

TOWN OF NEWPORT, MAINE
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

JUNE 30, 2022

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Maine Municipal Audit Services, PA

Mindy J. Cyr, CPA

Independent Auditors' Report

To the Select Board
Town of Newport
Newport, Maine

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Newport, 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 Newport, Maine's basic financial statements as listed in the table of contents.

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

BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Newport, Maine, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe 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 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 Town of Newport, 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 THE 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 generally accepted 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 aggregate, they would influence the judgment made by a reasonable user based on financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement 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 control 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 Town of Newport, 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 substantial doubt about Town of Newport, 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, pension and OPEB information, and budgetary comparison schedule, on pages 5-11, 37, and 38-41 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 Newport, Maine's basic financial statements. The schedule of expenditures – budget and actual, combining statement of revenues, expenditures and changes in fund balance – general fund reserves, combining balance sheet – non major governmental funds, and combining statement of revenue, expenditures and changes in fund balance – non major governmental funds 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 related 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 the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures – budget and actual, combining statement of revenues, expenditures and changes in fund balance – general fund reserves, combining balance sheet – non major governmental funds, and combining statement of revenue, expenditures and changes in fund balance – non major governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maine Municipal Audit Services, PA
Levant, Maine
September 7, 2022

Town of Newport

Management's Discussion and Analysis

Fiscal Year ending June 30, 2022

Management of the Town of Newport offers this management's discussion and analysis report that will provide information that should be used in conjunction with the outside audit report for year ending June 30, 2022.

Overview of the Financial Statements:

The discussion and analysis report is intended to serve as an introductory to the full audit report. The audit report consists of three components: government-wide financial statements; fund financial statements, and the notes to the financial statements. This report is intended to explain some of these financial statements in a concise and non-financial terminology.

Government-wide Financial Statements:

The government-wide financial statements present the financial picture of the Town as a whole and are designed to provide readers with a long-term overview of the Town's finances, in a manner similar to the private sector. They include a Statement of Net Position, which shows information on all the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The Statement of Activities presents information showing how the Town's net position changed during the year. All changes in net position are reported as soon as the underlying event occurs, regardless of when cash is received or disbursed. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

Governmental Activities – The Town's basic functions are reported here which include general government, public health and sanitation, public safety, public works, debt service, and culture and recreation. Property taxes, intergovernmental revenues, permits and fees, and state and federal grants finance most of these activities.

The government wide financial statements can be found on pages 12-13 of this report.

Fund Financial Statements:

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or major funds, rather than the Town as a whole. A fund is a group of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities. The Town's funds are divided into two fund categories: governmental and fiduciary.

Governmental Funds (*Statements 3 and 4*) – Most of the Town's basic functions are reported in the governmental funds, which focus on near-term inflows and outflows of spendable resources and balances remaining at year end that are available for spending. These funds use the modified accrual basis of accounting, which measures cash and other financial assets that can

Town of Newport

Management's Discussion and Analysis

Fiscal Year ending June 30, 2022

readily be converted to cash. The governmental fund statements are designed to show a short-term view of the Town's general government operations and the services it provides. The differences between the governmental activities as reported in the government-wide financial statements and the fund financial statements are itemized in reconciliations to the fund financial statements.

The fund financial statements can be found on pages 14-17 of this report.

Notes to the Financial Statements:

The notes provide the reader with additional information about the Town that will help understand the financial data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-36 of this report.

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule of the Town's General Fund. This section also includes the Pension schedules required by GASB Statement #68, and the OPEB schedules required by GASB Statement # 75. Required supplementary information can be found on pages 37-41 of this report.

In addition to the required elements, we have included a section with a schedule of expenditures by department, a schedule of revenue, expenditures and changes in fund balances for the general fund reserve accounts, and combining statements for the non-major permanent fund (Cook Cemetery). The supplementary schedules can be found on pages 42-50 of this report.

Financial Highlights:

Net position – The assets and deferred outflows of resources of the town exceeded its liabilities and deferred inflows of resources at the period ending June 30, 2022 by \$4,474,311 – this is referred to as “Net Position”. Of that amount, \$2,173,483 was considered unrestricted net position. Unrestricted net position represents the amount available to be used to meet the Town's ongoing financial obligations.

The Town's net position increased by \$725,199, which can be seen on Statement 2 of the financial statements.

Fund balance – The Town's governmental funds reported on a current financial resources basis, had a combined ending fund balances of \$2,571,932 and increase of \$246,417 from the prior year.

The total unassigned fund balance for the general fund was \$1,556,585, which represents 19.6% of the total general fund expenditures.

**Town of Newport
Management's Discussion and Analysis
Fiscal Year ending June 30, 2022**

Government Wide Financial Analysis:

Approximately 49% of the Town's net position is its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, etc), less any related outstanding debt used to acquire those assets. The Town uses these assets to provide services to the community; these capital assets are not available for future spending. While the Town's investment in the capital assets is reported net of the related debt, it is important to note that the resources required to repay this debt must be provided from other sources, since the capital assets themselves are not liquid assets.

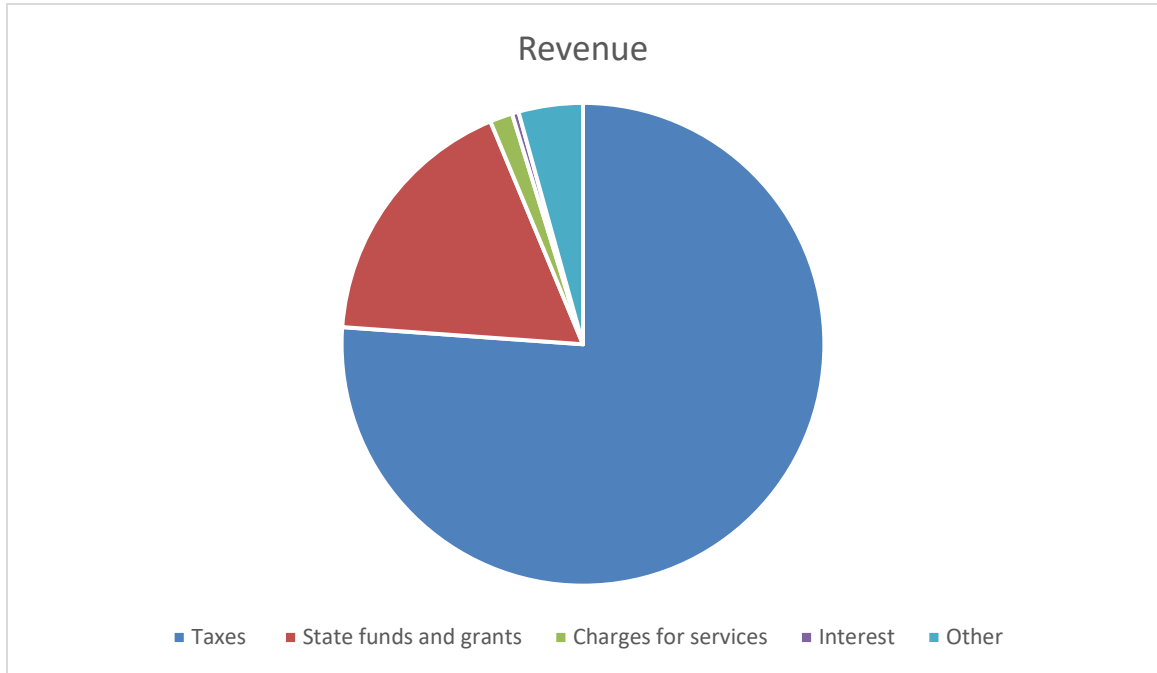
	Governmental Activities	
	6/30/2022	6/30/2021
Current Assets	\$ 3,037,309	\$ 2,903,934
Other Assets	32,132	-
Capital Assets	6,313,176	5,860,669
<i>Total Assets</i>	<u>9,382,617</u>	<u>8,764,603</u>
<i>Deferred Outflows of Resources</i>	164,567	118,272
<i>Total Assets & Deferred Outflows of Resources</i>	<u>\$ 9,547,184</u>	<u>\$ 8,882,875</u>
Current Liabilities	\$ 330,546	\$ 179,980
Other Liabilities	4,064,687	4,776,322
<i>Total Liabilities</i>	<u>4,395,233</u>	<u>4,956,302</u>
Property Taxes Collected in Advance	43,802	48,752
Related to Pensions	562,907	14,586
Related to OPEB	70,930	-
<i>Total Deferred Inflows of Resources</i>	<u>677,639</u>	<u>63,338</u>
NET POSITION:		
Net Investment in Capital Assets	2,189,978	1,594,467
Restricted	110,851	97,863
Unrestricted	2,173,483	2,170,905
<i>Total Net Position</i>	<u>4,474,311</u>	<u>3,863,235</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Net Position</i>	<u>\$ 9,547,184</u>	<u>\$ 8,882,875</u>

