

Audited Financial Statements
and Other Financial Information

Town of North Yarmouth, Maine

June 30, 2022



Proven Expertise & Integrity

TOWN OF NORTH YARMOUTH, MAINE

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JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of North Yarmouth
North Yarmouth, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of North Yarmouth, Maine, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Town of North Yarmouth, Maine's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of North Yarmouth, Maine as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and OPEB information on pages 5 through 12 and 53 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2023, on our consideration of the Town of North Yarmouth, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other

matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of North Yarmouth, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of North Yarmouth, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
April 14, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

(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, 2022. 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, OPEB information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activity. The Town's total net position for governmental activities increased by \$169,488 from \$21,180,633 to \$21,350,121.

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 - decreased for governmental activities to a balance of \$1,812,785 at the end of this year.

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

	2022	2021 (Restated)
Assets:		
Current Assets	\$ 3,112,800	\$ 2,736,153
Noncurrent Assets - Capital Assets	21,363,249	21,745,478
Total Assets	24,476,049	24,481,631
Deferred Outflows of Resources:		
Deferred Outflows Related to OPEB	16,033	19,905
Total Deferred Outflows of Resources	16,033	19,905
Liabilities:		
Current Liabilities	272,964	267,466
Noncurrent Liabilities	2,817,511	3,029,837
Total Liabilities	3,090,475	3,297,303
Deferred Inflows of Resources:		
Prepaid Taxes	26,667	16,429
Deferred Inflows Related to OPEB	24,819	7,171
Total Deferred Inflows of Resources	51,486	23,600
Net Position:		
Net Investment in Capital Assets	18,458,249	18,665,478
Restricted	1,079,087	175,108
Unrestricted	1,812,785	2,340,047
Total Net Position	\$ 21,350,121	\$ 21,180,633

Revenues and Expenses

Revenues for the Town's governmental activities increased by 10.77%, while total expenses increased 0.44%. All revenue categories experienced increases. The largest increase in expenses was in education.

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

	<u>2022</u>	<u>2021</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 519,536	\$ 472,372
Operating grants and contributions	27,912	26,223
<i>General Revenues:</i>		
Taxes	10,972,070	10,379,922
Grants and contributions not restricted to specific programs	1,408,553	790,308
Interest income	36,311	35,460
Miscellaneous	172,038	155,040
Total Revenues	<u>13,136,420</u>	<u>11,859,325</u>
Expenses		
Municipal administration	564,139	477,688
Community services	327,127	769,104
Public safety	561,231	535,800
Public works	1,380,550	1,348,151
Buildings and grounds	134,736	131,012
Solid waste and recycling	231,891	250,050
Municipal finances	790,256	829,761
County assessment	395,947	380,619
Education	8,230,390	7,898,211
Program expenses	19,564	99,512
Overlay	53,363	95,848
Capital outlay	177,338	94,392
Interest on long-term debt	100,400	-
Total Expenses	<u>12,966,932</u>	<u>12,910,148</u>
Change in Net Position	169,488	(1,050,823)
Net Position - July 1, Restated	<u>21,180,633</u>	<u>22,231,456</u>
Net Position - June 30	<u><u>\$ 21,350,121</u></u>	<u><u>\$ 21,180,633</u></u>

Financial Analysis of the Town's Fund Statements

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

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

	2022	2021	Increase/ (Decrease)
Major Funds:			
General Fund:			
Committed	\$ 58,275	\$ 159,960	\$ (101,685)
Assigned	300,000	371,685	(71,685)
Unassigned	1,089,587	1,220,503	(130,916)
ARPA Fund:			
Restricted	408,574	-	408,574
Westcustogo Hall Fund:			
Committed	24,390	23,928	462
Capital Projects Fund:			
Committed	306,246	488,601	(182,355)
Total Major Funds	\$ 2,191,572	\$ 2,264,677	\$ (73,105)
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 600	\$ 600	\$ -
Restricted	528,421	42,872	485,549
Assigned	55,348	65,016	(9,668)
Permanent Funds:			
Restricted	142,092	132,236	9,856
Total Nonmajor Funds	\$ 726,461	\$ 240,724	\$ 485,737

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

Budgetary Highlights

There was no difference between the original and final budget for the general fund.

The general fund actual revenues were in excess of budgeted amounts by \$301,425. All revenue categories were received within or in excess of budgeted amounts with the exception of transfers from other funds.

The general fund actual expenditures exceeded budgeted amounts by \$204,526. All expenditures were within or exceeded budgeted amounts with the exception of community services, public safety and overlay.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2022, the net book value of capital assets recorded by the Town decreased by \$382,229 from the prior year. This decrease is the result of capital additions of \$798,793, less net disposals of \$33,895 and current year depreciation expense of \$1,147,127.

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

	<u>2022</u>	<u>2021</u>
Land	\$ 1,039,695	\$ 994,542
Buildings and Improvements	4,462,515	4,302,217
Machinery and Equipment	1,568,863	1,574,874
Infrastructure	14,292,176	14,873,845
Total	<u>\$ 21,363,249</u>	<u>\$ 21,745,478</u>

Debt

At June 30, 2022, the Town had \$2,905,000 in a bond outstanding versus \$3,080,000 in the prior year. Refer to Note 6 of Notes to Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance is currently at a level to sustain government operations for a period of approximately 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, 2022

