>	<u>25,255</u>
COUNTY ASSESSMENT	<u>380,619</u>	<u>-</u>	<u>380,619</u>	<u>380,619</u>	<u>-</u>
EDUCATION	<u>7,898,211</u>	<u>-</u>	<u>7,898,211</u>	<u>7,898,211</u>	<u>-</u>
OVERLAY	<u>272,521</u>	<u>-</u>	<u>272,521</u>	<u>95,848</u>	<u>176,673</u>
TRANSFERS TO OTHER FUNDS:					
TIF	230,454	-	230,454	230,454	-
Westcustogo Hall fund	-	1,857	1,857	1,857	-
Capital projects fund	-	24,497	24,497	24,497	-
Totals	<u>230,454</u>	<u>26,354</u>	<u>256,808</u>	<u>256,808</u>	<u>-</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 11,788,944</u>	<u>\$ 82,354</u>	<u>\$ 11,871,298</u>	<u>\$ 11,530,096</u>	<u>\$ 341,202</u>

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

TOWN OF NORTH YARMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 125,724	\$ 128,511	\$ 254,235
Investments	50,348	-	50,348
Due from other funds	46,701	3,725	50,426
TOTAL ASSETS	<u>\$ 222,773</u>	<u>\$ 132,236</u>	<u>\$ 355,009</u>
LIABILITIES			
Due to other funds	\$ 114,285	\$ -	\$ 114,285
TOTAL LIABILITIES	<u>114,285</u>	<u>-</u>	<u>114,285</u>
FUND BALANCES			
Nonspendable	600	-	600
Restricted	42,872	132,236	175,108
Committed	-	-	-
Assigned	65,016	-	65,016
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>108,488</u>	<u>132,236</u>	<u>240,724</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 222,773</u>	<u>\$ 132,236</u>	<u>\$ 355,009</u>

See accompanying independent auditors' 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, 2021

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Investment income, net of unrealized gains/(losses)	\$ 10,423	\$ 383	\$ 10,806
Other income	19,153	8,975	28,128
TOTAL REVENUES	<u>29,576</u>	<u>9,358</u>	<u>38,934</u>
EXPENDITURES			
Other	92,666	-	92,666
TOTAL EXPENDITURES	<u>92,666</u>	<u>-</u>	<u>92,666</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(63,090)</u>	<u>9,358</u>	<u>(53,732)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	230,454	-	230,454
Transfers (out)	(186,000)	-	(186,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>44,454</u>	<u>-</u>	<u>44,454</u>
NET CHANGE IN FUND BALANCES	(18,636)	9,358	(9,278)
FUND BALANCES - JULY 1, RESTATED	<u>127,124</u>	<u>122,878</u>	<u>250,002</u>
FUND BALANCES - JUNE 30	<u>\$ 108,488</u>	<u>\$ 132,236</u>	<u>\$ 240,724</u>

See accompanying independent auditors' 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, 2021

	Events Committee	Flag Committee	Living Well in North Yarmouth	Scholarship
ASSETS				
Cash and cash equivalents	\$ 5,068	\$ 896	\$ -	\$ 5,415
Investments	-	-	-	50,348
Due from other funds	-	-	3,369	-
TOTAL ASSETS	\$ 5,068	\$ 896	\$ 3,369	\$ 55,763
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	600
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	5,068	896	3,369	55,163
Unassigned	-	-	-	-
TOTAL FUND BALANCES	5,068	896	3,369	55,763
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,068	\$ 896	\$ 3,369	\$ 55,763

TOWN OF NORTH YARMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2021

	Keep North Yarmouth Warm Fund	Grant Fund	TIF	Parks and Recreation	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 114,345	\$ -	\$ 125,724
Investments	-	-	-	-	50,348
Due from other funds	21,010	21,802	-	520	46,701
TOTAL ASSETS	<u>\$ 21,010</u>	<u>\$ 21,802</u>	<u>\$ 114,345</u>	<u>\$ 520</u>	<u>\$ 222,773</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 114,285	\$ -	\$ 114,285
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>114,285</u>	<u>-</u>	<u>114,285</u>
FUND BALANCES					
Nonspendable	-	-	-	-	600
Restricted	21,010	21,802	60	-	42,872
Committed	-	-	-	-	-
Assigned	-	-	-	520	65,016
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>21,010</u>	<u>21,802</u>	<u>60</u>	<u>520</u>	<u>108,488</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 21,010</u>	<u>\$ 21,802</u>	<u>\$ 114,345</u>	<u>\$ 520</u>	<u>\$ 222,773</u>

See accompanying independent auditors' 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, 2021