Town of Newport
Management's Discussion and Analysis
Fiscal Year ending June 30, 2022

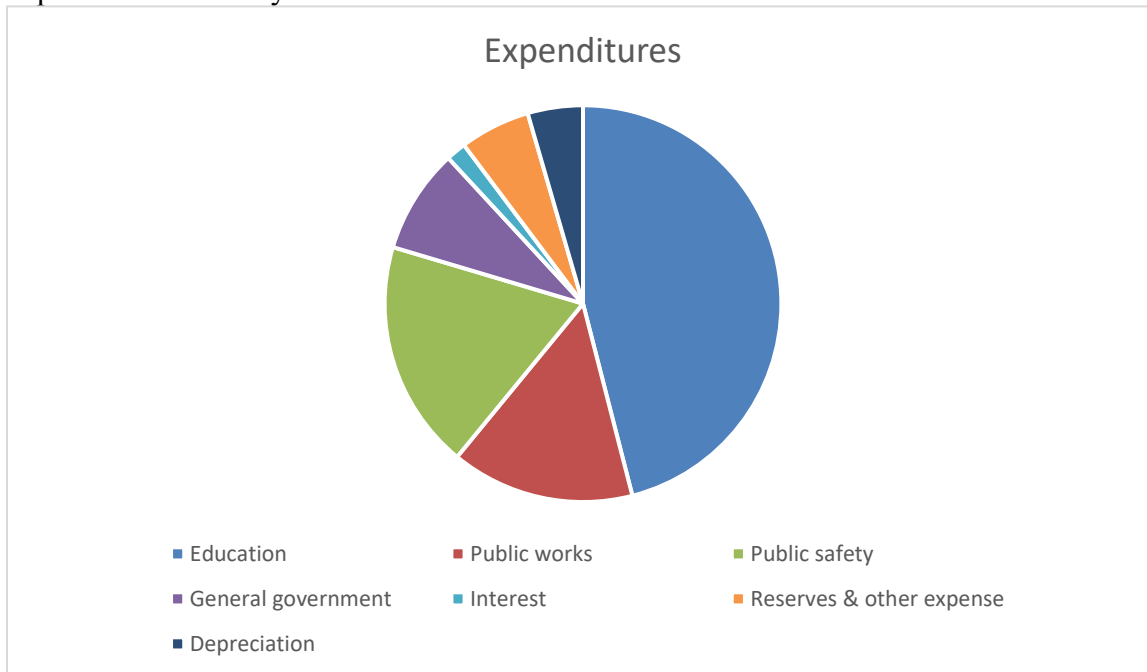
	Governmental Activities	
	6/30/2022	6/30/2021
Revenues:		
<i>Program Revenues:</i>		
Charges for Services	\$ 123,009	\$ 135,948
Operating Grants and Contributions	395,036	49,606
<i>General Revenues:</i>		
Taxes	6,177,832	6,217,352
Interest and investment earnings	35,733	52,825
Grants and contributions	1,033,013	1,024,234
Miscellaneous	349,805	44,669
TOTAL REVENUES	8,114,428	7,524,634
Expenses:		
General government	903,813	1,058,306
Public safety	1,295,248	1,403,439
Public works	1,038,039	1,344,646
Special assessments	3,639,757	3,182,456
Interest	113,533	185,353
Other	398,838	321,733
TOTAL EXPENSES	7,389,228	7,495,933
	725,200	28,701
Changes in Net Position		
Beginning Net Position – restated for GASB 75 implementation	3,749,111	3,834,534
Ending Net Position	\$ 4,474,311	\$ 3,863,235

Approximately 76% of the Town's total revenue was made up by taxes – property and excise, approximately 17% was from State revenues and grants, and approximately 7% was made up of interest, charges for services (agent fees and ambulance service fees), and other miscellaneous revenues.

Town of Newport Management's Discussion and Analysis Fiscal Year ending June 30, 2022



The Town's largest expenditure is for Education expense, approximately 43% of total expenditures for the year.



Town of Newport

Management's Discussion and Analysis

Fiscal Year ending June 30, 2022

Financial Analysis of the Fund Financial Statements:

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of resources available for spending. This information is useful in assessing the Town's financing requirements. In particular, the unassigned fund balance may serve as a benchmark of a government's net resources for spending at the end of the year.

At the end of the year, the Town's governmental funds reported a combined ending fund balance of \$ 2,571,932, an increase of \$246,417 from the prior year. Approximately 61% of the total is the Town's unassigned fund balance. The remainder is reserved to indicate that it is not available for spending due to being committed to liquidate contracts and commitments of the prior year, or for a variety of other purposes.

Differences between the original budget and the final amended budget include budget appropriations carried over from the prior year and other revenues collected during the fiscal year.

Actual revenues and other financing sources were more than the budgetary estimated by approximately \$799 thousand. This was primarily due to actual excise taxes and other revenues in excess of anticipated amounts.

Actual expenditures were below final budgeted estimates by approximately \$264 thousand due to savings in all departments and the utilization of carry forward balances.

For further detail, a budget to actual comparison for the General Fund can be found on Exhibit 1, page 37 of the financial statements.

Capital Assets:

The Town's investment in capital assets for the governmental activities is \$10,022,090, net of accumulated depreciation of \$3,708,915, giving a net book value of \$6,313,175. Additions to capital assets for the year include; wheel loader, ambulance, paving projects, fire department equipment, and air compressor system.

The Town's capital asset activity for the year can be found in the footnotes on page 25 of this report.

**Town of Newport
Management's Discussion and Analysis
Fiscal Year ending June 30, 2022**

Long-Term Debt:

At year end, the Town had \$4,095,942 of total debt outstanding, versus \$4,266,202 in the prior year, a decrease of \$170,259. The outstanding debt is made up of general obligation bond with Maine Municipal Bond Bank and two capital leases backed by the full faith and credit of the Town.

The Town's long-term debt activity for the year can be found in the footnotes on pages 28-29 of this report.

In 2020 and 2021, the Town voted and approved borrowing funds from the Special Revenue Cemetery Fund for the purchase of LED lights and a loader. The funds have been recorded as an interfund receivable and an interfund payable in the respective funds on the fund financial statements. Information on the interfund loans can be found on page 25-26 of this report.

Contacting the Town's Management:

This financial report is designed to provide a general overview of the Town's finances for all interested parties. If you have any questions about this report or need additional financial information, contact the Town Office at 23 Water Street, Newport, Maine 04953.

Town of Newport, Maine
Statement of Net Position
June 30, 2022

		<u>Total Governmental Activities</u>
ASSETS:		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 2,607,048	
Accounts receivable	53,566	
Taxes receivable	364,652	
Tax liens receivable	<u>12,042</u>	
<i>Total current assets</i>		\$ 3,037,309
<i>Non-current assets:</i>		
Net pension asset	32,132	
Capital assets, net of accumulated depreciation	<u>6,313,176</u>	
<i>Total non-current assets</i>		<u>6,345,308</u>
TOTAL ASSETS		9,382,617
DEFERRED OUTFLOWS OF RESOURCES:		
Pension related outflows	128,684	
OPEB related outflows	<u>35,883</u>	
TOTAL DEFERRED OUTFLOWS OF RESOURCES		<u>164,567</u>
		\$ 9,547,184
LIABILITIES:		
<i>Current liabilities:</i>		
Accounts payable	\$ 118,903	
Accrued payroll	10,949	
Accrued interest payable	27,255	
Current portion of bonds payable	107,944	
Current portion of capital leases payable	<u>65,494</u>	
<i>Total current liabilities</i>		\$ 330,546
<i>Non-current liabilities:</i>		
Bonds payable	3,856,148	
Capital leases payable	66,356	
Compensated absences payable	56,135	
OPEB liability	<u>86,048</u>	
<i>Total non-current liabilities</i>		<u>4,064,687</u>
TOTAL LIABILITIES		4,395,233
DEFERRED INFLOWS OF RESOURCES:		
Taxes collected in advance	43,802	
Pension related inflows	562,907	
OPEB related inflows	<u>70,930</u>	
TOTAL DEFERRED INFLOWS OF RESOURCES		677,639
NET POSITION:		
Net investment in capital assets	2,189,978	
Restricted:		
<i>Tax increment financing</i>	92,378	
<i>Cook Cemetery</i>	13,473	
<i>Cemetery principal</i>	5,000	
Unrestricted	<u>2,173,483</u>	
TOTAL NET POSITION		<u>4,474,311</u>
		\$ 9,547,184