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,429,893
Investments	328,493
Accounts receivable (net of allowance for uncollectibles)	
Taxes	180,557
Liens	34,077
Other	135,280
Prepaid items	4,500
Total current assets	<u>3,112,800</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	1,039,695
Buildings and equipment, net of accumulated depreciation	20,323,554
Total noncurrent assets	<u>21,363,249</u>
TOTAL ASSETS	<u>24,476,049</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	16,033
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>16,033</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 24,492,082</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 75,065
Accrued expenses	7,045
Accrued payroll	8,191
Due to other governments	1,096
Current portion of long-term obligations	181,567
Total current liabilities	<u>272,964</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bond payable	2,730,000
Accrued compensated absences	26,270
Net OPEB liability	61,241
Total noncurrent liabilities	<u>2,817,511</u>
TOTAL LIABILITIES	<u>3,090,475</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	26,667
Deferred inflows related to OPEB	24,819
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>51,486</u>
NET POSITION	
Net investment in capital assets	18,458,249
Restricted	1,079,087
Unrestricted	1,812,785
TOTAL NET POSITION	<u>21,350,121</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 24,492,082</u>

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

TOWN OF NORTH YARMOUTH, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 564,139	\$ 33,504	\$ -	\$ -	\$ (530,635)
Community services	327,127	32,875	-	-	(294,252)
Public safety	561,231	265,638	-	-	(295,593)
Public works	1,380,550	-	27,912	-	(1,352,638)
Buildings and grounds	134,736	-	-	-	(134,736)
Solid waste and recycling	231,891	187,519	-	-	(44,372)
Municipal finances	790,256	-	-	-	(790,256)
County assessment	395,947	-	-	-	(395,947)
Education	8,230,390	-	-	-	(8,230,390)
Program expenses	19,564	-	-	-	(19,564)
Overlay	53,363	-	-	-	(53,363)
Capital outlay	177,338	-	-	-	(177,338)
Interest on long-term debt	100,400	-	-	-	(100,400)
Total government	<u>\$ 12,966,932</u>	<u>\$ 519,536</u>	<u>\$ 27,912</u>	<u>\$ -</u>	<u>(12,419,484)</u>

STATEMENT B (CONTINUED)
TOWN OF NORTH YARMOUTH, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(12,419,484)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	9,899,659
Excise taxes	1,072,411
Grants and contributions not restricted to specific programs	1,408,553
Interest income	36,311
Miscellaneous	<u>172,038</u>
Total general revenues	<u>12,588,972</u>
Change in net position	169,488
NET POSITION - JULY 1, RESTATED	<u>21,180,633</u>
NET POSITION - JUNE 30	<u><u>\$ 21,350,121</u></u>

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

STATEMENT C

TOWN OF NORTH YARMOUTH, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	ARPA Fund	Westcustogo Hall Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,723,394	\$ -	\$ 60,223	\$ 20,516	\$ 625,760	\$ 2,429,893
Investments	-	-	-	285,769	42,724	328,493
Accounts receivable (net of allowance for uncollectibles):						
Taxes	180,557	-	-	-	-	180,557
Liens	34,077	-	-	-	-	34,077
Other	135,280	-	-	-	-	135,280
Prepaid items	4,500	-	-	-	-	4,500
Due from other funds	37,550	408,574	-	-	59,655	505,779
TOTAL ASSETS	\$ 2,115,358	\$ 408,574	\$ 60,223	\$ 306,285	\$ 728,139	\$ 3,618,579
LIABILITIES						
Accounts payable	\$ 75,065	\$ -	\$ -	\$ -	\$ -	\$ 75,065
Accrued expenses	7,045	-	-	-	-	7,045
Accrued payroll	8,191	-	-	-	-	8,191
Due to other governments	1,096	-	-	-	-	1,096
Due to other funds	468,229	-	35,833	39	1,678	505,779
TOTAL LIABILITIES	559,626	-	35,833	39	1,678	597,176
DEFERRED INFLOWS OF RESOURCES						
Prepaid taxes	26,667	-	-	-	-	26,667
Deferred property tax	76,703	-	-	-	-	76,703
TOTAL DEFERRED INFLOWS OF RESOURCES	103,370	-	-	-	-	103,370
FUND BALANCES						
Nonspendable	4,500	-	-	-	600	5,100
Restricted	-	408,574	-	-	670,513	1,079,087
Committed	58,275	-	24,390	306,246	-	388,911
Assigned	300,000	-	-	-	55,348	355,348
Unassigned	1,089,587	-	-	-	-	1,089,587
TOTAL FUND BALANCES	1,452,362	408,574	24,390	306,246	726,461	2,918,033
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,115,358	\$ 408,574	\$ 60,223	\$ 306,285	\$ 728,139	\$ 3,618,579

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

TOWN OF NORTH YARMOUTH, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,918,033
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	21,363,249
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	76,703
Deferred outflows of resources related OPEB are not financial resources and therefore are not reported in the funds	16,033
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bond payable	(2,905,000)
Accrued compensated absences	(32,837)
Net OPEB liability	(61,241)
Deferred outflows of resources related OPEB are not financial resources and therefore are not reported in the funds	<u>(24,819)</u>
Net position of governmental activities	<u><u>\$ 21,350,121</u></u>

