

TOWN OF SORRENTO, MAINE

*FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT*

*FOR THE FISCAL YEAR
ENDED JUNE 30, 2022*

TOWN OF SORRENTO, MAINE
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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James W. Wadman

CERTIFIED PUBLIC ACCOUNTANT

James W. Wadman, C.P.A.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Sorrento
Sorrento, ME 04677

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Sorrento, Maine, as of June 30, 2022, and the respective changes in financial position for the fiscal 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 Sorrento, Maine, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Sorrento, 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 Responsibility 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 the Town'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 the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 25 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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's financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully Submitted,

James W. Wadman, C.P.A.

James W. Wadman, C.P.A.
May 15, 2024

TOWN OF SORRENTO, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Management of the Town of Sorrento, Maine provides this *Management's Discussion and Analysis* of the Town's financial performance for readers of the Town's financial statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended June 30, 2022. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at fiscal year ending June 30, 2022 by \$3,441,198 (presented as “net position”). Of this amount, \$604,344 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position – The Town's total net position decreased by \$73,396 (a 2.09% decrease) for the fiscal year ended June 30, 2022. Net position of governmental activities decreased by \$67,340 (a 2.08% decrease), while net assets of business-type activities showed a decrease of \$6,056 (a 2.20% decrease).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2022; the Town's governmental funds reported a combined ending fund balance of \$619,626 with \$235,905 being general unassigned fund balance. This unassigned fund balance represents approximately 17.0% of the total general fund expenditures for the year.

Long-term Debt:

The Town's had no outstanding long-term debt obligations during the current fiscal year. No new debt obligations were issued.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

Government-wide Financial Statements

The Government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables.

The government-wide financial statements can be found on pages 8-9 of this report.

Fund Financial Statements

The fund financial statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's programs. Reconciliation of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach. The basic governmental fund financial statements and the fiduciary fund financial

statements can be found on pages 10-11 and 15-16, respectively, of this report. The proprietary fund financial statements for the sewer department can be found on pages 12-14 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 17-24 of this report.

Required Supplementary Information

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary). The budgetary comparison schedule can be found on page 25 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The largest portion of the Town’s net position (80%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, parking lots and other immovable assets); less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

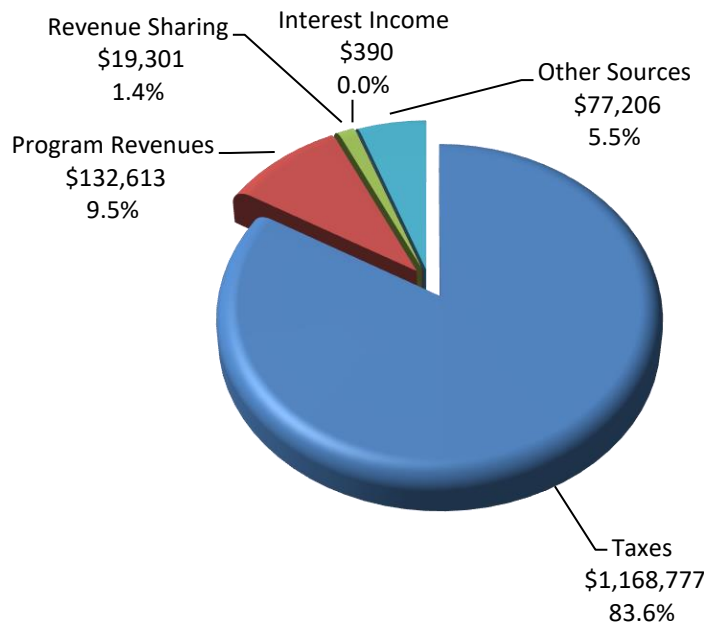
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total 2022</i>	<i>Total 2021</i>
Current Assets	\$ 748,393	\$ 60,459	\$ 808,852	\$ 777,422
Capital Assets	\$ 2,519,987	\$ 249,498	\$ 2,769,485	\$ 2,780,221
Total Assets	\$ 3,268,380	\$ 309,957	\$ 3,578,337	\$ 3,557,643
Other Liabilities	\$ 137,139	\$ 0	\$ 137,139	\$ 43,049
Internal Balances	\$ (40,285)	\$ 40,285	\$ 0	\$ 0
Deferred Inflows	\$ 0	\$ 0	\$ 0	\$ 0
Net Position;				
Invested in Capital Assets	\$ 2,519,987	\$ 249,498	\$ 2,769,485	\$ 2,780,221
Restricted	\$ 43,550	\$ 23,819	\$ 67,369	\$ 49,888
Unrestricted	\$ 607,989	\$ (3,645)	\$ 604,344	\$ 684,486
Total Liabilities and Net Position	\$ 3,268,380	\$ 309,957	\$ 3,578,337	\$ 3,557,643

Changes in Net Position

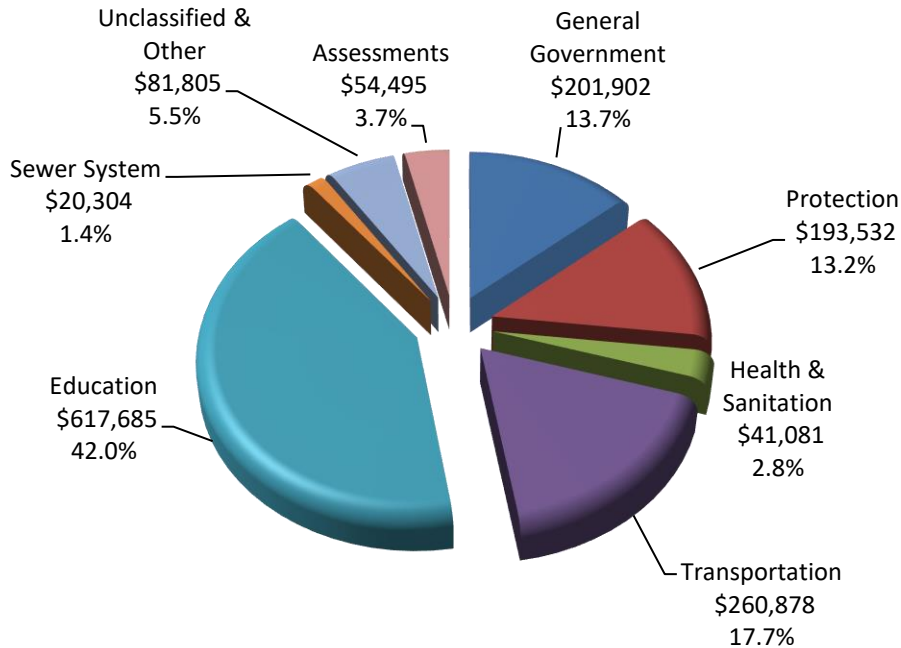
Approximately 84 percent of the Town’s total revenue came from property and excise taxes, approximately 11 percent came from State subsidies and grants, and approximately 6 percent came from services, investment earnings and other sources. Depreciation expense on the Town’s governmental and business-type activity assets represents \$221,048 of the total expenses for the fiscal year.