Town of Newport, Maine
Statement of Activities
For the Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
<i>Governmental activities:</i>						
General government	\$ 591,423	\$ 18,850	\$ -	\$ -	\$ (572,573)	\$ (572,573)
Public safety	1,295,248	-	-	-	(1,295,248)	(1,295,248)
Public works	1,038,039	104,159	46,376	-	(887,504)	(887,504)
Education	3,193,108	-	-	-	(3,193,108)	(3,193,108)
County tax	446,649	-	-	-	(446,649)	(446,649)
Other	398,838	-	2,377	346,283	(50,178)	(50,178)
Interest on long-term debt	113,533	-	-	-	(113,533)	(113,533)
Depreciation	312,390	-	-	-	(312,390)	(312,390)
<i>Total governmental activities</i>	\$ 7,389,228	\$ 123,009	\$ 48,753	\$ 346,283	(6,871,183)	(6,871,183)
<i>General revenues:</i>						
Property taxes, levied for general purposes					5,401,567	5,401,567
Excise taxes					776,264	776,264
Interest and lien fees					24,635	24,635
Licenses and permits					18,292	18,292
<i>Grants and contributions not restricted to specific programs:</i>						
State revenue sharing					675,573	675,573
Other					357,440	357,440
Unrestricted investment earnings					11,099	11,099
Miscellaneous revenues					331,513	331,513
<i>Total general revenues and transfers</i>					7,596,382	7,596,382
<i>Changes in net position</i>					725,199	725,199
NET POSITION - BEGINNING - restated for GASB 75 implementation					3,749,112	3,749,112
NET POSITION - ENDING					\$ 4,474,311	\$ 4,474,311

The accompanying notes are an integral part of these statements.

**Town of Newport, Maine
Balance Sheets
Governmental Funds
June 30, 2022**

	General Fund	Major Fund - Cemetery Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,487,932	\$ 100,643	\$ 18,473	\$ 2,607,048
Accounts receivable	53,566	-	-	53,566
Interfund loan receivable	-	174,288	-	174,288
Taxes receivable	364,652	-	-	364,652
Tax liens receivable	12,042	-	-	12,042
TOTAL ASSETS	\$ 2,918,193	\$ 274,931	\$ 18,473	\$ 3,211,597
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Liabilities:</i>				
Accounts payable	\$ 118,903	\$ -	\$ -	\$ 118,903
Accrued payroll	10,949	-	-	10,949
Interfund loan payable	174,288	-	-	174,288
<i>Total liabilities</i>	304,141	-	-	304,141
<i>Deferred inflows of resources:</i>				
Taxes collected in advance	43,802	-	-	43,802
Uncollected property taxes	291,722	-	-	291,722
<i>Total deferred inflows of resources</i>	335,524	-	-	335,524
<i>Fund balances:</i>				
Non-spendable	-	-	5,000	5,000
Restricted -				
Tax increment financing	92,378	-	-	92,378
Cook Cemetery	-	-	13,473	13,473
Committed - <i>see footnotes</i>	-	274,931	-	274,931
Assigned - <i>see footnotes</i>	629,565	-	-	629,565
Unassigned	1,556,585	-	-	1,556,585
<i>Total fund balances</i>	2,278,528	274,931	18,473	2,571,932
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,918,193	\$ 274,931	\$ 18,473	\$ 3,211,597

Town of Newport, Maine
Reconciliation of Fund Balance to Net Position
Governmental Funds
June 30, 2022

TOTAL FUND BALANCES	\$	2,571,932
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Amounts reported for governmental activities in the statement of net position (Stmt. 1) are different because:

Depreciable and non-depreciable capital assets as reported in Stmt. 1		6,313,176
Long-term liabilities, including bonds payable, as reported on Stmt. 1		(4,095,942)
Accrued compensated absences		(56,135)
Accrued interest expense		(27,255)
Deferred property taxes not reported on Stmt. 1		291,722
Deferred outflows of resources - pension related expenditures		128,684
Deferred inflows of resources - pension related inflows		(562,907)
Net pension (liability) asset		32,132
Deferred outflows of resources - OPEB related expenditures		35,883
Deferred inflows of resources - OPEB related inflows		(70,930)
OPEB liabilities		(86,048)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	4,474,311
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Town of Newport, Maine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Major Fund - Cemetery Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 5,488,845	\$ -	\$ -	\$ 5,488,845
Excise taxes	776,264	-	-	776,264
Intergovernmental revenue	1,428,049	-	-	1,428,049
Charges for services	123,009	-	-	123,009
Investment income	10,882	143	74	11,099
Interest and lien fees	24,635	-	-	24,635
Licenses and permits	18,292	-	-	18,292
Other revenue	328,585	2,928	-	331,513
<i>Total revenues</i>	8,198,561	3,071	74	8,201,705
EXPENDITURES:				
General government	532,664	-	-	532,664
Public safety	1,295,248	-	-	1,295,248
Public works	1,516,189	-	-	1,516,189
Education	3,193,108	-	-	3,193,108
County tax	446,649	-	-	446,649
Debt service	221,243	-	-	221,243
Reserve accounts	559,725	-	-	559,725
Unclassified	190,464	-	-	190,464
<i>Total expenditures</i>	7,955,288	-	-	7,955,288
<i>Excess (deficiency) of revenues over expenditures</i>	243,272	3,071	74	246,417
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	3,987	-	3,987
Operating transfers (out)	(3,987)	-	-	(3,987)
<i>Total other financing sources (uses)</i>	(3,987)	3,987	-	-
<i>Net change in fund balances</i>	239,286	7,058	74	246,417
FUND BALANCES - BEGINNING - restated - see footnotes	2,039,242	267,873	18,399	2,325,515
FUND BALANCES - ENDING	\$ 2,278,528	\$ 274,931	\$ 18,473	\$ 2,571,932

Town of Newport, 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 (Stmt. 4)	\$	246,417
Amounts reported for governmental activities in the Statement of Activities (Stmt. 2) are different due to the following items:		
Depreciation expense recorded on Statement of Activities, yet not required to be recorded as expenditures on governmental funds		(312,390)
Capital outlays expensed on the Governmental Funds report (Stmt. 4), yet not considered an expense for the purposes of Statement of Activities (Stmt. 2)		764,533
Revenues in the Statement of Activities (Stmt. 2) that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes.		(87,278)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. More specifically, this represents the net amount of principal reduction in debt service made during the fiscal year.		170,259
Change in accrued compensated absences		(13,374)
Change in accrued interest expense		2,058
Change in net position relating to OPEB - GASB #75		(6,608)
Change in net position relating to pensions		(38,418)
<hr/>		
Changes in net position of governmental activities (see Stmt. 2)	\$	725,199

The accompanying notes are an integral part of these statements.

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town operates under a selectboard-manager form of government and was incorporated in 1814 under the laws of the State of Maine.

The accounting policies of the Town conform to U.S. generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, and its amendments, established new financial reporting requirements for governments and caused the Town to restructure much of the information presented in the past. The more significant of the government’s accounting policies are described below.

The financial statements include those of the various departments governed by the Select Board and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by GASB.

B. Basis of Presentation

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 either governmental or business-type.

Government-Wide Financial Statements

The Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities and reports information on all of the non-fiduciary activities of the Town as a whole.

The Statement of Net Position presents the financial condition of the governmental and business-type (if applicable) activities of the Town at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Town’s governmental and business-type (if applicable) activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The Town has elected not to allocate indirect costs among programs. Program revenues include 1) charges to customers for services and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. The focus of governmental and proprietary fund financial statements is on major funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being aggregated and displayed in a single column. The General Fund is always a major fund.

Because of the basis of accounting and reporting differences, summary reconciliations to the Government-wide financial statements are presented at the end of each applicable fund financial statement.

C. Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of three categories of funds: governmental, proprietary and fiduciary.

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following are the Town's major funds:

General Fund – 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.