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

STATEMENT E

TOWN OF NORTH YARMOUTH, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	ARPA Fund	Westcustogo Hall Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 9,957,793	\$ -	\$ -	\$ -	\$ -	\$ 9,957,793
Excise	1,072,411	-	-	-	-	1,072,411
Intergovernmental	1,027,891	408,574	-	-	-	1,436,465
Interest income	17,192	-	462	15,268	3,389	36,311
Charges for services	519,536	-	-	-	-	519,536
Miscellaneous	159,678	-	-	-	12,360	172,038
TOTAL REVENUES	12,754,501	408,574	462	15,268	15,749	13,194,554
EXPENDITURES						
Current:						
Municipal administration	570,160	-	-	-	-	570,160
Community services	219,928	-	-	-	-	219,928
Public safety	446,039	-	-	-	-	446,039
Public works	472,012	-	-	-	-	472,012
Buildings and grounds	134,736	-	-	-	-	134,736
Solid waste and recycling	231,891	-	-	-	-	231,891
Municipal finances	790,256	-	-	-	-	790,256
County assessment	395,947	-	-	-	-	395,947
Education	8,230,390	-	-	-	-	8,230,390
Program expenses	-	-	-	-	19,564	19,564
Overlay	53,363	-	-	-	-	53,363
Debt service:						
Principal	175,000	-	-	-	-	175,000
Interest	100,400	-	-	-	-	100,400
Capital outlay	-	-	-	942,236	-	942,236
TOTAL EXPENDITURES	11,820,122	-	-	942,236	19,564	12,781,922
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	934,379	408,574	462	(926,968)	(3,815)	412,632
OTHER FINANCING SOURCES (USES)						
Transfers in	65,000	-	-	744,613	554,552	1,364,165
Transfers (out)	(1,299,165)	-	-	-	(65,000)	(1,364,165)
TOTAL OTHER FINANCING SOURCES (USES)	(1,234,165)	-	-	744,613	489,552	-
NET CHANGE IN FUND BALANCES	(299,786)	408,574	462	(182,355)	485,737	412,632
FUND BALANCES - JULY 1	1,752,148	-	23,928	488,601	240,724	2,505,401
FUND BALANCES - JUNE 30	\$ 1,452,362	\$ 408,574	\$ 24,390	\$ 306,246	\$ 726,461	\$ 2,918,033

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

TOWN OF NORTH YARMOUTH, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 412,632</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	798,793
Capital asset disposals	(33,895)
Depreciation expense	<u>(1,147,127)</u>
	<u>(382,229)</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>(58,134)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>(3,872)</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>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>(17,648)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	32,062
Net OPEB liability	<u>11,677</u>
	<u>43,739</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 169,488</u></u>

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

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

Implementation of New Accounting Standards

During the year ended June 30, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 89 “Accounting for Interest Cost Incurred before the End of a Construction Period”. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 “Conduit Debt Obligations”. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 “Omnibus 2020”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 “Replacement of Interbank Offered Rates (paragraphs 13-14)”. The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 97 "*Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*". The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. 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.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

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

Major Funds

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

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- d. The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment. The primary revenue source of revenue for this fund is transfers from other funds.

Nonmajor Funds

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

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$135,280 for the year ended June 30, 2022.

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 government-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.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

OPEB

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

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

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

Fund Balance

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

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

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

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

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 one type of this item, deferred outflows of resources related to OPEB. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes 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. Deferred inflows related to OPEB qualifies for this reporting as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 17, 2021 on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. Taxes were due in four installments on September 15, 2021, December 15, 2021, March 15, 2022 and June 15, 2022. Interest on unpaid taxes commenced on September 16, 2021, December 16, 2021, March 16, 2022 and June 16, 2022, at 6% 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 \$57,135 for the year ended June 30, 2022.

Program Revenues

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

Encumbrance Accounting

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

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022, the Town's cash and cash equivalent balances of \$2,429,893 were comprised of deposits amounting to \$2,534,062. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalent balance. Of these bank deposits \$500,000 was fully insured by federal depository insurance and \$24,772 was covered by the Securities Investor Protection Corporation (SIPC).and consequently were not exposed to custodial credit risk. The remaining deposits of \$2,009,290 were collateralized by securities held by an irrevocable stand-by letter of credit.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 1,826,940
Savings account	85,512
Money market accounts	596,838
Cash equivalents	24,772
	<u>\$ 2,534,062</u>

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 \$328,493, the entire amount was covered by the Securities Investor Protection Corporation (SIPC).

At June 30, 2022, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	>5 Years
Debt securities:					
Corporate bonds	\$ 273,393	\$ -	\$ 69,763	\$ 135,172	\$ 68,458
Equity securities:					
Exchange traded funds	55,100	55,100	-	-	-
	\$ 328,493	\$ 55,100	\$ 69,763	\$ 135,172	\$ 68,458

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022:

	June 30, 2022 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:				
Corporate bonds	\$ 273,393	\$ -	\$ 273,393	\$ -
Total debt securities	<u>273,393</u>	<u>-</u>	<u>273,393</u>	<u>-</u>
Equity securities:				
Exchange traded funds	55,100	55,100	-	-
Total equity securities	<u>55,100</u>	<u>55,100</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>328,493</u>	<u>\$ 55,100</u>	<u>\$ 273,393</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	24,772			
Total cash equivalents measured at the NAV	<u>24,772</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 353,265</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

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

authorized by the finance committee and diversifying the investment portfolio to meet the Town's current and future cash flow needs. Generally, the Town invests excess funds in cash management accounts and various insured certificates of deposit.

Certain long-term trust funds are invested through a financial institution with trust powers in a mix of securities that comply with state and federal regulations to provide long-term growth and income. As of June 30, 2022, the Town's investments in corporate bonds were rated by Moody's Rating Service:

<u>Rating</u>	<u>Amount</u>
Aaa	\$ 9,419
Aa1	18,732
Aa2	9,700
A2	38,286
A3	93,924
Baa1	84,211
Baa2	9,996
Unrated	9,125
	<u>\$ 273,393</u>

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
Major funds:		
General fund	\$ 37,550	\$ 468,229
ARPA	408,574	-
Westcustogo fund	-	35,833
Capital projects	-	39
Nonmajor funds:		
Special revenue funds	52,955	1,678
Permanent funds	6,700	-
	<u>\$ 505,779</u>	<u>\$ 505,779</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, 2022

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2022 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General fund	\$ 65,000	\$ 1,299,165
Capital projects	744,613	-
Nonmajor funds:		
Special revenue funds	<u>554,552</u>	<u>65,000</u>
	<u>\$ 1,364,165</u>	<u>\$ 1,364,165</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, 2022:

	<u>Balance 7/1/21</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6/30/22</u>
Non-depreciated assets:				
Land	\$ 994,542	\$ 45,153	\$ -	\$ 1,039,695
	<u>994,542</u>	<u>45,153</u>	<u>-</u>	<u>1,039,695</u>
Depreciated assets:				
Buildings and improvements	5,150,439	286,339	-	5,436,778
Machinery and equipment	3,042,459	231,057	(145,261)	3,128,255
Infrastructure	36,835,640	236,244	-	37,071,884
	<u>45,028,538</u>	<u>753,640</u>	<u>(145,261)</u>	<u>45,636,917</u>
Less accumulated depreciation:				
Buildings and improvements	(848,222)	(126,041)	-	(974,263)
Machinery and equipment	(1,467,585)	(203,173)	111,366	(1,559,392)
Infrastructure	(21,961,795)	(817,913)	-	(22,779,708)
	<u>(24,277,602)</u>	<u>(1,147,127)</u>	<u>111,366</u>	<u>(25,313,363)</u>
Net depreciated assets	<u>20,750,936</u>	<u>(393,487)</u>	<u>(33,895)</u>	<u>20,323,554</u>
Net capital assets	<u>\$ 21,745,478</u>	<u>\$ (348,334)</u>	<u>\$ (33,895)</u>	<u>\$ 21,363,249</u>

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS (CONTINUED)

<u>Current year depreciation:</u>	
Municipal administration	\$ 16,198
Community services	107,199
Public safety	115,192
Public works	908,538
Total depreciation expense	<u>\$ 1,147,127</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

	Balance 7/1/21	Additions	Deletions	Balance 6/30/22	Current Portion
Bond payable	<u>\$ 3,080,000</u>	<u>\$ -</u>	<u>\$ (175,000)</u>	<u>\$ 2,905,000</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.

\$ 2,905,000

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

	Principal	Interest	Total Debt Service
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	170,000	74,375	244,375
2028-2032	850,000	294,844	1,144,844
2033-2037	850,000	151,194	1,001,194
2038-2042	340,000	13,600	353,600
	<u>\$ 2,905,000</u>	<u>\$ 882,188</u>	<u>\$ 3,787,188</u>

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 is as follows:

	Balance 7/1/21 (Restated)	Additions	Deletions	Balance 6/30/22	Current Portion
Accrued compensated absences	\$ 64,899	\$ -	\$ (32,062)	\$ 32,837	\$ 6,567
Net OPEB liability	72,918	9,913	(21,590)	61,241	-
Totals	<u>\$ 137,817</u>	<u>\$ 9,913</u>	<u>\$ (53,652)</u>	<u>\$ 94,078</u>	<u>\$ 6,567</u>

Please see Notes 8 and 14 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, 2022, the Town's liability for compensated absences is \$32,837.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2022:

Invested in capital assets	\$ 46,676,612
Accumulated depreciation	(25,313,363)
Outstanding capital related debt	(2,905,000)
	<u>\$ 18,458,249</u>

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2022, the Town had the following restricted net position and fund balances:

ARPA fund	\$ 408,574
Nonmajor special revenue funds (Schedule E)	528,421
Nonmajor permanent funds (Schedule G)	142,092
	<u>\$ 1,079,087</u>

NOTE 11 - NONSPENDABLE FUND BALANCES

At June 30, 2022, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 4,500
Nonmajor special revenue funds (Schedule E)	600
	<u>\$ 5,100</u>

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2022, the Town had the following committed fund balances:

General fund:	
Senior Tax Program	\$ 22,000
Accrued compensated absences	36,275
Westcustogo Hall fund	24,390
Capital projects fund	306,246
	<u>\$ 388,911</u>

NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2022, the Town had the following assigned fund balances:

General fund:	
Use for FY 2022 budget	\$ 300,000
Nonmajor special revenue funds (Schedule E)	55,348
	<u>\$ 355,348</u>

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

At January 1, 2022, the following employees were covered by the benefit terms:

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

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Contributions

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

Retiree Premium Amounts

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

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

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

At June 30, 2022, the Town reported a liability of \$61,241 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2022 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2022, the Town recognized OPEB expense of \$9,843. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	MMEHT	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,033	\$ 18,781
Changes of assumptions	12,930	6,038
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	<u>70</u>	<u>-</u>
Total	<u>\$ 16,033</u>	<u>\$ 24,819</u>

\$70 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MMEHT</u>	
Plan year ended December 31:		
2023	\$	134
2024		134
2025		131
2026		835
2027		(1,510)
Thereafter		(8,580)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2022. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.06% per annum for June 30, 2022 was based upon a measurement date of December 30, 2021. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	1.06%	2.06%	3.06%
Total OPEB liability	\$ 72,859	\$ 61,241	\$ 51,812
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 50,637	\$ 61,241	\$ 74,998
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2022, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Actuarial Cost Method

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

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

Assumptions

The actuarial assumptions used in the January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. As of January 1, 2021, they are as follows:

Discount Rate - 2.06% per annum for year end 2022 reporting. 2.12% per annum for year end 2021 reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2022_fa was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.40%
Rate of Growth in Real Income/GDP per capital 2031+	1.10%
Extra Trend due to Taste/Technology 2031+	1.00%
Expected Health Share of GDP 2031	19.00%
Health Share of GDP Resistance Point	20.00%
Year for Limiting Cost Growth to GDP Growth	2042

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

The trends selected from 2022 to 2025 were based on plan design, population weighting, renewal projections and market analysis. For years 2026 to 2030, these are interpolated from 2025 to 2031 (which is the product of the inflation, GDP and extra trend rate assumptions).