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total 2022</i>	<i>Total 2021</i>
Revenues;				
Tax Revenues	\$ 1,168,777		\$ 1,168,777	\$ 1,066,652
Program Revenues	\$ 118,364	\$ 14,249	\$ 132,613	\$ 116,437
Interest	\$ 390		\$ 390	\$ 433
Revenue Sharing	\$ 19,301		\$ 19,301	\$ 12,515
Other	\$ 77,206		\$ 77,206	\$ 4,251
Total	\$ 1,384,038	\$ 14,249	\$ 1,398,287	\$ 1,200,287
Expenses;				
General Government	\$ 201,902		\$ 201,902	\$ 94,664
Protection	\$ 193,532		\$ 193,532	\$ 166,459
Health/Sanitation	\$ 41,081		\$ 41,081	\$ 41,656
Transportation	\$ 260,878		\$ 260,878	\$ 240,054
Education	\$ 617,685		\$ 617,685	\$ 536,687
Unclassified	\$ 81,805		\$ 81,805	\$ 56,370
Assessments	\$ 54,495		\$ 54,495	\$ 51,117
Sewer System		\$ 20,304	\$ 20,304	\$ 14,477
Total	\$ 1,451,378	\$ 20,304	\$ 1,471,682	\$ 1,201,484
Changes in Net Position	\$ (67,340)	\$ (6,056)	\$ (73,396)	\$ (1,197)

Revenues by Source - Governmental and Business-Type



Expenditures by Source - Governmental and Business-Type



FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS

Governmental Funds

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

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$619,626, a decrease of \$63,238 in comparison with the prior year. Approximately 38 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

Variances between actual General Fund revenues and expenditures and the final budget included the following:

- Revenues were over budgeted amounts by \$51,442 mainly due to unbudgeted float grant money, unbudgeted other revenue received and fire truck donation gift to town.
- \$100,224 negative variance in expenditures. General government over budget by \$39,591 due to carryforward being utilized. Protection over budget by \$56,142 due to purchase of new capital assets and using carryforward balances. Unclassified over budget by \$37,332 mainly due to over expended on town pier replacement project. Other expenses were under budget by \$32,840 mainly due to lower public transportation and overlay.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities amounts to \$7,947,989; net of accumulated depreciation of \$5,178,503 leaving a net book value of \$2,769,485. Current year additions include \$27,000 for the fire house roof, \$94,247 town pier replacement project, \$49,778 in float expenditures and \$65,863 in fire department equipment. Current year retirements or impairments include \$106,811 for fire department equipment.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Sorrento, 79 Pomola Avenue, Sorrento, ME 04677.

TOWN OF SORRENTO, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2022

(Exhibit I)

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
<u>Assets</u>			
Cash	\$664,397	\$33,894	\$698,291
Accounts Receivable, net of Allowance for Uncollectible Accounts	\$19,093	\$26,564	\$45,657
Taxes and Tax Liens Receivable	\$64,903		\$64,903
<u>Net Investment in Capital Assets:</u>			
Land	\$19,178		\$19,178
Other Capital Assets, net of Accumulated Depreciation	\$2,500,809	\$249,498	\$2,750,307
<u>Total Assets</u>	<u>\$3,268,380</u>	<u>\$309,957</u>	<u>\$3,578,337</u>
<u>Liabilities and Net Position</u>			
<u>Liabilities</u>			
Accounts Payable	\$137,139		\$137,139
Internal Balances	(\$40,285)	\$40,285	\$0
<u>Total Liabilities</u>	<u>\$96,854</u>	<u>\$40,285</u>	<u>\$137,139</u>
<u>Deferred Inflows of Resources:</u>			
Property Taxes Collected in Advance	\$0		\$0
<u>Total Deferred Inflows of Resources</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Position:</u>			
Net Investment in Capital Assets	\$2,519,987	\$249,498	\$2,769,485
Restricted	\$43,550	\$23,819	\$67,369
Unrestricted (Deficit)	\$607,989	(\$3,645)	\$604,344
<u>Total Net Position</u>	<u>\$3,171,526</u>	<u>\$269,672</u>	<u>\$3,441,198</u>
<u>Total Liabilities & Net Position</u>	<u>\$3,268,380</u>	<u>\$309,957</u>	<u>\$3,578,337</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SORRENTO, MAINE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Exhibit II)