Permanent Fund – This fund is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs. A permanent fund would be used, for example, to account for the perpetual care endowment of a municipal cemetery.

Special Revenue Fund – This fund is used for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. It accounts for cemetery care and upkeep.

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus

Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The fiduciary funds are reported using the economic resources measurement focus.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements, proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes, charges for services, and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, property taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

F. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for the general fund only. Annual operating budgets are adopted each fiscal year by the registered voters of the Town at their annual Town meeting. Budgets are established in accordance with generally accepted accounting principles. Budgetary control is exercised by department heads, town administration and the Select Board. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Select Board or required by law.

G. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses

Cash and Cash Equivalents

Cash and cash equivalents include currency on hand, demand deposits with financial institutions, and other accounts with an original maturity of three months or less when purchased. Investments are recorded at fair market value.

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts.

Compensated Absences

Under the terms of the Town’s personnel policy, vacation and sick leave are granted in varying amounts according to length of service. The Town accrued unpaid vacation leave when earned (or estimated to be earned) by the employee. The Town does not accrue sick leave, as it is not payable upon separation. At June 30, 2022, the amount of accrued vacation was \$56,135 and has been recorded in the government-wide financial statements.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value as of the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25-30
Infrastructure	50
Machinery and Equipment	7-25
Vehicles	3-25

Net Position and Fund Balances

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position is the residual 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 the restricted components of net position.

The Town’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the Fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. These designations are categorized as follows:

Non-spendable – Funds that are not in spendable form, such as funds that are legally required to be maintained in tact (corpus of a permanent fund).

Restricted – Funds that are restricted for use by an external party, constitutional provision, or enabling legislation.

Committed – Funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the governing body.

Assigned – Funds intended to be used for specific purposes set by the Select Board.

Unassigned – Funds available for any purpose.

When an expenditure is incurred for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first.

When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenue arises when resources are received by the Town before the Town has legal claim to them. In subsequent periods, when both revenue recognition criteria are met or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Property Taxes

Property taxes for the current year were committed on July 15, 2021, on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. Payment of taxes was due September 23, 2021 and March 17, 2022 with interest at 5% on all tax bills unpaid as of the due date.

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 \$79,015 for the year ended June 30, 2022.

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

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

Risk Management

The Town pays insurance premiums to certain agencies to cover risks that may occur in normal operations. The Town purchases employee fidelity bond coverage. There have been no significant reductions in insurance coverage from the prior year. No settlements of claims have exceeded insurance coverage in the current year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Typically, the Town invests funds in checking accounts, savings accounts, certificates of deposit, and U.S. government obligations (through an investment group owned by a financial institution). From time to time the Town's deposits and investments may be subject to risks, such as the following:

Custodial Credit Risk – Deposits - the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town uses only financial institutions that are insured by the FDIC or additional insurance. At June 30, 2022, cash deposits had a carrying value of \$2,607,048, all of which was covered by FDIC or collateralized.

Interest Rate Risk – The Town does not currently have a deposit policy for interest rate risk.

Credit Risk – The Town does not have a formal policy regarding credit risk. Maine statutes authorize the Town to invest in obligations of the U.S. Treasury, and U.S. Agencies and certain bonds, securities and real assets.

Custodial Credit Risk – Investments – the risk 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 the possession of an outside party. The Town does not have an investment policy. None of the Town's investments were subject to custodial credit risk.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investments held by the Town are Level 1 inputs.

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

3. CAPITAL ASSETS

Governmental activities:	Balance 7/1/21	Additions	Deletions	Balance 6/30/22
<i>Capital assets:</i>				
Land	\$ 477,375	\$ -	\$ (113,880)	\$ 363,494
Buildings	5,299,403	-	-	5,299,403
Improvements	113,141	5,995	-	119,136
Vehicles	1,521,757	262,006	-	1,783,763
Equipment	1,249,419	197,229	-	1,446,648
Infrastructure	596,102	413,543	-	1,009,645
	<hr/>			<hr/>
Total capital assets	9,257,197	878,773	(113,880)	10,022,090
	<hr/>			<hr/>
<i>Less accumulated depreciation</i>	(3,396,528)	(312,391)	-	(3,708,919)
	<hr/>			<hr/>
Governmental activities				
Capital assets, net	\$ 5,860,669	\$ 566,382	\$ (113,880)	\$ 6,313,171
	<hr/>			<hr/>

Depreciation expense has not been charged as a direct expense for any department of the Town.

4. CONTINGENCIES

There may be various claims and suits pending against the Town, which arise in the normal course of the Town's activities. According to Town management, there are no matters that would result in adverse losses, claims, or assessments against the Town through the date of the audit report.

5. SUBSEQUENT EVENTS

Management has made an evaluation of subsequent events to and including the audit report date, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

6. INTERFUND BALANCES AND TRANSFERS

Interfund balances as of June 30, 2022 consisted of the following:

	<i>Due from:</i>
	General Fund
<i>Due to:</i>	
S/R Cemetery fund – LED lighting loan	\$ 119,382
S/R Cemetery fund – Loader loan	54,906
	<hr/>
	\$ 174,288
	<hr/>

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

6. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Transfer from:

General Fund

Transfer to:

S/R Cemetery fund – LED lighting loan interest	\$ 2,628
S/R Cemetery fund – Loader loan interest	1,359
	\$ 3,987

The Town borrowed money from the Special Revenue Cemetery fund for the purchase of a loader and LED lighting upgrade. For the year ended June 30, 2022 the activity for the two loans is below:

Description	Balance 7/1/21	Additions	(Reductions)	Balance 6/30/22
LED lighting loan – 8/1/20, 10 year, 2% interest	\$ 131,381	\$ -	\$ (11,998)	\$ 119,383
Loader loan – 10/20/21, 5 year, 2% interest	-	67,966	(13,061)	54,905
Total	\$ 131,381	\$ 67,966	\$ (25,058)	\$ 174,288

7. DEFERRED COMPENSATION PLAN

The Town offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by International City Management Association Retirement Corporation (ICMARC). The plan allows employees to defer a portion of their salary, plus town contributions, until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable 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 solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the Town and from any use by the Town other than paying benefits to employees and their beneficiaries in accordance with the plan.

The Town’s contributions to the plan including employee contributions for the year ended June 30, 2022 totaled \$29,219.

8. FUND BALANCES

Non-spendable:

Permanent fund – reserve for endowments **\$ 5,000**

Restricted:

Permanent Fund

Cook Cemetery \$ 13,473

General Fund

Tax increment financing 92,378

TOTAL RESTRICTED \$ 105,851

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

8. FUND BALANCES (CONTINUED)

Committed:

Special Revenue Fund

Cemetery funds	<u>\$ 274,931</u>
TOTAL COMMITTED	<u>\$ 274,931</u>

Assigned:

General Fund

Development corporation	\$ 2
Planning board	618
Industrial park	39,798
Unemployment insurance	46,546
SBA towers	33,941
Vital restoration	242
Fire department capital	30,095
Traffic light maintenance	(1,962)
Cemetery acquisition & restoration	14,081
Sebasticook river restoration	232
Police academy reserve	19,672
Floral tribute	349
Police education & investigation	1,384
Riverwalk performance fund	1,103
Sand and salt shed	(2,235)
Annual celebration account	6,625
Veteran's memorial park	2,308
Fire department activity	9,027
Recreation operating account	25,759
Hall cemetery	3,953
Cemetery maintenance offset	7,864
Forestry stumpage	6,752
Lake and dam restoration	29,742
Solid waste equipment	6,691
Digitize mapping	2,989
Police department capital equipment	2,184
Infrastructure repair	1,010
Municipal building replacement	1,394
Fuel account	11,398
Website design maintenance	4,088
Engineering transfer station	23
Health insurance	20,475
Riverwalk performing arts	835
Small equipment	5,601
Ambulance reimbursement	23,211
Tax acquired property	48,786
LED street light maintenance	9,337
Recreation capital account	38,606
Central ME cost recovery	3,848
Sign maintenance	332
Fire department/ambulance donations	(925)
ARPA funds	<u>173,786</u>
TOTAL ASSIGNED	<u>\$ 629,565</u>

UNASSIGNED

\$ 2,162,293

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

9. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2022, was as follows:

Description	Balance 7/1/21	Additions	(Reductions)	Balance 6/30/22	Due within one year
Bonds payable	\$ 4,069,745	\$ -	\$ (105,652)	\$ 3,964,093	\$ 107,944
Capital leases payable	196,457	-	(64,607)	131,850	65,494
Total	\$ 4,266,202	\$ -	\$ (170,259)	\$ 4,095,943	\$ 173,438

Payments on bonds payable, notes payable and capital leases of the governmental activities are paid out of the General Fund.