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

Administrative and claims expense: 3% per annum

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

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

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

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

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

Administrative expenses - Included in the per capita claims cost.

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

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

Rate of Mortality:

Healthy Annuitant- Based on 112% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

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

Retiree Continuation Percentage:

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

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

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

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2022 with the following exceptions:

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The net difference between expected and actual experience as of January 1, 2022 was (\$15,748).

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

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

NOTE 15 - 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, 2022

NOTE 15 - 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, 2022

NOTE 16 - 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, 2022, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Percentage</u>	<u>Amount</u>
MSAD #51	\$ 19,032,840	26.80%	\$ 5,100,848
County of Cumberland	30,856,174	1.07%	328,654
			<u>\$ 5,429,502</u>

NOTE 17 - 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 18 - 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, 2022.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - 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, 2022

NOTE 18 - 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, 2022. 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 19 - 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 2022 were \$40,087.

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 20 - 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, 2022 (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, 2022 (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 \$255,972.

NOTE 21 - 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 22 - RESTATEMENTS

In fiscal year 2022, the Town determined that certain transactions in prior years had been recorded incorrectly or omitted, therefore, restatements to the 2021 government-wide statements were required. The beginning net position for governmental activities was restated by a decrease of \$60,184 to account for the net OPEB liability. The resulting restatements decreased net position from \$21,240,817 to \$21,180,633.

Required Supplementary Information

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

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

TOWN OF NORTH YARMOUTH, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 1,752,148	\$ 1,752,148	\$ 1,752,148	\$ -
Resources (Inflows):				
Property taxes	9,813,133	9,813,133	9,957,793	144,660
Excise taxes	955,500	955,500	1,072,411	116,911
Intergovernmental	864,218	864,218	1,027,891	163,673
Charges for services	390,625	390,625	519,536	128,911
Interest income	15,000	15,000	17,192	2,192
Other revenue	97,100	97,100	159,678	62,578
Transfers from other funds	382,500	382,500	65,000	(317,500)
Amounts Available for Appropriation	<u>14,270,224</u>	<u>14,270,224</u>	<u>14,571,649</u>	<u>301,425</u>
Charges to Appropriations (Outflows):				
Municipal administration	513,042	513,042	570,160	(57,118)
Community services	229,695	229,695	219,928	9,767
Public safety	492,332	492,332	446,039	46,293
Public works	471,802	471,802	472,012	(210)
Buildings and grounds	128,796	128,796	134,736	(5,940)
Solid waste and recycling	222,821	222,821	231,891	(9,070)
Municipal finances	784,236	784,236	790,256	(6,020)
County assessment	395,947	395,947	395,947	-
Education	8,230,390	8,230,390	8,230,390	-
Debt service:				
Principal	175,000	175,000	175,000	-
Interest	100,400	100,400	100,400	-
Overlay	57,135	57,135	53,363	3,772
Transfers to other funds	1,113,165	1,113,165	1,299,165	(186,000)
Total Charges to Appropriations	<u>12,914,761</u>	<u>12,914,761</u>	<u>13,119,287</u>	<u>(204,526)</u>
Budgetary Fund Balance, June 30	<u>\$ 1,355,463</u>	<u>\$ 1,355,463</u>	<u>\$ 1,452,362</u>	<u>\$ 96,899</u>
Utilization of assigned fund balance	<u>\$ 396,685</u>	<u>\$ 396,685</u>	<u>\$ -</u>	<u>\$ (396,685)</u>

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

TOWN OF NORTH YARMOUTH, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2022

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at 1/1/21 (Reporting December 31, 2021)	\$ 72,918	\$ -	\$ 72,918
Changes for the year:			
Service cost	8,226	-	8,226
Interest	1,719	-	1,719
Changes of benefits	-	-	-
Differences between expected and actual experience	(17,079)	-	(17,079)
Changes of assumptions	(4,377)	-	(4,377)
Contributions - employer	-	166	(166)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(166)	(166)	-
Administrative expense	-	-	-
Net changes	<u>(11,677)</u>	<u>-</u>	<u>(11,677)</u>
Balances at 1/1/22 (Reporting December 31, 2022)	<u>\$ 61,241</u>	<u>\$ -</u>	<u>\$ 61,241</u>

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

TOWN OF NORTH YARMOUTH, MAINE

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

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

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

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

TOWN OF NORTH YARMOUTH, MAINE
 SCHEDULE OF CONTRIBUTIONS - OPEB
 LAST TEN FISCAL YEARS*

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

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

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

TOWN OF NORTH YARMOUTH, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

Changes of Assumptions

Maine Municipal Health Trust

The discount rate was updated to reflect the December 30, 2021 Bond Buyer 20-Bond GO Index. The ultimate trend assumption was reduced to reflect the reduction in the Bond Buyer 20-Bond GO Index.

The following demographic assumptions were updated based on the June 30, 2021 experience study:

Mortality, termination, retirement and salary rates.

The enrollment participation for plans with no employer subsidy was update for ages 65-70.