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating/ Capital Grants</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Primary Government</u>						
<u>Governmental Activities</u>						
General Government	\$201,902	\$7,019		(\$194,883)		(\$194,883)
Protection	\$193,532		\$47,957	(\$145,575)		(\$145,575)
Health & Sanitation	\$41,081	\$11,705		(\$29,376)		(\$29,376)
Transportation	\$260,878	\$30,830	\$16,917	(\$213,131)		(\$213,131)
Education	\$617,685			(\$617,685)		(\$617,685)
Unclassified	\$81,805	\$3,937		(\$77,868)		(\$77,868)
Assessments	\$54,495			(\$54,495)		(\$54,495)
<u>Total Governmental Activities</u>	<u>\$1,451,378</u>	<u>\$53,490</u>	<u>\$64,874</u>	<u>(\$1,333,014)</u>	<u>\$0</u>	<u>(\$1,333,014)</u>
<u>Business-type Activities</u>						
Sewer Department	\$20,304	\$14,249	\$0		(\$6,056)	(\$6,056)
<u>Total Business-type Activities</u>	<u>\$20,304</u>	<u>\$14,249</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$6,056)</u>	<u>(\$6,056)</u>
<u>Total Primary Government</u>	<u>\$1,471,682</u>	<u>\$67,739</u>	<u>\$64,874</u>	<u>(\$1,333,014)</u>	<u>(\$6,056)</u>	<u>(\$1,339,069)</u>
<u>General Revenues:</u>						
Tax Revenues, Including Homestead Exemption				\$1,094,516		\$1,094,516
Excise Taxes				\$74,260		\$74,260
State Revenue Sharing				\$19,301		\$19,301
Interest				\$390		\$390
Interest and Fees on Delinquent Taxes				\$1,812		\$1,812
Grants and Donations				\$66,338		\$66,338
Other Revenues				\$9,057		\$9,057
<u>Total Revenues, Special Items and Transfers</u>				<u>\$1,265,673</u>	<u>\$0</u>	<u>\$1,265,673</u>
<u>Changes in Net Position</u>				<u>(\$67,340)</u>	<u>(\$6,056)</u>	<u>(\$73,396)</u>
<u>Net Position - Beginning</u>				<u>\$3,238,867</u>	<u>\$275,728</u>	<u>\$3,514,594</u>
<u>Net Position - Ending</u>				<u>\$3,171,526</u>	<u>\$269,672</u>	<u>\$3,441,198</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SORRENTO, MAINE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

(Exhibit III)

<u>Assets</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Cash	\$506,334	\$146,950	\$11,113	\$664,397
Accounts Receivable, net	\$19,093			\$19,093
Taxes and Tax Liens Receivable	\$64,903			\$64,903
Due From Other Funds	\$97,793	\$113,971		\$211,764
Due From Proprietary Funds	\$40,285			\$40,285
<u>Total Assets</u>	<u>\$728,408</u>	<u>\$260,921</u>	<u>\$11,113</u>	<u>\$1,000,442</u>
 <i>Liabilities, Deferred Inflows & Fund Balances</i>				
<u>Liabilities:</u>				
Accounts Payable	\$137,139			\$137,139
Due to Other Funds	\$113,971	\$97,793		\$211,764
<u>Total Liabilities</u>	<u>\$251,110</u>	<u>\$97,793</u>	<u>\$0</u>	<u>\$348,903</u>
 <u>Deferred Inflows of Resources:</u>				
Property Taxes Collected in Advance	\$0			\$0
Unavailable Property Taxes	\$31,913			\$31,913
<u>Total Deferred Inflows of Resources</u>	<u>\$31,913</u>	<u>\$0</u>	<u>\$0</u>	<u>\$31,913</u>
 <u>Fund Balances:</u>				
Restricted	\$28,520	\$15,030		\$43,550
Committed	\$92,624	\$148,098		\$240,722
Assigned	\$88,335		\$11,113	\$99,448
Unassigned	\$235,905			\$235,905
<u>Total Fund Balances</u>	<u>\$445,385</u>	<u>\$163,128</u>	<u>\$11,113</u>	<u>\$619,626</u>
<u>Total Liabilities, Deferred Inflows & Fund Balances</u>	<u>\$728,408</u>	<u>\$260,921</u>	<u>\$11,113</u>	<u>\$1,000,442</u>
 <u>Total Fund Balance - Governmental Funds</u>				<u>\$619,626</u>
<i>Net position reported for governmental activities in the statement of net position is different because:</i>				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds				\$2,519,987
Delinquent taxes are recognized as revenue in the period for which levied in the government-wide financial statements, but are reported as unavailable revenue (a deferred inflow) in governmental funds				\$31,913
<u>Net Position of Governmental Activities</u>				<u>\$3,171,526</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SORRENTO, MAINE

(Exhibit IV)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues:</u>				
Tax Revenues, Including Homestead Exemption	\$1,093,988			\$1,093,988
State Road Assistance		\$14,340		\$14,340
Excise Taxes	\$70,653	\$3,607		\$74,260
State Revenue Sharing	\$19,301			\$19,301
Interest	\$242	\$148		\$390
Interest and Fees on Delinquent Taxes	\$1,812			\$1,812
Mooring Fees		\$30,830		\$30,830
Grants and Donations	\$66,338			\$66,338
Other Revenues	\$9,057	\$2,577	\$17,147	\$28,781
<u>Total Revenues</u>	<u>\$1,261,390</u>	<u>\$51,502</u>	<u>\$17,147</u>	<u>\$1,330,039</u>
<u>Expenditures (Net of Departmental Revenues):</u>				
<u>Current:</u>				
General Government	\$178,991			\$178,991
Protection	\$80,433		\$6,034	\$86,468
Health & Sanitation	\$29,376			\$29,376
Highways & Bridges	\$112,038	\$3,842		\$115,880
Education	\$617,685			\$617,685
Unclassified	\$73,494			\$73,494
Assessments	\$54,495			\$54,495
<u>Capital Outlay:</u>				
Capital Expenditures	\$236,888			\$236,888
<u>Total Expenditures</u>	<u>\$1,383,401</u>	<u>\$3,842</u>	<u>\$6,034</u>	<u>\$1,393,277</u>
<u>Excess of Revenues over Expenditures</u>	<u>(\$122,011)</u>	<u>\$47,660</u>	<u>\$11,113</u>	<u>(\$63,238)</u>
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	\$95,496	\$45,000		\$140,496
Operating Transfers Out	(\$45,000)	(\$95,496)		(\$140,496)
<u>Net Change in Fund Balances</u>	<u>(\$71,515)</u>	<u>(\$2,836)</u>	<u>\$11,113</u>	<u>(\$63,238)</u>
<u>Beginning Fund Balances</u>	<u>\$516,900</u>	<u>\$165,965</u>	<u>\$0</u>	<u>\$682,864</u>
<u>Ending Fund Balances</u>	<u>\$445,385</u>	<u>\$163,128</u>	<u>\$11,113</u>	<u>\$619,626</u>
<u>Reconciliation to Statement of Activities, change in Net Position:</u>				
Net Change in Fund Balances - Above				(\$63,238)
Delinquent taxes are recognized as revenue in the period for which levied in the government-wide financial statements, but are recorded as unavailable revenue (a deferred inflow) in governmental funds				\$529
Governmental funds report capital outlays as expenditures, while in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.				(\$4,630)
<u>Changes in Net Position of Governmental Activities</u>				<u>(\$67,340)</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SORRENTO, MAINE
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2022

