

MAR 31 2021

CITY OF BELFAST, MAINE

AUDIT REPORT

For the Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Belfast, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of City of Belfast, Maine, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belfast, Maine, as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 15 and 28 through 41 be presented to supplement the basic financial statements. Such information, although not 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Belfast, Maine's basic financial statements. The other information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, the detailed budgetary comparison schedule, the schedule of expenditures of federal awards, and the other schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to 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 combining and individual fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021, on our consideration of the City of Belfast, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements or other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Belfast, Maine's internal control over financial reporting and compliance.

C.H. Dow + Co.

Brewer, Maine
March 29, 2021

CITY OF BELFAST, MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Belfast, we offer readers of the City of Belfast's financial statements this narrative overview and analysis of the financial activities of the City of Belfast for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

The assets of the City of Belfast exceeded its liabilities and deferred inflows at June 30, 2020 by \$62,728,618. Of this amount unrestricted net position of \$3,017,733 may be used to meet the government's ongoing obligations to citizens and creditors.

The total net position increased by \$3,849,070. Of this amount \$3,672,156 was associated with governmental and \$176,914 with business-type activities.

As of the close of the current fiscal year, the City of Belfast's governmental funds reported combined ending balances of \$4,440,179 a decrease of \$2,593,678 in comparison with the prior year. Of this amount \$1,927,689 is unreserved and available for spending, and \$116,906 has been designated for specific future uses by the City Council.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,927,689, or 9% of total General Fund expenditures.

The City of Belfast's total debt obligations (including post retirement benefits) increased by the net of \$0.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Belfast's basic financial statements. The City of Belfast's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City of Belfast's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of

related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Belfast include general government, public safety, parks and recreation, culture, community services, community development and other charges. The major business-type activity of the City is their sewer treatment system.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Belfast can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

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

The City maintains two individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered a major fund and the Capital Projects Fund which are presented separately for the purpose of consistency.

The City of Belfast adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the fiscal year 2020 budget.

PROPRIETARY FUNDS

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City of Belfast maintains one type of proprietary fund; - enterprise.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Belfast utilizes one enterprise fund account for its sewer treatment system.

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary funds financial statements can be found in exhibits J and K 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 fund financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. The combining and individual fund statements referred to earlier in connection with nonmajor funds are presented immediately after the basic financial statements. Also, included are budget comparisons for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2020, the City's assets exceeded liabilities and deferred inflows by \$62,728,618. By far the largest portion of the City's net position (90 percent) reflects its investments in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets are 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. See appendixes for a comparative statement of net position (Table 1) and comparative statement of changes in net position. (Table 2).

Governmental Activities: Governmental activities decreased the City's net position by \$572,882.

Business-Type Activities: Business-type activities decreased the City's net position by \$2,020,796.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Belfast uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds: The purpose of the City's governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved 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 June 30, 2020, the City's governmental funds reported combined ending fund balances of \$4,440,179 a decrease of \$2,593,678 in comparison with the prior year. Of this amount, \$2,044,595 (46 percent) is unreserved General Fund balance, which is available for spending at the government's discretion. Of the unreserved fund balance \$116,906 has been designated by the City Council for subsequent years' expenditure and other uses leaving and unreserved undesignated amount of \$1,927,689. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed (1) for reserve for capital projects, \$1,795,070, (2) for unspent funds on construction in progress, \$0, and (3) special purposes, \$600,514.

The General Fund is the City's chief operating fund. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$2,044,595 while the total fund balance totaled \$3,217,991. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 9 percent of total General Fund expenditures, while total fund balance represents 14 percent of that amount.

The fund balance of the City's General Fund decreased by \$572,882 during the current fiscal year. The revenues increased by 3 percent and the expenditures increased by 1 percent resulting in an increase of revenues over expenditures of \$499,366.

The Capital Projects Fund has a total fund balance of \$1,795,070. Of that amount \$1,132,427 is designated for future capital projects; \$662,643 is designated for current construction in progress.

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

Unrestricted net position of the sewer department fund at the end of the year was \$1,018,708. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

For budgetary financial purposes, all balances carried from the prior year are added to the subsequent year's total appropriation. This resulted in an overall budgetary increase of \$58,291. There were minimal additional amendments to the originally adopted budget. These appropriations were taken from surplus.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The City's investment in capital assets for its governmental and business-type activities at June 30, 2020 amounts to \$70,113,902 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, service lines, automobiles, trucks, equipment and streetlights.

Major capital assets events during the current fiscal year included the following:

Governmental Activities:

	<u>Fiscal Year</u>
Land	\$ -
Buildings	9,643,811
Work in Progress	(6,080,218)
Equipment	189,772
Infrastructure	<u>3,158,570</u>
Total Capitalization-Governmental	<u><u>\$6,911,935</u></u>

Sewer Department Activities:

Buildings	\$ -
Equipment	81,924
Infrastructure	<u>-</u>
Total Capitalization-Sewer	<u><u>\$ 81,924</u></u>

Long-term Debt: At the end of the current fiscal year, the City had \$13,962,429 in outstanding debt consisting of general obligation bonds of \$13,504,699 and \$457,730 in accrued compensated absences.