There was a change in the discount rate from 2.12% to 2.06% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 9,813,133	\$ 9,813,133	\$ 9,957,793	\$ 144,660
Auto excise	950,000	950,000	1,064,268	114,268
Boat excise	5,500	5,500	8,143	2,643
Subtotal	<u>10,768,633</u>	<u>10,768,633</u>	<u>11,030,204</u>	<u>261,571</u>
Intergovernmental revenues:				
BETE	61,609	61,609	61,733	124
General assistance	700	700	-	(700)
Homestead exemption	339,439	339,439	338,010	(1,429)
LRAP	25,000	25,000	27,912	2,912
Snowmobiles	1,000	1,000	-	(1,000)
State revenue sharing	423,770	423,770	586,808	163,038
Tree growth	2,500	2,500	3,568	1,068
Veterans' exemption	2,200	2,200	4,362	2,162
Renewable energy exemption	-	-	4,698	4,698
FEMA/MEMA	8,000	8,000	-	(8,000)
Miscellaneous	-	-	800	800
Subtotal	<u>864,218</u>	<u>864,218</u>	<u>1,027,891</u>	<u>163,673</u>
Charges for services:				
Agent fees	-	-	17,128	17,128
Building permits	-	-	137,125	137,125
Burn permits	-	-	80	80
Clerk fees	20,900	20,900	733	(20,167)
Code enforcement	98,250	98,250	10,726	(87,524)
Community center fees	51,400	51,400	32,875	(18,525)
Customer service fees	-	-	558	558
Dog control/park use permit	-	-	150	150
Electrical permits	-	-	26,837	26,837
FOAA fees	-	-	222	222
Planning board fees	-	-	525	525
Plumbing fees	-	-	15,900	15,900
Private road signs	-	-	122	122
Rescue fees	50,000	50,000	85,424	35,424
Road ordinance permits	-	-	350	350
Site plan review	-	-	500	500
Solid waste/recycling	170,075	170,075	187,494	17,419
Solid waste hauler permit	-	-	25	25
Vital records	-	-	2,762	2,762
Subtotal	<u>390,625</u>	<u>390,625</u>	<u>519,536</u>	<u>128,911</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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Interest income:				
Tax interest	15,000	15,000	17,192	2,192
Subtotal	<u>15,000</u>	<u>15,000</u>	<u>17,192</u>	<u>2,192</u>
Miscellaneous revenues:				
Cable franchise fees	30,000	30,000	43,217	13,217
Cell tower rental	42,000	42,000	46,295	4,295
Consolidated Comm lease	6,000	6,000	5,500	(500)
Donation	-	-	30,054	30,054
Property and casualty	5,000	5,000	4,982	(18)
Rental fees	10,200	10,200	11,050	850
Sale of assets	-	-	984	984
Other miscellaneous	3,900	3,900	17,596	13,696
Subtotal	<u>97,100</u>	<u>97,100</u>	<u>159,678</u>	<u>62,578</u>
Transfers from other funds	<u>382,500</u>	<u>382,500</u>	<u>65,000</u>	<u>(317,500)</u>
Amounts Available for Appropriation	<u>\$ 12,518,076</u>	<u>\$ 12,518,076</u>	<u>\$ 12,819,501</u>	<u>\$ 301,425</u>

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

TOWN OF NORTH YARMOUTH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive/ (Negative)
MUNICIPAL ADMINISTRATION:					
Operations	\$ 386,816	\$ -	\$ 386,816	\$ 388,769	\$ (1,953)
Contracts/professional services	126,226	-	126,226	181,391	(55,165)
Totals	513,042	-	513,042	570,160	(57,118)
COMMUNITY SERVICES:					
Code enforcement	141,329	-	141,329	135,402	5,927
Economic development	500	-	500	813	(313)
Parks and recreation	14,700	-	14,700	7,921	6,779
General assistance	4,688	-	4,688	1,448	3,240
Social services	3,892	-	3,892	3,218	674
Cemeteries	1,615	-	1,615	1,438	177
Living Well	1,450	-	1,450	892	558
Community center	61,521	-	61,521	68,796	(7,275)
Totals	229,695	-	229,695	219,928	9,767
PUBLIC SAFETY:					
Fire/rescue department	366,029	-	366,029	327,770	38,259
Contracts/professional services	126,303	-	126,303	118,269	8,034
Totals	492,332	-	492,332	446,039	46,293
PUBLIC WORKS	471,802	-	471,802	472,012	(210)

TOWN OF NORTH YARMOUTH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive/ (Negative)
BUILDINGS AND GROUNDS:					
Custodial	44,814	-	44,814	26,503	18,311
Utilities	46,351	-	46,351	64,920	(18,569)
Facility maintenance	37,631	-	37,631	43,313	(5,682)
Totals	<u>128,796</u>	<u>-</u>	<u>128,796</u>	<u>134,736</u>	<u>(5,940)</u>
SOLID WASTE AND RECYCLING	<u>222,821</u>	<u>-</u>	<u>222,821</u>	<u>231,891</u>	<u>(9,070)</u>
MUNICIPAL FINANCES:					
Employee benefits	416,811	-	416,811	372,868	43,943
Municipal insurance	45,774	-	45,774	43,737	2,037
Shared services	321,651	-	321,651	321,651	-
Senior tax program	-	-	-	52,000	(52,000)
Totals	<u>784,236</u>	<u>-</u>	<u>784,236</u>	<u>790,256</u>	<u>(6,020)</u>
COUNTY ASSESSMENT	<u>395,947</u>	<u>-</u>	<u>395,947</u>	<u>395,947</u>	<u>-</u>
EDUCATION	<u>8,230,390</u>	<u>-</u>	<u>8,230,390</u>	<u>8,230,390</u>	<u>-</u>
DEBT SERVICE:					
Principal	175,000	-	175,000	175,000	-
Interest	100,400	-	100,400	100,400	-
Totals	<u>275,400</u>	<u>-</u>	<u>275,400</u>	<u>275,400</u>	<u>-</u>
OVERLAY	<u>57,135</u>	<u>-</u>	<u>57,135</u>	<u>53,363</u>	<u>3,772</u>
TRANSFERS TO OTHER FUNDS:					
TIF	368,552	-	368,552	554,552	(186,000)
Capital projects fund	744,613	-	744,613	744,613	-
Totals	<u>1,113,165</u>	<u>-</u>	<u>1,113,165</u>	<u>1,299,165</u>	<u>(186,000)</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 12,914,761</u>	<u>\$ -</u>	<u>\$ 12,914,761</u>	<u>\$ 13,119,287</u>	<u>\$ (204,526)</u>