(Exhibit V)

	<u>Assets</u>	<u>Sewer Fund</u>
<u>Current Assets:</u>		
Cash		\$33,894
Accounts Receivable, net		\$26,564
		<hr/>
<u>Total Current Assets</u>		<u>\$60,459</u>
<u>Noncurrent Assets:</u>		
<u>Capital Assets:</u>		
Depreciable Assets		\$455,495
Accumulated Depreciation		(\$205,997)
		<hr/>
<u>Total Noncurrent Assets</u>		<u>\$249,498</u>
		<hr/>
<u>Total Assets</u>		<u>\$309,957</u>
		<hr/> <hr/>
<u>Liabilities and Net Position</u>		
<u>Liabilities</u>		
<u>Current Liabilities:</u>		
Due to General Fund		\$40,285
		<hr/>
<u>Total Current Liabilities</u>		<u>\$40,285</u>
		<hr/>
<u>Net Position (Deficit)</u>		
Net Investment in Capital Assets		\$249,498
Restricted		\$23,819
Unrestricted (Deficit)		(\$3,645)
		<hr/>
<u>Total Net Position</u>		<u>\$269,672</u>
		<hr/>
<u>Total Liabilities and Net Position</u>		<u>\$309,957</u>
		<hr/> <hr/>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SORRENTO, MAINE
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Exhibit VI)

	<u>Sewer Fund</u>
<u>Operating Revenues:</u>	
Charges for Services	\$14,221
Interest Earned	\$27
	<hr/>
<u>Total Operating Revenues</u>	<u>\$14,249</u>
<u>Operating Expenses:</u>	
Supplies and Repairs	\$14,200
Depreciation	\$6,105
	<hr/>
<u>Total Operating Expenses</u>	<u>\$20,304</u>
<u>Net Profit (Loss) from Operations</u>	(\$6,056)
<u>Net Position - Beginning</u>	<u>\$275,728</u>
<u>Net Position - Ending</u>	<u><u>\$269,672</u></u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SORRENTO, MAINE
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Exhibit VII)

	<u>Sewer Fund</u>
<u>Cash Flows from Operating Activities:</u>	
Received from Customers	\$21,710
Other Revenues	\$27
Payments to Suppliers and Vendors	(\$14,200)
Increase/(Decrease) in Due to Other Funds	(\$7,510)
	<hr/>
<u>Cash Flows from Operations</u>	<u>\$27</u>
 <u>Net Cash Flows</u>	 <u>\$27</u>
 <u>Beginning Cash Balance</u>	 <u>\$33,867</u>
 <u>Ending Cash Balance</u>	 <u><u>\$33,894</u></u>
 <u>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:</u>	
Operating Income (Loss)	(\$6,056)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities;	
Depreciation	\$6,105
Changes in Assets and Liabilities;	
Receivables, net	\$7,488
Due From Other Funds	(\$7,510)
	<hr/>
<u>Cash Flows from Operations</u>	<u><u>\$27</u></u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SORRENTO, MAINE
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

(Exhibit VIII)

	<u>Assets</u>	<u>Private Purpose Trust Fund Marie R. Crabtree</u>
Cash		\$634
<u>Total Assets</u>		<u>\$634</u>
	<u>Net Position</u>	
Held in Trust for Private Purposes;		
Principal		\$145
Expendable		\$489
<u>Total Net Position</u>		<u>\$634</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SORRENTO, MAINE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Exhibit IX)

	<i>Private Purpose Trust Fund Marie R. Crabtree</i>
<u>Additions</u>	
Investment Earnings	\$1
<u>Total Additions</u>	\$1
<u>Beginning Net Position</u>	\$634
<u>Ending Net Position</u>	\$634

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SORRENTO, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Town of Sorrento, Maine (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for the governmental accounting and financial reporting principles. The more significant of the Town's accounting principles are described below.

A. Financial Reporting Entity

The accompanying financial statements present the government of the Town of Sorrento, Maine which is identified based upon the criteria identified in Governmental Accounting Standards Board (GASB) Statement 14, as amended, *The Financial Reporting Entity*. The Town is governed under a Selectmen form of government. The Town engages in a comprehensive range of municipal services, including administrative services, public safety, health and sanitation, transportation, education and cultural services. The financial statements include all operations of the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the Town. Fiduciary activities, whose resources are not available to finance the Town's programs are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants, standard revenues and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major enterprise fund is reported as separate columns in the respective fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when transactions occur and expenses and deductions are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grants are recognized as revenue as soon as all eligibility requirements have been met.

In the Statement of Activities, amounts reported as program revenues include 1) charges to customers or applicants for goods, services, fines and forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, are recognized only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports deferred revenue on its governmental fund financial statements. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. 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 the revenue is recognized.

The Town reports the following major governmental funds:

The general fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The capital fund is the Town's fund for maintaining resources for capital projects.

The Town reports the following major enterprise fund:

The sewer fund accounts for the activities of the sewerage operations. The Town operates the sewer collection system and related administrative costs.

Additionally, the Town reports the following fund types:

Private purpose trust funds account for monies held in trust by the Town, the investment earnings from which may only be used for the operation of the program.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, Deferred Inflows/Outflows and Net Position or Fund Equity

Deposits

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of one year or less from the date of acquisition. These investments are not specifically identified with any one fund.

The Town may invest in certificates of deposit, in time deposits, and in any securities in which State of Maine Statutes authorize them to invest in.

For purposes of the Statement of Cash Flows, the Town's proprietary funds consider cash equivalents to be all highly liquid investments with maturities of 12 months or less.