The City's general obligation debt has not been rated by Standard & Poor's or Moody's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total State assessed valuation. The current debt limit for the City is \$122,070,000, an amount which is significantly in excess of existing general obligation debt.

More detailed information about the City's long-term debt is presented in note E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the 2019-2020 fiscal year (July 1st, 2019-June 30th, 2020), the City of Belfast was fortunate to continue to experience substantial business development activity; this activity was restricted neither to certain types or sizes of businesses, nor to specific areas of the City. Some notable economic development-related events that occurred in Belfast during this time period included the following:

A three-year, \$7.6 million update/upgrade/renovation of the Belfast Area High School was completed.

A new 27,700-square foot, \$7.7 million public works facility was constructed.

A new, 20,000-square foot Tractor Supply Co. store was constructed.

Demolition of existing structures and environmental remediation of the former Public Works facility at 115 Congress Street was completed, to prepare the site for future development.

Two affordable senior housing developments, both to be located on Wight Street, were awarded funding by MaineHousing through a Rural Housing for Older Adults request for proposals; these two projects will yield a combined 49 new housing units for income-eligible seniors.

A new, 3,400-square foot permanent location for the Belfast Soup Kitchen on Route 3/Belmont Avenue was constructed.

Looking at the readily available economic indicators to further evaluate the Belfast economy, during the period of July 2019 to July 2020, Belfast's unemployment rate increased from 2.8% to 8.2%, and ranged from 2.3% to 10.5% during this time period. In comparison, during this same time period, the unemployment rate for Waldo County increased from 2.8% to 7.4% (and ranged from 2.2% to 9.0%), the unemployment rate for Maine increased from 2.6% to 8.4% (and ranged from 2.3% to 9.8%), and the unemployment rate for the United States increased from 4.0% to 10.5% (and ranged from 3.3% to 14.4%). (None of these unemployment rates are seasonally adjusted.) As has been mentioned before, Belfast is known to be a *net importer* of jobs, meaning that there are more people who work in Belfast but live outside it, than those who live in Belfast but work outside it; in 2018, there were 5,358 of the former versus only 1,262 of the latter. While this could be attributable to relative lower property tax rates in the communities that surround Belfast, this could also be attributed to a lack of quality workforce housing within Belfast (forcing lower-wage workers to commute to their jobs).

Looking at the poverty rate, according to the American Community Survey 5-Year Estimates, while Belfast's poverty rate has decreased for five straight years (decreasing from 27.1% in 2010-2014 to 13.5% in 2015-2019), and is now equal to that of Waldo County. Unfortunately, Belfast's poverty rate still remains higher than that of both Maine (11.8%) and the United States (13.4%).

Turning to taxable retail sales, during the time period of July 2019 to July 2020, total monthly taxable retail sales for the Belfast Economic Summary Area (the smallest geographic area for which taxable retail sales data is available, and which is comprised of the municipalities of Bayside, Belfast, Belmont, Brooks, Jackson, Knox, Liberty, Monroe, Montville, Morrill, Northport, Searsmont, Swanville, and Waldo) went from \$22,222,490 to \$20,640,970, representing a decrease of 7.12%. This lagged behind Maine, whose total monthly taxable retail sales actually experienced a modest increase of 1.93% during that same time period.

Specific categories of Belfast Economic Summary Area taxable retail sales to be noted for their significant increases include: business operations, which increased by 18.18% (compared to an increase of 8.93% for Maine); and building supplies, which increased by

12.56% (compared to an increase of 13.73% for Maine). However, there were three categories of monthly taxable retail sales that experienced significant decreases during this same period: lodging, which decreased by 51.43% (compared to a decrease of 39.69% for Maine); restaurants, which decreased by 27.90% (compared to a decrease of 29.31% for Maine); and transportation, which decreased by 12.18% (compared to an increase of 14.80% for Maine).

The City of Belfast's total taxable valuation base, which includes the assessed values of both taxable real property and taxable personal property, the Homestead Exemption reimbursement value, and the enhanced total value of all Business Equipment Tax Exemption (BETE) program-eligible property, continued to increase, going from \$792,040,743 as of April 1st, 2019, to \$816,736,543 as of April 1st, 2020, an increase of 3.12%. Looking over a longer timeline, the City of Belfast's total taxable valuation base has increased over the past five years by a total of \$83,421,008, or 11.38% relative to its value as of April 1st, 2015 (\$733,315,535), despite reductions in assessed values of approximately \$30 million on particularly significant office park and industrial spaces in Belfast.

Regarding taxable personal property, there was a decrease of 2.98% in its assessed value from April 1st, 2019 to April 1st, 2020, going from \$22,828,600 to \$22,148,700. However, during that same period of time, there was a larger, offsetting increase of 9.45% in the assessed value of taxable personal property filed under the BETE program, going from \$25,559,100 to \$27,973,500. This was due to both an increase in the number of personal property accounts, going from 557 as of April 1st, 2019 to 628 as of April 1st, 2020. This increase of 12.75% in the number of accounts was due to a campaign by the City of Belfast's Assessing Office to improve the known list of operating businesses in Belfast and to proactively assist businesses in obtaining eligible exemptions in this program after the State of Maine clarified that additional service-based businesses would qualify for it in 2019.