General Obligation Bonds

Bonds payable at June 30, 2022 are comprised of the following:

	Interest Rate	Maturity Date	Balance at 6/30/2022
Governmental Activities:			
Maine Municipal Bond Bank	.65-4.603%	11/2045	<u>\$ 3,964,093</u>
Total governmental activities			<u>\$ 3,964,093</u>

Debt service requirements to retire the bonds payable outstanding for governmental activities at June 30, 2022 are as follows:

Year ending June 30,	Governmental Activities		Total
	Principal	Interest	
2023	\$ 107,944	\$ 159,202	\$ 267,146
2024	110,513	159,508	267,021
2025	113,332	153,586	268,918
2026	116,357	150,427	266,784
2027	119,650	146,931	266,581
2028-2032	660,485	669,901	1,330,386
2033-2037	793,667	532,411	1,326,078
2038-2041	981,459	338,106	1,319,565
2042-2045	960,686	90,927	1,051,613
Total	<u>\$ 3,964,093</u>	<u>\$ 2,400,999</u>	<u>\$ 6,364,092</u>

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function.

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

9. LONG-TERM OBLIGATIONS (CONTINUED)

The following are the individual capital lease obligations outstanding for governmental activities at June 30, 2022:

	Interest Rate	Final Maturity Date	Balance at <u>6/30/2022</u>
Governmental activities:			
Truck	3.89%	10/2024	\$ 67,207
Wheeler	2.59%	7/2024	64,642
			<u>\$ 131,849</u>

Debt service requirements to retire capital lease obligations outstanding for governmental activities at June 30, 2022 are as follows:

Year ending June 30,	Principal	Governmental Interest Activities	Total
2023	\$ 65,494	\$ 4,289	\$ 69,783
2024	66,355	2,164	68,519
Total	\$ 131,849	\$ 6,453	\$ 138,302

10. RESTATED BEGINNING BALANCE

The beginning fund balance for the General Fund and the Special Revenue – Cemetery Fund have been restated to account for an interfund loan that was dated August 2020. The result of this restatement was a decrease in the beginning General Fund balance of \$131,381, and an increase in the beginning Special Revenue Fund balance of the same amount. The total beginning fund balance for all funds did not change, the restatement was a reclassification of fund balance.

The beginning net position on Statement 2 was restated due to the implementation of GASB #75.

11. TAX INCREMENT FINANCING DISTRICT

Under the State of Maine Title 30-A M.R.S., the Town has established two Tax Increment Financing Districts (TIFs) to finance development programs located in the Town of Newport.

	<u>Original value</u>	Increase in <u>value</u>	Percent <u>captured</u>	Captured <u>value</u>	Captured <u>taxes</u>
TIF 1	\$ 3,662,000	4,319,900	100%	4,319,900	\$ 85,068
TIF 2	457,200	3,073,600	100%	3,073,600	60,243

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

12. DEFINED BENEFIT PENSION PLAN

Plan Description

Full-time Town employees are eligible to participate in the Maine Public Employees Retirement System (MainePERS), a cost sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title V of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (800) 451-9800

Benefits Provided

The MainePers provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below his/her normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently .93%.

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or by the System's Board of Trustees and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

12. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2022, the Town reported an asset of \$32,132 for its proportionate share of the net pension asset/liabilities for the plan. The net pension asset/liabilities were measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension asset/liability was based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, the Town's proportion was 0.099988%.

At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
Difference between expected and actual experience	\$ 20,786	\$ 2,184
Net difference between projected and actual earnings on pension plan investments	-	437,976
Changes in assumptions	107,898	-
Contributions made after measurement date	-	74,056
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	48,691
	\$ 128,684	\$ 562,907

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ (76,699)
2023	(62,064)
2024	(99,699)
2025	(121,705)

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

12. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

The total pension liability for the Plan was determined by actuarial valuation as of June 30, 2021, using the following assumptions and methods applied to all periods included in the measurement:

Actuarial Cost Method

The entry age normal actuarial funding method is used to figure costs. Using this method, the total employer contribution rate contains two elements – the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Using the individual entry age normal method, a normal cost rate is figured for each employee. The rate is determined by taking the value, age at entry of the plan, of the member's projected future benefits, and dividing it by the value of his/her expected future salary. The normal cost for each employee is the product of his/her pay and his/her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains (losses) – increases or decreases in liabilities and in assets when actual experience is different from the actuarial assumptions – affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2021 are as follows:

Investment Rate of Return – 6.50% per annum for the year ended June 30, 2021

Salary Increases, Merit and Inflation – 2.75%-11.48% plus merit component based on each employee's years of service for the year ended June 30, 2021

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Tables for males and females. For recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table for males and females was used.

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

12. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method where best-estimate ranges of expected future real rates of return are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized below:

<i>Asset Class</i>	<i>Long-term Expected Real Rate of Return</i>
Public equities	6.0 %
US government	2.3
Private equity	7.6
<i>Real assets:</i>	
Real estate	5.2
Infrastructure	5.3
Natural resources	5.0
Traditional credit	3.0
Alternative credit	4.2
Diversifiers	5.9

Discount Rate

The discount rate used to measure the collective pension liability was 6.5% for 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2021 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate.

1% Decrease	Current Discount Rate	% Increase
5.50%	6.50%	7.50%
\$ 457,262	\$(32,132)	\$ (436,926)

Pension Plan Financial and Actuarial Information

Additional financial information and actuarial information can be found in the Maine PERS 2021 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

13. OPEB OBLIGATIONS

Plan Description

The Town provides health insurance to its employees through Maine Municipal Employees Health Trust (MMEHT). The Town does not provide postemployment or postretirement health benefits, but it is subject to an implicit benefit for its members in MMEHT.

Accounting Policies

The impact of experience gains or losses and assumption changes on the Total OPEB Liability (TOL) are recognized in the OPEB expense over the average expected remaining life of all active and inactive members of the Plan. As of the beginning of the measurement period, this average was 9 years.

The table below summarizes the current balances of deferred outflows and deferred inflows of resources along with the net recognition over the next 5 years, and thereafter:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 61,912
Changes in assumptions	35,883	8,836
Contributions subsequent to measurement date	-	182
Total	\$ 35,883	\$ 70,930

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:

2023	(4,998)
2024	(4,998)
2025	(4,998)
2026	(5,005)
2027	(5,580)
Thereafter	(9,286)

As of January 1, 2022, the plan membership data is comprised of 13 active members with only an implicit benefit.

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

13. OPEB OBLIGATIONS (CONTINUED)

Key Economic Assumptions:

Measurement date: January 1, 2022
Discount rates: 2.06% per annum for year end 2022 reporting
2.124% per annum for year end 2021 reporting
Trend assumptions: *Pre-Medicare Medical* – Initial trend of 6.25% applied in FYE 2022
grading over 20 years to 3.53% per annum.
Pre-Medicare Drug – Initial trend of 13.10% applied in FYE 2022
grading over 20 years to 3.53% per annum.
Medicare Medical – Initial trend of 5.00% applied in FYE 2022
grading over 20 years to 3.53% per annum.
Medicare Drug – Initial trend of 9.90% applied in FYE 2022 grading
over 20 years to 3.53% per annum.
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.

Demographic Assumptions:

Retiree continuation: Retirees who are current Medicare participants – 100%
Retirees who are Pre-medicare, active participants – 75%
Spouses who are Pre-medicare, spouse is active participant – 50%

Rate of mortality: Based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those include 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.

**TOWN OF NEWPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

13. OPEB OBLIGATIONS (CONTINUED)

Assumed rate of retirement: For employees hired prior to July 1, 2014

- Age 57-58 – 6%
- Age 59 – 10%
- Age 60-61 - 12%
- Age 62-63 - 16%
- Age 64 – 20%
- Age 65-66 – 30%
- Age 67-69 – 25%
- Age 70+ - 100%

For employees hired after July 1, 2014

- Age 55-61 – 6%
- Age 62 – 10%
- Age 63-64 – 12%
- Age 65 – 20%
- Age 66-68 – 16%
- Age 69 – 20%
- Age 70-74 - 25%
- Age 75+ - 100%

Salary increases: 2.75% per year

Discount Rate

The discount rate used to measure the TOL was 2.06% based on a measurement date of January 1, 2022. This rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

The following table shows how the net OPEB liability as of June 30, 2022 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 2.06%.