Accounts Receivable and Payable

All material receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure (e.g. 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 cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Infrastructure	15-50
Sewer Lines	20-50
Equipment	5-10

Governmental Fund Balances

The Town has identified June 30, 2022 fund balances on the balance sheet as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>	<u>Fiduciary Fund</u>	<u>Total</u>
<u>Nonspendable</u>					
Permanent Fund Principal				\$145	\$145
<u>Restricted</u>					
State Road Assistance		\$15,030			\$15,030
Comprehensive Plan	\$7,465				\$7,465
Flag Fund	\$428				\$428
State Revenue Sharing	\$9,840				\$9,840
125 Years Fund	\$2,520				\$2,520
Scholarship Fund	\$300				\$300
ARPA	\$7,967				\$7,967
<u>Committed</u>					
Harbor Sinking Fund		\$2,105			\$2,105
Administration	\$3,795				\$3,795
Fire Truck		\$117,699			\$117,699
Storm Water Catch Basin		\$15,000			\$15,000
Fishermen's Floats		\$0			\$0
Legal Services	\$3,835				\$3,835

	<i>General Fund</i>	<i>Capital Projects Fund</i>	<i>Special Revenue Fund</i>	<i>Permanent Fund</i>	<i>Total</i>
<u>Committed (Continued)</u>					
Planning Board	\$1,368				\$1,368
Town Property Repair	\$12,482				\$12,482
Community Building Improvements		\$1,356			\$1,356
Community Building Operations	\$8,639				\$8,639
Community Building Activity Fund	\$2,250				\$2,250
Fire Safety	\$7,302				\$7,302
Tax Maps	\$2,168				\$2,168
Old Doane's Pt. and Bragdon Cemeteries	\$6,000				\$6,000
Fire Safety Fundraising	\$15,797				\$15,797
Fire Responder Training	\$2,348				\$2,348
Dry Hydrant	\$667				\$667
Senior Wellness Committee	\$460				\$460
Shoreline Improvement	\$18,800				\$18,800
Shellfish Conservation	\$6,711				\$6,711
Capital Improvements		\$11,939			\$11,939
<u>Assigned</u>					
Audit Fees	\$9,405				\$9,405
Town Roads	\$47,865				\$47,865
Village Green	\$0				\$0
Village Fire House	\$3,741				\$3,741
Animal Control	\$2,711				\$2,711
Solid Waste	\$17,120				\$17,120
Plumbing Inspection	\$4,611				\$4,611
Code Enforcement	\$2,882				\$2,882
Permanent Fund Income				\$489	\$489
Sorrento Fire Department Auxiliary			\$11,113		\$11,113
<u>Unassigned</u>	<u>\$235,905</u>				<u>\$235,905</u>
<u>Total Fund Balances</u>	<u>\$445,385</u>	<u>\$163,128</u>	<u>\$11,113</u>	<u>\$634</u>	<u>\$620,260</u>

In accordance with Government Accounting Standards Board 54, fund balance reporting and governmental fund type definitions, the Town classifies governmental fund balances as follows:

Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts are constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through town meeting voting and does not lapse at year-end.

Assigned - includes fund balance amount that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balances may be assigned by the Board of Selectmen.

Unassigned - includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balance in other governmental funds.

The Town considers restricted, committed, assigned and unassigned amounts to be spent in that order when expenditures are incurred for which any of those amounts are available.

The Board of Selectmen are authorized to make assignments pursuant to their appointment. Committed fund balances are determined based on the need of town meeting votes.

Net Position

Net position is required to be classified into three components - net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted - This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$43,550 of restricted net position, of which enabling legislation restricts \$0.

Unrestricted - This component consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

E. 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 GAAP. Budgetary control is exercised at the selectman level, since individual department heads do not exist. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Board of Selectmen or required by law.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Deposits

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town's deposit policy for custodial credit risk requires compliance with the provisions authorized by Maine State Statutes. The Town requires that, at the time funds are deposited, there is collateral in place to cover the deposits in excess of the FDIC insurance limits.

State Statutes require banks either to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the Town in the amount of the Town's deposits. The Statutes allow pledged securities to be reduced by the amount of the deposits insured by the Federal Deposit Insurance Corporation (FDIC).

The financial institutions holding the Town's cash accounts is participating in the FDIC Program. For time and savings deposit accounts, the Town's savings accounts, including certificates of deposit, are insured up to \$250,000 by the FDIC. Separately, for demand deposit accounts, the Town's cash accounts, including checking and money market accounts, are insured up to \$250,000 by the FDIC. Any cash deposits in excess of the \$250,000 FDIC limits are not covered by collateral and thus, custodial credit risk could exist. In order to avoid having unprotected deposits in excess of the \$250,000 FDIC limits, the Town invests excess funds into a sweep repurchase account that is separately collateralized by U.S. Treasury Securities.

At year end, the carrying value of the Town's deposits was \$698,886 and the bank balance was \$715,840. The Town has no uninsured and uncollateralized deposits as of June 30, 2022.

Note 3 - Property Taxes

Property taxes were assessed on April 1, 2021 and committed on November 3, 2021. Interest of 6% per annum is charged on delinquent taxes. Tax liens are recorded on property taxes remaining unpaid eight to twelve months after the commitment date. Tax liens unpaid for a period of eighteen months expire and the property becomes tax acquired by the Town. For governmental funds, only property taxes which are intended to finance the current fiscal year and collected within 60 days subsequent to year-end are recorded as revenue. Accordingly, \$31,913 of the property taxes receivable have been classified as unavailable property tax revenue on the general fund balance sheet.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i><u>Governmental Activities:</u></i>				
<i><u>Capital assets not being depreciated</u></i>				
Land	\$19,178			\$19,178
<i><u>Capital assets being depreciated</u></i>				
Buildings and Improvements	\$864,042	\$121,247		\$985,289
Equipment	\$1,077,491	\$115,641	\$106,811	\$1,086,321
Infrastructure	\$5,401,706			\$5,401,706
<i>Total capital assets being depreciated</i>	<u>\$7,343,239</u>	<u>\$236,888</u>	<u>\$106,811</u>	<u>\$7,473,316</u>
<i><u>Less accumulated depreciation for</u></i>				
Buildings and Improvements	\$365,826	\$25,022		\$390,848
Equipment	\$547,769	\$53,382	\$80,236	\$520,915
Infrastructure	\$3,924,205	\$136,539		\$4,060,744
<i>Total accumulated depreciation</i>	<u>\$4,837,800</u>	<u>\$214,943</u>	<u>\$80,236</u>	<u>\$4,972,507</u>
<i>Net capital assets being depreciated</i>	<u>\$2,505,440</u>	<u>\$21,945</u>	<u>\$26,576</u>	<u>\$2,500,809</u>
<i><u>Governmental Activities Capital Assets, net</u></i>	<u>\$2,524,618</u>	<u>\$21,945</u>	<u>\$26,576</u>	<u>\$2,519,987</u>