	Events Committee	Flag Committee	Living Well in North Yarmouth	Scholarship
REVENUES				
Interest income	\$ -	\$ -	\$ -	\$ 10,423
Other income	-	944	-	932
TOTAL REVENUES	<u>-</u>	<u>944</u>	<u>-</u>	<u>11,355</u>
EXPENDITURES				
Other	67	756	-	1,250
TOTAL EXPENDITURES	<u>67</u>	<u>756</u>	<u>-</u>	<u>1,250</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(67)</u>	<u>188</u>	<u>-</u>	<u>10,105</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(67)	188	-	10,105
FUND BALANCES - JULY 1	<u>5,135</u>	<u>708</u>	<u>3,369</u>	<u>45,658</u>
FUND BALANCES - JUNE 30	<u>\$ 5,068</u>	<u>\$ 896</u>	<u>\$ 3,369</u>	<u>\$ 55,763</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, 2021

	Keep North Yarmouth Warm Fund	Grant Fund	TIF	Parks and Recreation	Total
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ 10,423
Other income	400	16,357	-	520	19,153
TOTAL REVENUES	<u>400</u>	<u>16,357</u>	<u>-</u>	<u>520</u>	<u>29,576</u>
EXPENDITURES					
Other	-	5,555	85,038	-	92,666
TOTAL EXPENDITURES	<u>-</u>	<u>5,555</u>	<u>85,038</u>	<u>-</u>	<u>92,666</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>400</u>	<u>10,802</u>	<u>(85,038)</u>	<u>520</u>	<u>(63,090)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	230,454	-	230,454
Transfers (out)	-	-	(186,000)	-	(186,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>44,454</u>	<u>-</u>	<u>44,454</u>
NET CHANGE IN FUND BALANCES	400	10,802	(40,584)	520	(18,636)
FUND BALANCES - JULY 1	<u>20,610</u>	<u>11,000</u>	<u>40,644</u>	<u>-</u>	<u>127,124</u>
FUND BALANCES - JUNE 30	<u>\$ 21,010</u>	<u>\$ 21,802</u>	<u>\$ 60</u>	<u>\$ 520</u>	<u>\$ 108,488</u>

See accompanying independent auditors' 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, 2021

	Cemetery Trust	Total
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 128,511	\$ 128,511
Due from other funds	3,725	3,725
TOTAL ASSETS	<u>\$ 132,236</u>	<u>\$ 132,236</u>
LIABILITIES		
Due to others funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	132,236	132,236
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>132,236</u>	<u>132,236</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 132,236</u>	<u>\$ 132,236</u>

See accompanying independent auditors' 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, 2021

	Cemetery Trust	Total
	<u> </u>	<u> </u>
REVENUES		
Interest income	\$ 383	\$ 383
Other income	8,975	8,975
TOTAL REVENUES	<u>9,358</u>	<u>9,358</u>
EXPENDITURES		
Other	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	9,358	9,358
FUND BALANCES - JULY 1, RESTATED	<u>122,878</u>	<u>122,878</u>
FUND BALANCES - JUNE 30	<u>\$ 132,236</u>	<u>\$ 132,236</u>

See accompanying independent auditors' 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, 2021

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Municipal Administration	\$ 100,000	\$ 457,718	\$ 62,585	\$ -	\$ 620,303
Community Services	764,542	4,026,142	39,017	-	4,829,701
Public Safety	-	364,086	1,525,355	-	1,889,441
Public Works	130,000	302,493	1,415,502	36,835,640	38,683,635
Total General Capital Assets	994,542	5,150,439	3,042,459	36,835,640	46,023,080
Less: Accumulated Depreciation	-	(848,222)	(1,467,585)	(21,961,795)	(24,277,602)
Net General Capital Assets	<u>\$ 994,542</u>	<u>\$ 4,302,217</u>	<u>\$ 1,574,874</u>	<u>\$ 14,873,845</u>	<u>\$ 21,745,478</u>

See accompanying independent auditors' 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, 2021

	General Capital Assets 7/1/20	Additions	Deletions	General Capital Assets 6/30/21
Municipal Administration	\$ 620,303	\$ -	\$ -	\$ 620,303
Community Services	5,263,885	97,316	(531,500)	4,829,701
Public Safety	1,889,441	-	-	1,889,441
Public Works	38,504,714	213,921	(35,000)	38,683,635
Total General Capital Assets	46,278,343	311,237	(566,500)	46,023,080
Less: Accumulated Depreciation	<u>(23,192,956)</u>	<u>(1,160,838)</u>	<u>76,192</u>	<u>(24,277,602)</u>
Net General Capital Assets	<u>\$ 23,085,387</u>	<u>\$ (849,601)</u>	<u>\$ (490,308)</u>	<u>\$ 21,745,478</u>

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



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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, 2021 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 April 21, 2022.

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.

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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 management of the Town of Harrison, Maine in a separate letter dated April 21, 2022.

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
April 21, 2022