1% Decrease 1.06%	Current Rate 2.06%	1% Increase 3.06%
\$ 101,896	\$ 86,048	\$ 73,089

Changes in the healthcare trend affect the measurement of the TOL. Lower healthcare trend rates produce a lower TOL and higher healthcare trend rates produce a higher TOL. The table below shows the sensitivity of the TOL to the healthcare trend rates.

1% Decrease	Healthcare Trend Rates	1% Increase
\$ 71,864	\$ 86,048	\$ 104,026

A 1% decrease in the healthcare trend rate decreases the NOL by approximately 16.5%. A 1% increase in the healthcare trend rate increases the NOL by approximately 20.9%.

Town of Newport, Maine
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget- Positive (negative)
REVENUES:				
<i>Taxes:</i>				
Property taxes	\$ 5,457,500	\$ 5,457,500	\$ 5,472,688	\$ 15,188
Supplemental taxes	25,000	25,000	16,157	(8,843)
Excise taxes	750,000	750,000	776,264	26,264
Interest and lien fees	53,200	53,200	24,635	(28,565)
<i>Intergovernmental revenue:</i>				
LRAP	43,216	43,216	46,376	3,160
State revenue sharing	531,000	531,000	675,573	144,573
Homestead exemption	283,774	283,774	283,774	0
BETE reimbursement	82,205	82,205	61,764	(20,441)
Veteran's tax reimbursement	4,200	4,200	3,524	(676)
General assistance	9,500	9,500	2,377	(7,123)
Tree growth tax	7,000	7,000	8,378	1,378
ARPA funds	-	-	346,283	346,283
<i>Charges for services:</i>				
Agent fees	19,400	19,400	18,850	(550)
Transfer station fees	24,795	24,795	22,579	(2,216)
Recycling	47,460	47,460	81,580	34,120
Investment income	15,000	15,000	10,882	(4,118)
Licenses and permits	19,460	19,460	18,292	(1,168)
Other revenues	26,002	26,002	328,585	302,583
<i>Total revenues</i>	<u>7,398,712</u>	<u>7,398,712</u>	<u>8,198,561</u>	<u>799,849</u>
EXPENDITURES:				
General government	552,367	552,367	532,664	19,703
Public safety	1,296,975	1,296,975	1,295,248	1,727
Public works	1,545,664	1,545,664	1,516,189	29,475
Education	3,193,107	3,193,107	3,193,108	(1)
County tax	446,649	446,649	446,649	-
Debt service	250,000	250,000	221,243	28,757
Other	230,570	230,570	190,464	40,106
General fund reserves	-	704,352	559,725	144,628
<i>Total expenditures</i>	<u>7,515,332</u>	<u>8,219,684</u>	<u>7,955,288</u>	<u>264,396</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>			<u>243,272</u>	<u>(535,453)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers (out)	-	-	(3,987)	(3,987)
<i>Total other financing sources</i>	<u>-</u>	<u>-</u>	<u>(3,987)</u>	<u>(3,987)</u>
<i>Net changes in fund balances</i>			<u>239,286</u>	
FUND BALANCES - BEGINNING - RESTATED - see footnotes			<u>2,039,242</u>	
FUND BALANCES - ENDING			<u>\$ 2,278,528</u>	

Town of Newport, Maine
Schedule of the Town's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan
Last 10 Fiscal Years *

	2022**	2021**	2020**	2019**	2018**	2017**	2016**	2015**
Town's proportion of the net pension liability	0.1000%	0.1176%	0.1187%	0.1269%	0.1264%	0.1264%	0.1279%	0.1433%
Town's proportionate share of the net pension liability (asset)	\$ (32,132)	\$ 467,359	\$ 362,832	\$ 347,291	\$ 517,492	\$ 517,492	\$ 679,349	\$ 457,178
Town's covered payroll	675,145	735,173	709,188	714,058	662,515	662,515	701,501	721,835
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	-47.59%	63.57%	51.16%	48.64%	78.11%	78.11%	96.84%	63.34%
Plan fiduciary net position as a percentage of the total pension liability	-0.86%	88.35%	90.62%	91.14%	86.43%	86.43%	81.60%	88.27%

* This schedule is intended to show information for ten years, but information for only eight years is available. Information for additional years will be displayed as it becomes available.

** The amounts presented for each fiscal year were determined as of the prior fiscal year. The liability and related percentages have not changed in FY2018 and FY2017 due to the change in fiscal years.

Town of Newport, Maine
Schedule of the Town's Contributions
Maine Public Employees Retirement System Consolidated Plan
Last 10 Fiscal Years *

Exhibit 3

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 57,440	\$ 64,955	\$ 75,728	\$ 72,656	\$ 34,682	\$ 70,055	\$ 60,085	\$ 59,194
Contributions in relation to the contractually required contribution	(57,440)	(64,955)	(75,728)	(72,656)	(34,682)	(70,055)	(60,085)	(59,194)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 675,135	\$ 625,100	\$ 735,173	\$ 709,188	\$ 352,517	\$ 732,868	\$ 662,515	\$ 701,501
Contributions as a percentage of covered payroll	8.50%	10.39%	10.30%	10.24%	9.84%	9.56%	9.07%	8.44%

** This schedule is intended to show information for ten years, but information for only eight years is available. Information for additional years will be displayed as it becomes available.*

Note: In 2018, the contributions and payroll are for a six-month period as the Town changed its fiscal year end.

**TOWN OF NEWPORT, MAINE
NOTES TO GASB #68 REQUIRED SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2022**

Changes of Benefit Terms include:

There were no benefit changes for the Town employees in the employees' retirement plan.

Changes of Assumptions include:

The following are changes in actuarial assumptions in the most recent valuations:

	2022	2020	2018	2016	2015	2014
Discount rate	6.5%	6.75%	6.75%	6.875%	7.125%	7.250%
Inflation rate	2.75%	2.75%	2.75%	2.75%	3.50%	n/a
Salary increases	2.75%-11.48%	2.75%-plus merit	2.75%-9%	2.75%-9%	3.5%-9.5%	n/a
Cost of living increases	1.91%	1.91%	1.91%	2.20%	2.55%	3.12%

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal.
Amortization method	A level percentage of payroll using a method where a separate twenty-year closed period is established.
Asset valuation method	One-third of the investment return that is different from the actuarial assumption for investment return.
Retirement age	60 or 65, depending on years of creditable service at certain dates.
Mortality	RP2014 Total Dataset Health Annuitant Mortality Table for males and females is used.

This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.

Town of Newport, Maine
Schedule of Changes in Net OPEB Liability and Related Ratios
Postretirement Employee Healthcare Plan
For the Year Ended June 30, 2022

Exhibit 4

	<u>FYE 2022</u>	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>FYE 2019</u>	<u>FYE 2018</u>
<u>Total OPEB Liability</u>					
Service cost (BOY)	\$ 8,656	\$ 7,456	\$ 2,813	\$ 3,287	\$ 2,191
Interest (includes interest on service cost)	2,757	3,019	4,012	3,649	3,685
Changes in benefit terms	-	-	(1,843)	-	-
Differences between expected and actual experience	(8,040)	-	(24,305)	-	(17,284)
Changes of assumptions	(38,670)	8,329	29,073	(10,787)	22,551
Benefit payments, including refunds of member contributions	(121)	(116)	(3,982)	(3,829)	(3,472)
Net change in total OPEB liability	\$ (35,418)	\$ 18,688	\$ 5,768	\$ (7,680)	\$ 7,671
Total OPEB liability - beginning	\$ 121,466	\$ 102,778	\$ 97,010	\$ 104,690	\$ 97,019
Total OPEB liability - ending	\$ 86,048	\$ 121,466	\$ 102,778	\$ 97,010	\$ 104,690
<u>Plan fiduciary net position</u>					
Contributions - employer	121	116	3,982	3,829	3,472
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(121)	(116)	(3,982)	(3,829)	(3,472)
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 86,048	\$ 121,466	\$ 102,778	\$ 97,010	\$ 104,690
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 704,100	\$ 736,295	\$ 736,295	\$ 588,954	\$ 588,954
Net OPEB liability as a percentage of covered employee payroll	12.20%	16.50%	14.00%	16.50%	17.80%