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<u><i>Business-type Activities:</i></u>				
<u><i>Capital assets being depreciated</i></u>				
Sewer System	\$455,495			\$455,495
<i>Total capital assets being depreciated</i>	<u>\$455,495</u>	<u>\$0</u>	<u>\$0</u>	<u>\$455,495</u>
<u><i>Less accumulated depreciation for</i></u>				
Sewer System	\$199,892	\$6,105		\$205,997
<i>Total accumulated depreciation</i>	<u>\$199,892</u>	<u>\$6,105</u>	<u>\$0</u>	<u>\$205,997</u>
<i>Net capital assets being depreciated</i>	<u>\$255,603</u>	<u>(\$6,105)</u>	<u>\$0</u>	<u>\$249,498</u>
<u><i>Business-type Activities Capital Assets, net</i></u>	<u>\$255,603</u>	<u>(\$6,105)</u>	<u>\$0</u>	<u>\$249,498</u>

Depreciation expense was charged to functions/programs of the primary government as follows;

Governmental Activities

General Government	\$15,892
Protection	\$49,678
Unclassified	\$4,374
Highways, including depreciation of general infrastructure assets	<u>\$144,998</u>
Total Depreciation Expense - Governmental Activities	<u>\$214,943</u>

Note 5 - Interfund Transactions

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. On the Governmental Fund financial statements, the payables are classified as Due to Other Funds with offsetting receivables on the Governmental Fund financial statements classified as Due from Other Funds. At June 30, 2022, the individual fund interfund receivable and payable balances consisted of the following:

	<u><i>Due to</i></u>	<u><i>Due from</i></u>	
		<u><i>General Fund</i></u>	<u><i>Capital Projects Fund</i></u>
General Fund		\$97,793	\$40,285
Capital Projects Fund	\$113,971		
	<u>\$113,971</u>	<u>\$97,793</u>	<u>\$40,285</u>

The change in the balance of the accounts during the current year represent appropriation transfers between the Capital Projects Fund and the General Fund as well as activity in the Sewer Department. The balances are expected to be repaid upon need of the funds.

Note 6 - Participation in Public Entity Risk Pool

The Town participates in Public Entity Risk Pools for the purposes of Workers Compensation, Property and Liability Insurance and Unemployment Compensation. The Public Entity Risk Pool is administered by the Maine Municipal Association. The Public Entity Risk Pools were established for the purposes of lowering costs for member are for developing specific programs to control losses. Members pay annual premiums to the Maine Municipal Association for the participation in the respective programs.

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters for which it carries municipal and commercial insurance. The Town is not aware of any material actual or potential claim liabilities which should be recognized at June 30, 2022.

Note 7 - Lease and Service Based Information Technology Agreement (SBITA) Reporting

Governmental Accounting Standards Board (GASB) Statement No. 87 related to lease reporting became effective during the fiscal year ended June 30, 2022. This Statement requires the recognition of certain lease assets and liabilities, deferred inflows and outflows related to lease activity previously classified as operating leases by governmental entities. Governmental Accounting Standards Board (GASB) Statement No. 96 related to service based information technology agreement (SBITA) reporting became effective during the fiscal year ended June 30, 2022.

During the fiscal year ended June 30, 2022 the Town had no material lease or SBITA activity to report. The Town has no material lease agreements in effect. The Town has immaterial SBITA agreements in effect related to accounting software and other software in use.

TOWN OF SORRENTO, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Exhibit X)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Tax Revenues, Including Homestead Exemption	\$1,099,544	\$1,099,544	\$1,093,988	(\$5,556)
Excise Taxes	\$67,000	\$67,000	\$70,653	\$3,653
State Revenue Sharing	\$15,100	\$15,100	\$19,301	\$4,201
Interest Earned	\$0	\$0	\$242	\$242
Interest on Delinquent Taxes	\$0	\$0	\$1,812	\$1,812
Grants and Donations	\$28,303	\$28,303	\$66,338	\$38,035
Other Revenues	\$0	\$0	\$9,057	\$9,057
<u>Total Revenues</u>	<u>\$1,209,947</u>	<u>\$1,209,947</u>	<u>\$1,261,390</u>	<u>\$51,442</u>
<u>Expenditures (Net of Departmental Revenues):</u>				
Administration	\$139,400	\$139,400	\$178,991	(\$39,591)
Protection	\$117,155	\$117,155	\$173,297	(\$56,142)
Health & Sanitation	\$30,000	\$30,000	\$29,376	\$624
Highways & Bridges	\$123,230	\$123,230	\$112,038	\$11,192
Education	\$617,685	\$617,685	\$617,685	\$0
Unclassified	\$180,188	\$180,188	\$217,519	(\$37,332)
Assessments	\$75,520	\$75,520	\$54,495	\$21,025
<u>Total Expenditures</u>	<u>\$1,283,177</u>	<u>\$1,283,177</u>	<u>\$1,383,401</u>	<u>(\$100,224)</u>
<u>Excess of Revenues over Expenditures</u>	<u>(\$73,230)</u>	<u>(\$73,230)</u>	<u>(\$122,011)</u>	<u>(\$48,782)</u>
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	\$87,000	\$87,000	\$95,496	\$8,496
Operating Transfers Out	(\$45,000)	(\$45,000)	(\$45,000)	\$0
<u>Net Change in Fund Balances</u>	<u>(\$31,230)</u>	<u>(\$31,230)</u>	<u>(\$71,515)</u>	<u>(\$40,285)</u>
<u>Beginning Fund Balances</u>	<u>\$516,900</u>	<u>\$516,900</u>	<u>\$516,900</u>	<u>\$0</u>
<u>Ending Fund Balances</u>	<u>\$485,670</u>	<u>\$485,670</u>	<u>\$445,385</u>	<u>(\$40,285)</u>