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

TOWN OF NORTH YARMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 490,368	\$ 135,392	\$ 625,760
Investments	42,724	-	42,724
Due from other funds	52,955	6,700	59,655
TOTAL ASSETS	<u>\$ 586,047</u>	<u>\$ 142,092</u>	<u>\$ 728,139</u>
LIABILITIES			
Due to other funds	<u>\$ 1,678</u>	<u>\$ -</u>	<u>\$ 1,678</u>
TOTAL LIABILITIES	<u>1,678</u>	<u>-</u>	<u>1,678</u>
FUND BALANCES			
Nonspendable	600	-	600
Restricted	528,421	142,092	670,513
Committed	-	-	-
Assigned	55,348	-	55,348
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>584,369</u>	<u>142,092</u>	<u>726,461</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 586,047</u>	<u>\$ 142,092</u>	<u>\$ 728,139</u>

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

TOWN OF NORTH YARMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Investment income, net of unrealized gains/(losses)	\$ 3,058	\$ 331	\$ 3,389
Other income	2,835	9,525	12,360
TOTAL REVENUES	<u>5,893</u>	<u>9,856</u>	<u>15,749</u>
EXPENDITURES			
Other	19,564	-	19,564
TOTAL EXPENDITURES	<u>19,564</u>	<u>-</u>	<u>19,564</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			
	<u>(13,671)</u>	<u>9,856</u>	<u>(3,815)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	554,552	-	554,552
Transfers (out)	(65,000)	-	(65,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>489,552</u>	<u>-</u>	<u>489,552</u>
NET CHANGE IN FUND BALANCES	475,881	9,856	485,737
FUND BALANCES - JULY 1	<u>108,488</u>	<u>132,236</u>	<u>240,724</u>
FUND BALANCES - JUNE 30	<u>\$ 584,369</u>	<u>\$ 142,092</u>	<u>\$ 726,461</u>

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

Special Revenue Funds

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

TOWN OF NORTH YARMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2022

	Events Committee	Flag Committee	Living Well in North Yarmouth	Scholarship
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 5,941
Investments	-	-	-	42,724
Due from other funds	2,534	935	3,894	-
TOTAL ASSETS	<u>\$ 2,534</u>	<u>\$ 935</u>	<u>\$ 3,894</u>	<u>\$ 48,665</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ 1,000
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
FUND BALANCES				
Nonspendable	-	-	-	600
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	2,534	935	3,894	47,065
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>2,534</u>	<u>935</u>	<u>3,894</u>	<u>47,665</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,534</u>	<u>\$ 935</u>	<u>\$ 3,894</u>	<u>\$ 48,665</u>

TOWN OF NORTH YARMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2022

	Keep North Yarmouth Warm Fund	Grant Fund	TIF	Parks and Recreation	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 484,427	\$ -	\$ 490,368
Investments	-	-	-	-	42,724
Due from other funds	22,810	21,802	60	920	52,955
TOTAL ASSETS	<u>\$ 22,810</u>	<u>\$ 21,802</u>	<u>\$ 484,487</u>	<u>\$ 920</u>	<u>\$ 586,047</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 678	\$ -	\$ 1,678
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>678</u>	<u>-</u>	<u>1,678</u>
FUND BALANCES					
Nonspendable	-	-	-	-	600
Restricted	22,810	21,802	483,809	-	528,421
Committed	-	-	-	-	-
Assigned	-	-	-	920	55,348
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>22,810</u>	<u>21,802</u>	<u>483,809</u>	<u>920</u>	<u>584,369</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 22,810</u>	<u>\$ 21,802</u>	<u>\$ 484,487</u>	<u>\$ 920</u>	<u>\$ 586,047</u>

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

TOWN OF NORTH YARMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Events Committee	Flag Committee	Living Well in North Yarmouth	Scholarship
REVENUES				
Interest income	\$ -	\$ -	\$ -	\$ 2,997
Other income	-	110	525	-
TOTAL REVENUES	<u>-</u>	<u>110</u>	<u>525</u>	<u>2,997</u>
EXPENDITURES				
Other	2,534	71	-	11,095
TOTAL EXPENDITURES	<u>2,534</u>	<u>71</u>	<u>-</u>	<u>11,095</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,534)</u>	<u>39</u>	<u>525</u>	<u>(8,098)</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	(2,534)	39	525	(8,098)
FUND BALANCES - JULY 1	<u>5,068</u>	<u>896</u>	<u>3,369</u>	<u>55,763</u>
FUND BALANCES - JUNE 30	<u>\$ 2,534</u>	<u>\$ 935</u>	<u>\$ 3,894</u>	<u>\$ 47,665</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, 2022

	Keep North Yarmouth Warm Fund	Grant Fund	TIF	Parks and Recreation	Total
REVENUES					
Interest income	\$ -	\$ -	\$ 61	\$ -	\$ 3,058
Other income	1,800	-	-	400	2,835
TOTAL REVENUES	<u>1,800</u>	<u>-</u>	<u>61</u>	<u>400</u>	<u>5,893</u>
EXPENDITURES					
Other	-	-	5,864	-	19,564
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>5,864</u>	<u>-</u>	<u>19,564</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,800</u>	<u>-</u>	<u>(5,803)</u>	<u>400</u>	<u>(13,671)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	554,552	-	554,552
Transfers (out)	-	-	(65,000)	-	(65,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>489,552</u>	<u>-</u>	<u>489,552</u>
NET CHANGE IN FUND BALANCES	1,800	-	483,749	400	475,881
FUND BALANCES - JULY 1	<u>21,010</u>	<u>21,802</u>	<u>60</u>	<u>520</u>	<u>108,488</u>
FUND BALANCES - JUNE 30	<u>\$ 22,810</u>	<u>\$ 21,802</u>	<u>\$ 483,809</u>	<u>\$ 920</u>	<u>\$ 584,369</u>