Town of Newport, Maine
Schedule of Expenditures - Budget and Actual
For the Year Ended June 30, 2022

	Budget	Actual Expenditures	Variance positive (negative)
GENERAL GOVERNMENT:			
Selectboard	\$ 13,070	\$ 12,731	\$ 339
Administration	336,296	329,136	7,160
Bad debts	200	20	180
Professional services	55,580	55,152	428
Planning board	1,900	667	1,233
Elections	3,099	5,050	(1,951)
Board of appeals	1,018	8	1,010
Code enforcement	23,506	19,447	4,059
Information technology	37,641	33,477	4,164
Municipal building and grounds	80,057	76,974	3,083
<i>Total</i>	<u>552,367</u>	<u>532,664</u>	<u>19,703</u>
PUBLIC SAFETY:			
Police department	581,421	566,721	14,700
Fire department	343,593	376,804	(33,211)
Hydrants	252,000	252,000	-
Animal control	11,594	4,956	6,638
Street lights	26,320	11,684	14,636
Insurance	82,047	83,083	(1,036)
<i>Total</i>	<u>1,296,975</u>	<u>1,295,248</u>	<u>1,727</u>
PUBLIC WORKS:			
General	467,865	473,856	(5,991)
Cemeteries	44,199	37,762	6,437
Trees and parks	15,000	15,305	(305)
Road reconstruction	475,000	475,548	(548)
North/Main Street dams	-	273	(273)
Capital outlay - loader purchase	135,932	135,932	-
Solid waste and recycling	407,668	377,513	30,155
<i>Total</i>	<u>1,545,664</u>	<u>1,516,189</u>	<u>29,475</u>
SPECIAL ASSESSMENTS:			
County Tax	446,649	446,649	-
Education	3,193,107	3,193,108	(1)
Debt Service	250,000	221,243	28,757
<i>Total</i>	<u>3,889,756</u>	<u>3,860,999</u>	<u>28,757</u>
OTHER:			
General assistance	10,770	7,674	3,096
Social agencies	7,550	6,668	882
Recreation	68,250	55,570	12,680
Memorial Day activities	500	-	500
Newport Cultural Center	143,500	120,553	22,947
<i>Total</i>	<u>230,570</u>	<u>190,464</u>	<u>40,106</u>
TOTAL EXPENDITURES	<u>\$ 7,515,332</u>	<u>\$ 7,395,564</u>	<u>\$ 119,768</u>

Town of Newport, Maine
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund Reserves
For the Year Ended June 30, 2022

Schedule B

	<i>Tax Increment Financing</i>	<i>Development Corporation</i>	<i>Planning Board</i>	<i>Industrial Park</i>	<i>Unemployment Insurance</i>
REVENUES:					
Interest Income	\$ 471	\$ -	\$ 2	\$ 160	\$ (2,827)
Charges for services	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Taxes	-	-	-	-	-
Miscellaneous	-	-	-	-	1,065
<i>Total revenues</i>	<u>471</u>	<u>-</u>	<u>2</u>	<u>160</u>	<u>(1,762)</u>
EXPENDITURES:					
Debt service	98,035	-	-	-	-
General government	-	-	-	-	-
Public works	-	-	-	-	-
Recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Capital outlay	-	-	-	-	-
<i>Total expenditures</i>	<u>98,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(97,564)</u>	<u>-</u>	<u>2</u>	<u>160</u>	<u>(1,762)</u>
OTHER FINANCING SOURCES (USES) OF FUNDS:					
Transfer from general fund unassigned fund balance	110,478	-	-	-	3,000
<i>Total other financing sources (uses)</i>	<u>110,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	12,914	-	2	160	1,238
FUND BALANCE - BEGINNING OF YEAR	<u>79,464</u>	<u>2</u>	<u>615</u>	<u>39,638</u>	<u>42,308</u>
FUND BALANCE - END OF YEAR	<u>\$ 92,378</u>	<u>\$ 2</u>	<u>\$ 618</u>	<u>\$ 39,798</u>	<u>\$ 43,546</u>

Town of Newport, Maine
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund Reserves
For the Year Ended June 30, 2022

Schedule B

	<i>SBA Towers</i>	<i>Vital Restoration</i>	<i>Fire Department Capital</i>	<i>Traffic Light</i>	<i>Cemetery Acquisition</i>	<i>Sebasticook River Restoration</i>	<i>Police Academy Training</i>
REVENUES:							
Interest Income	\$ 155	\$ 1	\$ 330	\$ 5	\$ 57	\$ 1	\$ 85
Charges for services	21,084	-	31,310	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
<i>Total revenues</i>	<u>21,239</u>	<u>1</u>	<u>31,640</u>	<u>5</u>	<u>57</u>	<u>1</u>	<u>85</u>
EXPENDITURES:							
Debt service	17,790	-	-	-	-	-	-
General government	-	-	-	-	-	-	-
Public works	-	-	-	3,275	-	-	-
Recreation	-	-	-	-	-	-	-
Public safety	-	-	10,628	-	-	-	5,246
Capital outlay	-	-	89,460	-	-	-	-
<i>Total expenditures</i>	<u>17,790</u>	<u>-</u>	<u>100,088</u>	<u>3,275</u>	<u>-</u>	<u>-</u>	<u>5,246</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,449</u>	<u>1</u>	<u>(68,448)</u>	<u>(3,270)</u>	<u>57</u>	<u>1</u>	<u>(5,161)</u>
OTHER FINANCING SOURCES (USES) OF FUNDS:							
Transfer from general fund unassigned fund balance	-	-	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>3,449</u>	<u>1</u>	<u>(68,448)</u>	<u>(3,270)</u>	<u>57</u>	<u>1</u>	<u>(5,161)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>30,492</u>	<u>241</u>	<u>98,543</u>	<u>1,309</u>	<u>14,025</u>	<u>231</u>	<u>24,833</u>
FUND BALANCE - END OF YEAR	<u>\$ 33,941</u>	<u>\$ 242</u>	<u>\$ 30,095</u>	<u>\$ (1,962)</u>	<u>\$ 14,081</u>	<u>\$ 232</u>	<u>\$ 19,672</u>

Town of Newport, Maine
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund Reserves
For the Year Ended June 30, 2022

Schedule B

	<i>Floral Tribute</i>	<i>Police Education and Investigative</i>	<i>Riverwalk Performance Fund</i>	<i>Salt and Sand Shed</i>	<i>Annual Celebration Account</i>	<i>Veteran Memorial Park</i>	<i>Fire Dept. Activity Fund</i>	<i>Recreation Operating Account</i>	<i>Hall Cemetery</i>
REVENUES:									
Interest Income	\$ 1	\$ 6	\$ 3	\$ 11	\$ 21	\$ 16	\$ 35	\$ 83	\$ 16
Charges for services	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	924	-	7,593	-	13,585	8,562	-
<i>Total revenues</i>	<u>1</u>	<u>6</u>	<u>927</u>	<u>11</u>	<u>7,614</u>	<u>16</u>	<u>13,620</u>	<u>8,645</u>	<u>16</u>
EXPENDITURES:									
Debt service	-	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	65	-	-	-
Public works	-	-	-	5,731	-	-	-	-	-
Recreation	-	-	-	-	6,628	-	-	3,237	-
Public safety	-	-	-	-	-	-	8,629	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,731</u>	<u>6,628</u>	<u>65</u>	<u>8,629</u>	<u>3,237</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1</u>	<u>6</u>	<u>927</u>	<u>(5,720)</u>	<u>985</u>	<u>(49)</u>	<u>4,990</u>	<u>5,408</u>	<u>16</u>
OTHER FINANCING SOURCES (USES) OF FUNDS:									
Transfer from general fund unassigned fund balance	-	-	-	-	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>1</u>	<u>6</u>	<u>927</u>	<u>(5,720)</u>	<u>985</u>	<u>(49)</u>	<u>4,990</u>	<u>5,408</u>	<u>16</u>
FUND BALANCE - BEGINNING OF YEAR	<u>347</u>	<u>1,379</u>	<u>176</u>	<u>3,485</u>	<u>5,639</u>	<u>2,357</u>	<u>4,037</u>	<u>20,351</u>	<u>3,937</u>
FUND BALANCE - END OF YEAR	<u>\$ 349</u>	<u>\$ 1,384</u>	<u>\$ 1,103</u>	<u>\$ (2,235)</u>	<u>\$ 6,625</u>	<u>\$ 2,308</u>	<u>\$ 9,027</u>	<u>\$ 25,759</u>	<u>\$ 3,953</u>