TOWN OF SORRENTO, MAINE

(Exhibit A-1 - Page 1 of 2)

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>Department</u>	<u>Beginning Balance</u>	<u>Appropriations</u>	<u>Departmental Revenues</u>	<u>Operating Transfers</u>	<u>Total Available</u>	<u>Expenditures</u>	<u>Lapsed Unexpended (Overdraft)</u>	<u>Ending Balance</u>
<u>General Government:</u>								
Administration	\$5,000	\$95,000	\$1,925	\$0	\$101,925	\$98,130	\$0	\$3,795
Salaries	\$0	\$11,500	\$0	\$0	\$11,500	\$11,500	\$0	\$0
Payroll Taxes	\$0	\$4,400	\$0	\$0	\$4,400	\$6,147	(\$1,747)	\$0
Audit	\$13,009	\$7,000	\$0	\$0	\$20,009	\$10,605	\$0	\$9,405
Legal	\$4,635	\$1,000	\$0	\$0	\$5,635	\$1,800	\$0	\$3,835
Tax Maps	\$3,168	\$500	\$0	\$0	\$3,668	\$0	\$1,500	\$2,168
Planning Board/HCPC	\$2,153	\$0	\$0	\$0	\$2,153	\$785	\$0	\$1,368
Code Enforcement	\$5,117	\$0	\$2,563	\$0	\$7,681	\$4,798	\$0	\$2,882
Plumbing Permits	\$2,578	\$0	\$2,455	\$0	\$5,033	\$422	\$0	\$4,611
Town Property Repair	\$42,451	\$15,000	\$0	\$0	\$57,451	\$44,968	\$0	\$12,482
Comprehensive Planning Committee	\$8,258	\$0	\$0	\$0	\$8,258	\$793	\$0	\$7,465
Community Building - Operations	\$9,625	\$5,000	\$75	\$0	\$14,700	\$6,061	\$0	\$8,639
Community Building - Activity	\$2,250	\$0	\$0	\$0	\$2,250	\$0	\$0	\$2,250
	<u>\$98,245</u>	<u>\$139,400</u>	<u>\$7,019</u>	<u>\$0</u>	<u>\$244,664</u>	<u>\$186,010</u>	<u>(\$247)</u>	<u>\$58,902</u>
<u>Protection:</u>								
Hydrant Rental	\$0	\$43,355	\$0	\$0	\$43,355	\$42,856	\$499	\$0
Fire Department	\$13,674	\$40,000	\$8,050	\$0	\$61,724	\$54,422	\$0	\$7,302
Fire Chief	\$0	\$3,000	\$0	\$0	\$3,000	\$3,000	\$0	\$0
Fire Safety Fundraising	\$13,605	\$0	\$16,019	\$0	\$29,624	\$29,624	\$0	\$0
Fire Safety Fundraising - Auxiliary	\$13,428	\$0	\$6,741	\$0	\$20,169	\$20,169	\$0	\$0
Fire Safety Fundraising - Rescue Squad	\$19,553	\$0	\$0	\$0	\$19,553	\$3,755	\$0	\$15,797
First Responder Training	\$2,348	\$0	\$0	\$0	\$2,348	\$0	\$0	\$2,348
Dry Fire Hydrant	\$667	\$0	\$0	\$0	\$667	\$0	\$0	\$667
Public Safety	\$0	\$2,000	\$0	\$0	\$2,000	\$3,661	(\$1,661)	\$0
Law Enforcement	\$2,815	\$3,000	\$0	\$0	\$5,815	\$555	\$5,260	\$0
Streetlights	\$0	\$4,800	\$0	\$0	\$4,800	\$3,292	\$1,508	\$0
Insurance	\$0	\$21,000	\$142	\$0	\$21,142	\$19,915	\$1,227	\$0
	<u>\$66,089</u>	<u>\$117,155</u>	<u>\$30,952</u>	<u>\$0</u>	<u>\$214,196</u>	<u>\$181,249</u>	<u>\$6,834</u>	<u>\$26,114</u>

TOWN OF SORRENTO, MAINE
SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Exhibit A-1 - Page 2 of 2)