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

Permanent Funds

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

TOWN OF NORTH YARMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2022

	Cemetery Trust	Total
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 135,392	\$ 135,392
Due from other funds	6,700	6,700
TOTAL ASSETS	<u>\$ 142,092</u>	<u>\$ 142,092</u>
LIABILITIES		
Due to others funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	142,092	142,092
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>142,092</u>	<u>142,092</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 142,092</u>	<u>\$ 142,092</u>

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

TOWN OF NORTH YARMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Cemetery Trust	Total
	<u> </u>	<u> </u>
REVENUES		
Interest income	\$ 331	\$ 331
Other income	9,525	9,525
TOTAL REVENUES	<u>9,856</u>	<u>9,856</u>
EXPENDITURES		
Other	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	9,856	9,856
FUND BALANCES - JULY 1, RESTATED	<u>132,236</u>	<u>132,236</u>
FUND BALANCES - JUNE 30	<u>\$ 142,092</u>	<u>\$ 142,092</u>

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

General Capital Assets

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

TOWN OF NORTH YARMOUTH, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2022

	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	809,695	4,026,142	39,017	-	4,874,854
Public Safety	-	364,086	1,525,355	-	1,889,441
Public Works	130,000	588,832	1,501,298	37,071,884	39,292,014
Total General Capital Assets	1,039,695	5,436,778	3,128,255	37,071,884	46,676,612
Less: Accumulated Depreciation	-	(974,263)	(1,559,392)	(22,779,708)	(25,313,363)
Net General Capital Assets	<u>\$ 1,039,695</u>	<u>\$ 4,462,515</u>	<u>\$ 1,568,863</u>	<u>\$ 14,292,176</u>	<u>\$ 21,363,249</u>

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

TOWN OF NORTH YARMOUTH, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2022

	General Capital Assets 7/1/21	Additions	Deletions	General Capital Assets 6/30/21
Municipal Administration	\$ 620,303	\$ -	\$ -	\$ 620,303
Community Services	4,829,701	45,153	-	4,874,854
Public Safety	1,889,441	-	-	1,889,441
Public Works	<u>38,683,635</u>	<u>753,640</u>	<u>(145,261)</u>	<u>39,292,014</u>
Total General Capital Assets	46,023,080	798,793	(145,261)	46,676,612
Less: Accumulated Depreciation	<u>(24,277,602)</u>	<u>(1,147,127)</u>	<u>111,366</u>	<u>(25,313,363)</u>
Net General Capital Assets	<u>\$ 21,745,478</u>	<u>\$ (348,334)</u>	<u>\$ (33,895)</u>	<u>\$ 21,363,249</u>

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



Proven Expertise & Integrity

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

Selectboard
Town of North Yarmouth
North Yarmouth, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of North Yarmouth, Maine as of and for the year ended June 30, 2022 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 14, 2023.

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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of North Yarmouth, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to the management of the Town of North Yarmouth, Maine in a separate letter dated April 14, 2023.

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 14, 2023



Proven Expertise & Integrity

April 14, 2023

Selectboard

Town of North Yarmouth

10 Village Square Road

North Yarmouth, Maine 04097

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of North Yarmouth, Maine for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 16, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of North Yarmouth, Maine are described in Note 1 of Notes to Financial Statements. In performing our test work and other auditing procedures, we noted no transactions entered into by the Town of North Yarmouth, Maine during the year for which there is a lack of authoritative guidance, consensus or deviation from best practice. All significant transactions have been recognized in the financial statements in the proper period.

As described in Note 1 of Notes to Financial Statements, the Town of North Yarmouth, Maine changed accounting policies related to Governmental Accounting Standards Board (GASB Statement) No. 87, "*Leases*", GASB Statement No. 89, "*Accounting for Interest Cost Incurred Before the End of a Construction Period*", GASB Statement No. 91, "*Conduit Debt Obligations*", GASB Statement No. 92, "*Omnibus 2020*", GASB Statement No. 93, "*Replacement of Interbank Offered Rates (paragraphs 13-14)*" and GASB Statement No. 97, "*Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue code Section 457 Deferred Compensation Plans*" in 2022. There was no impact in the financial statements based on the cumulative effect of these accounting changes.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the governmental activities, each major fund and the aggregate remaining fund information of the Town of North Yarmouth, Maine's financial statements were:

- Fair value of investments
- Depreciation expense which is based on the estimated useful lives of capital assets
- OPEB related assets, liabilities and revenues/expenses which are based on actuarial valuations
- Accrued compensated absences
- Deferred property tax revenues

Management's process for determining the above estimates is based on firm concepts and reasonable assumptions of both historical and future events. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are reflected in the deposits and investments, capital assets and other long-term obligations footnotes.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial and communicate them to the appropriate level of management. A schedule of any uncorrected misstatements has been presented to management with the management representation letter. We did not identify or propose any adjustments of misstatements as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 1, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Town of North Yarmouth, Maine’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of North Yarmouth, Maine’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

However, we noted certain other matters that we reported to the management of the Town of North Yarmouth, Maine in a separate letter dated April 14, 2023.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB and Notes to Required Supplementary Information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on 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, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Selectboard and management of the Town of North Yarmouth, Maine and is not intended to be and should not be, used by anyone other than these specified parties.

Very Best,

RHR Smith & Company

RHR Smith & Company, CPAs