Town of Newport, Maine
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund Reserves
For the Year Ended June 30, 2022

Schedule B

	<i>Cemetery Maintenance Offset</i>	<i>Forestry Stumpage</i>	<i>Sebasticook Lake and Dam Restoration</i>	<i>Solid Waste Equipment Account</i>	<i>Research and Developmental Digital Mapping</i>	<i>Police Dept. Capital Equip. Fund</i>	<i>Infrastructure Repair Account</i>
REVENUES:							
Interest Income	\$ 25	\$ 35	\$ 108	\$ 29	\$ 4	\$ 11	\$ 5
Charges for services	-	-	-	5,147	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Taxes	-	-	4,397	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
<i>Total revenues</i>	<u>25</u>	<u>35</u>	<u>4,505</u>	<u>5,176</u>	<u>4</u>	<u>11</u>	<u>5</u>
EXPENDITURES:							
Debt service	-	-	-	-	-	-	-
General government	-	-	2,770	-	2,975	-	-
Public works	-	7,931	-	7,094	-	-	275
Recreation	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	718	-
Capital outlay	-	-	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>7,931</u>	<u>2,770</u>	<u>7,094</u>	<u>2,975</u>	<u>718</u>	<u>275</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>25</u>	<u>(7,896)</u>	<u>1,735</u>	<u>(1,918)</u>	<u>(2,971)</u>	<u>(706)</u>	<u>(270)</u>
OTHER FINANCING SOURCES (USES) OF FUNDS:							
Transfer from general fund unassigned fund balance	-	-	-	-	5,000	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>25</u>	<u>(7,896)</u>	<u>1,735</u>	<u>(1,918)</u>	<u>2,029</u>	<u>(706)</u>	<u>(270)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>7,839</u>	<u>14,648</u>	<u>28,007</u>	<u>8,609</u>	<u>961</u>	<u>2,890</u>	<u>1,280</u>
FUND BALANCE - END OF YEAR	<u>\$ 7,864</u>	<u>\$ 6,752</u>	<u>\$ 29,742</u>	<u>\$ 6,691</u>	<u>\$ 2,989</u>	<u>\$ 2,184</u>	<u>\$ 1,010</u>

Town of Newport, Maine
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund Reserves
For the Year Ended June 30, 2022

Schedule B

	<i>Municipal Building Replacement</i>	<i>Fuel Account</i>	<i>Website Design</i>	<i>Engineering Transfer Station</i>	<i>Health Insurance</i>	<i>Riverwalk Performing Arts</i>	<i>Small Equipment Transfer</i>	<i>Ambulance Reimbursement</i>	<i>Tax Acquired Property</i>
REVENUES:									
Interest Income	\$ 21	\$ 46	\$ 22	\$ -	\$ 82	\$ 3	\$ 23	\$ 116	\$ 125
Charges for services	-	-	-	-	-	-	-	52,075	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	60,250
<i>Total revenues</i>	<u>21</u>	<u>46</u>	<u>22</u>	<u>-</u>	<u>82</u>	<u>3</u>	<u>23</u>	<u>52,191</u>	<u>60,375</u>
EXPENDITURES:									
Debt service	-	-	-	-	-	-	-	-	-
General government	6,362	-	4,066	-	-	-	-	-	28,835
Public works	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	9,869	-
Capital outlay	-	-	-	-	-	-	-	33,888	-
<i>Total expenditures</i>	<u>6,362</u>	<u>-</u>	<u>4,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,757</u>	<u>28,835</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,340)</u>	<u>46</u>	<u>(4,044)</u>	<u>-</u>	<u>82</u>	<u>3</u>	<u>23</u>	<u>8,433</u>	<u>31,540</u>
OTHER FINANCING SOURCES (USES) OF FUNDS:									
Transfer from general fund unassigned fund balance	-	-	-	-	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(6,340)</u>	<u>46</u>	<u>(4,044)</u>	<u>-</u>	<u>82</u>	<u>3</u>	<u>23</u>	<u>8,433</u>	<u>31,540</u>
FUND BALANCE - BEGINNING OF YEAR	<u>7,735</u>	<u>11,353</u>	<u>8,132</u>	<u>23</u>	<u>20,393</u>	<u>831</u>	<u>5,579</u>	<u>14,777</u>	<u>17,246</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,394</u>	<u>\$ 11,398</u>	<u>\$ 4,088</u>	<u>\$ 23</u>	<u>\$ 20,475</u>	<u>\$ 835</u>	<u>\$ 5,601</u>	<u>\$ 23,211</u>	<u>\$ 48,786</u>

Town of Newport, Maine
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund Reserves
For the Year Ended June 30, 2022

Schedule B

Schedule C

	<i>LED Street Lights</i>	<i>Recreation Capital Account</i>	<i>Central Maine Cost Recovery</i>	<i>Sign Maintenance</i>	<i>Fire Department Ambulance Donations</i>	<i>ARPA Funds</i>	<i>Total General Fund Reserves</i>
REVENUES:							
Interest Income	\$ 18	\$ 109	\$ 23	\$ -	\$ 4	\$ 343	\$ (218)
Charges for services	-	-	-	-	-	-	109,616
Intergovernmental	-	-	-	-	-	346,283	346,283
Taxes	-	-	-	-	-	-	4,397
Miscellaneous	-	30,000	20,598	53	2,850	-	145,480
<i>Total revenues</i>	<u>18</u>	<u>30,109</u>	<u>20,621</u>	<u>53</u>	<u>2,854</u>	<u>346,626</u>	<u>605,558</u>
EXPENDITURES:							
Debt service	-	-	-	-	-	-	115,825
General government	-	-	-	-	-	-	45,073
Public works	-	-	-	-	-	-	24,306
Recreation	-	12,144	-	-	-	-	22,009
Public safety	681	-	16,773	-	3,780	-	56,324
Capital outlay	-	-	-	-	-	172,840	296,188
<i>Total expenditures</i>	<u>681</u>	<u>12,144</u>	<u>16,773</u>	<u>-</u>	<u>3,780</u>	<u>172,840</u>	<u>559,725</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(663)</u>	<u>17,965</u>	<u>3,848</u>	<u>53</u>	<u>(926)</u>	<u>173,786</u>	<u>45,834</u>
OTHER FINANCING SOURCES (USES) OF FUNDS:							
Transfer from general fund unassigned fund balance	5,000	-	-	279	-	-	123,757
<i>Total other financing sources (uses)</i>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>279</u>	<u>-</u>	<u>-</u>	<u>123,757</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>4,337</u>	<u>17,965</u>	<u>3,848</u>	<u>332</u>	<u>(926)</u>	<u>173,786</u>	<u>169,590</u>
FUND BALANCE - BEGINNING OF YEAR	<u>5,000</u>	<u>20,641</u>	<u>0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,352</u>
FUND BALANCE - END OF YEAR	<u>\$ 9,337</u>	<u>\$ 38,606</u>	<u>\$ 3,848</u>	<u>\$ 332</u>	<u>\$ (926)</u>	<u>\$ 173,786</u>	<u>\$ 718,942</u>

Town of Newport, Maine
Combining Balance Sheet - All Other Non-Major Governmental Funds
June 30, 2022

	<i>Permanent Fund</i>		<i>Total Other Governmental Funds</i>
	<u>Cook Cemetery</u>		
ASSETS:			
Cash & cash equivalents	\$ 18,473	\$	18,473
TOTAL ASSETS	\$ 18,473	\$	18,473
Fund Balance:			
Non-spendable	\$ 5,000	\$	5,000
Restricted:			
Cook cemetery	13,473		13,473
<i>Total fund balance</i>	<u>18,473</u>		<u>18,473</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,473	\$	18,473

Town of Newport, Maine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
All Other Non-Major Governmental Funds
For the Year Ended June 30, 2022

	<i>Permanent Fund Cook Cemetery</i>	<i>Total Other Governmental Funds</i>
REVENUES:		
Interest revenue	\$ 74	\$ 74
<i>Total revenues</i>	74	74
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	74	74
FUND BALANCE - BEGINNING OF YEAR	18,399	18,399
FUND BALANCE - END OF YEAR	\$ 18,473	\$ 18,473