	<u>Beginning Balance</u>	<u>Appropriations</u>	<u>Departmental Revenues</u>	<u>Operating Transfers</u>	<u>Total Available</u>	<u>Expenditures</u>	<u>Lapsed Unexpended (Overdraft)</u>	<u>Ending Balance</u>
<u>Highways & Bridges:</u>								
Town Roads	\$31,208	\$48,000	\$0	\$0	\$79,208	\$31,343	\$0	\$47,865
Winter Roads	\$0	\$68,230	\$0	\$0	\$68,230	\$68,230	(\$0)	\$0
Sand and Salt Stockpile/Repairs	\$0	\$7,000	\$0	\$0	\$7,000	\$12,465	(\$5,465)	\$0
	<u>\$31,208</u>	<u>\$123,230</u>	<u>\$0</u>	<u>\$0</u>	<u>\$154,438</u>	<u>\$112,038</u>	<u>(\$5,465)</u>	<u>\$47,865</u>
<u>Health & Sanitation:</u>								
Solid Waste	\$16,496	\$30,000	\$11,705	\$0	\$58,201	\$41,081	\$0	\$17,120
	<u>\$16,496</u>	<u>\$30,000</u>	<u>\$11,705</u>	<u>\$0</u>	<u>\$58,201</u>	<u>\$41,081</u>	<u>\$0</u>	<u>\$17,120</u>
<u>Unclassified:</u>								
Recreation Center	\$0	\$7,500	\$0	\$0	\$7,500	\$7,500	\$0	\$0
General Assistance	\$0	\$5,000	\$0	\$0	\$5,000	\$0	\$5,000	\$0
Ambulance	\$0	\$2,696	\$0	\$0	\$2,696	\$899	\$1,797	\$0
Senior Wellness Committee	\$460	\$0	\$0	\$0	\$460	\$0	\$0	\$460
Community Organizations	\$0	\$14,061	\$0	\$0	\$14,061	\$14,061	\$0	\$0
Harbor and Pier	\$0	\$24,000	\$0	\$8,516	\$32,516	\$32,516	\$0	\$0
Ramp/Fisherman Float Project	\$0	\$0	\$0	\$0	\$0	\$1,096	(\$1,096)	\$0
Wing Floats Project	\$0	\$8,227	\$15,000	\$0	\$23,227	\$22,034	\$1,193	\$0
Finger Float Replacement 2021/22	\$0	\$9,500	\$0	\$0	\$9,500	\$9,195	\$305	\$0
Town Pier Replacement Project	\$0	\$68,400	\$0	\$0	\$68,400	\$94,579	(\$26,179)	\$0
Village Green	\$4,812	\$3,000	\$125	\$0	\$7,937	\$2,558	\$5,379	\$0
Village Fire House	\$11,060	\$0	\$3,500	\$0	\$14,560	\$10,819	\$0	\$3,741
Animal Control	\$2,583	\$0	\$312	\$0	\$2,895	\$184	\$0	\$2,711
Shoreline Improvement Project	\$16,800	\$2,000	\$0	\$0	\$18,800	\$0	\$0	\$18,800
Shellfish Conservation	\$6,711	\$3,000	\$0	\$0	\$9,711	\$3,000	\$0	\$6,711
Scholarship Fund	\$300	\$2,500	\$0	\$0	\$2,800	\$2,500	\$0	\$300
Flag Fund	\$592	\$0	\$575	\$0	\$1,167	\$739	\$0	\$428
125 Years Fund	\$500	\$0	\$2,020	\$0	\$2,520	\$0	\$0	\$2,520
ARPA Grant	\$0	\$28,303	\$35	\$0	\$28,338	\$20,371	\$0	\$7,967
Old Doane's Pt. & Bragdon Cemeteries	\$6,000	\$2,000	\$0	\$0	\$8,000	\$2,000	\$0	\$6,000
	<u>\$49,820</u>	<u>\$180,188</u>	<u>\$21,567</u>	<u>\$8,516</u>	<u>\$260,090</u>	<u>\$224,051</u>	<u>(\$13,600)</u>	<u>\$49,639</u>
<u>Assessments and Debt Service:</u>								
Education	\$0	\$617,685	\$0	\$0	\$617,685	\$617,685	\$0	\$0
County Tax	\$0	\$54,495	\$0	\$0	\$54,495	\$54,495	\$0	\$0
Overlay	\$0	\$21,025	\$0	\$0	\$21,025	\$0	\$21,025	\$0
	<u>\$0</u>	<u>\$693,205</u>	<u>\$0</u>	<u>\$0</u>	<u>\$693,205</u>	<u>\$672,180</u>	<u>\$21,025</u>	<u>\$0</u>
	<u>\$261,859</u>	<u>\$1,283,177</u>	<u>\$71,242</u>	<u>\$8,516</u>	<u>\$1,624,794</u>	<u>\$1,416,608</u>	<u>\$8,546</u>	<u>\$199,640</u>

TOWN OF SORRENTO, MAINE
SCHEDULE OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Exhibit A-2)

<u>Beginning Unassigned Fund Balance</u>		\$249,402
<u>Additions:</u>		
Lapsed Accounts	\$8,546	
Excise Taxes (net of appropriation)	\$3,653	
Interest Earned	\$242	
Interest and Fees on Delinquent Taxes	\$1,812	
Tree Growth, Veteran's & Homestead Reimbursements (net of appropriation)	\$1,358	
	<hr/>	
<u>Total Additions</u>		\$15,610
<u>Reductions:</u>		
Appropriations from Unassigned Fund Balance	\$21,230	
Increase in Unavailable Tax Revenue	\$529	
Other Expenses	\$2,321	
Abatements Granted	\$5,028	
	<hr/>	
<u>Total Reductions</u>		<hr/> \$29,107
<u>Ending Unassigned Fund Balance</u>		<hr/> <hr/> \$235,905

TOWN OF SORRENTO, MAINE
SCHEDULE OF VALUATION, COMMITMENT AND COLLECTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Exhibit A-3)

Taxable Valuation:

Land and Buildings	\$107,938,000
Personal Property	\$721,400
	<hr/>

Total Taxable Valuation \$108,659,400

Rate per \$1 Valuation

\$0.01000

Tax Commitment \$1,086,594

Collections and Adjustments:

Cash Collections	\$1,039,186
Abatements Granted	\$5,028
	<hr/>

Total Collections and Adjustments

\$1,044,214

Uncollected Taxes June 30.

\$42,380

TOWN OF SORRENTO, MAINE
SCHEDULE OF CAPITAL RESERVE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Exhibit A-4)

	<i>Balance</i> <i>7/1/2021</i>	<i>Investment</i> <i>Earnings</i> <i>(Net of Fees)</i>	<i>Revenues</i>	<i>Transfers</i> <i>to</i> <i>Reserves</i>	<i>Expenditures</i>	<i>Transfers</i> <i>from</i> <i>Reserves</i>	<i>Balance</i> <i>6/30/2022</i>
<i>Reserve Funds:</i>							
Harbor Sinking Fund	\$0	\$56	\$34,546			(\$32,496)	\$2,105
State Road Assistance	\$13,680	\$9	\$14,340			(\$13,000)	\$15,030
Fire Truck	\$102,673	\$26		\$15,000			\$117,699
Community Building	\$1,356						\$1,356
Capital Improvements	\$31,882	\$57		\$30,000		(\$50,000)	\$11,939
Storm Water Catch Basin	\$15,000						\$15,000
Fishermen's Floats	\$1,373		\$2,469		(\$3,842)		\$0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Reserve Funds</i>	<u>\$165,965</u>	<u>\$148</u>	<u>\$51,355</u>	<u>\$45,000</u>	<u>(\$3,842)</u>	<u>(\$95,496)</u>	<u>\$163,128</u>