Significant amounts of both taxable real property and taxable personal property within Belfast are located and sheltered within the City's two existing Tax Increment Financing (TIF) districts; these are the Northport Avenue Omnibus Municipal TIF District (established in 2006 and amended in 2014) and the Downtown Waterfront Omnibus Municipal TIF District (established in 2007 and amended in 2014).

Both the assessed values of taxable real property and taxable personal property within the Northport Avenue Omnibus Municipal TIF District remained nearly unchanged from April 1st, 2019 to April 1st, 2020, increasing from \$9,289,200 to \$9,301,900, and decreasing from \$851,600 to \$849,300, respectively. Taken together, the entire assessed value of the district increased marginally from \$10,140,800 as of April 1st, 2019 to \$10,151,200 as of April 1st, 2020. The difference between the current total assessed value of the Northport Avenue Omnibus Municipal TIF District (\$10,151,200) and the original amended assessed value of the district (\$10,126,400), also known as the *increment*, is now \$24,800; at the City's August 25th, 2020 mill rate of 23.3, this increment would be expected to generate \$577.84 in annual TIF revenue.

Due to an assessed value reconsideration request, subsequent appraisal review and mid-year reconciliation of assessed value of the industrial area around the Front Street Shipyard properties, the assessed value of taxable real property within the Downtown Waterfront Omnibus Municipal TIF District decreased by 4.48%, going from

\$64,444,000 as of April 1st, 2019 to \$61,553,700 as of April 1st, 2020, though absent the adjustment, there would be essentially no change. The assessed value of taxable personal property within that district marginally decreased during that same period of time, going from \$2,135,100 as of April 1st, 2019 to \$2,113,300 as of April 1st, 2020, though this is attributable to more personal property being reported into the BETE program. Combined, the total assessed value of the district decreased by 4.37%, going from \$66,579,100 as of April 1st, 2019 to \$63,667,000. The district's current increment is now \$16,259,720; at the City's August 25th, 2020 mill rate of 23.3, this increment would be expected to generate \$378,851.48 in annual TIF district revenue. It should be noted that \$2,179,300 of this increment (and its associated annual TIF district revenue of \$50,777.69) must be currently set aside as part of a five-year TIF credit enhancement agreement between the City and Building 6 LLC (Front Street Shipyard) that was entered into in 2018.

Looking ahead, the Maine Consensus Economic Forecasting Commission (CEFC), in their July 1st, 2020 report, made significant revisions to its major indicators relative to its February 1st, 2020 report. Specifically, the CEFC: revised its forecast for the annual percentage change in wage and salary employment downward for 2020 (0.5% to -8.0%), and upward for 2021 (0.2% to 4.0%) and 2022 (0.1% to 2.0%); revised its forecast for the annual percentage change in personal income downward for 2020 (4.1% to 3.9%) and 2021 (4.0% to -1.2%), and upward for 2024 (3.5% to 3.6%) and 2025 (3.5% to 3.6%); revised its forecast for the annual percentage change in wage and salary income downward for 2020 (4.1% to -5.0%), 2021 (3.7% to 2.0%), 2022 (3.4% to 3.0%), 2023 (3.2% to 3.0%), 2024 (3.2% to 3.0%), and 2025 (3.2% to 3.0%); and revised its forecast for the annual percentage change in the Consumer Price Index for All Urban Consumers downward for 2020 (1.9% to 0.9%), 2021 (2.0% to 1.5%), and 2022 (2.0% to 1.7%).

Positive statewide indicators pointed out by the CEFC in its report included: a return of traffic to normal levels; IHS Markit's most recent "flash" Purchasing Managers' Index for four major global economies shows that the rate of contraction eased considerably in June, consistent with a return to global GDP growth; federal assistance to date has helped avoid even worse consequences from the early effects of the pandemic; and increased withholding receipts due to individuals in the leisure and hospitality and retail sales sectors receiving enhanced unemployment benefits equal to more than their lost wage income; and that construction jobs appear to have held up reasonably well for the time being. Negative statewide indicators pointed out by the CEFC in its report included: a decline in consumer sentiment and small business optimism; a decline in single-family home sales; a drastic decline in consumer spending; disruption in the labor market due to record rates of job loss; Maine's labor market remaining in a more vulnerable position due to its dependence on summer tourism and having a slightly higher share of jobs in high-risk industries; and suppressed labor force participation due to a lack of child care availability and/or continued school closures are likely to suppress labor force participation.

The report contained the following statements: "current conditions are unprecedented, highly uncertain, and include a large number of unknown variables . . . the current public health and economic crises are global events - the World Bank notes that we are currently experiencing the highest synchronization of national recessions since 1870, and Moody's Analytics reflects that one of the current challenges for spurring economic growth is the lack of a major economy in a position to be the economic driver. Other global concerns

reflected in Maine include the closure of the Canadian border, new immigration restrictions, and the continuing Chinese tariffs.”

Again, as in several preceding years, one derives a rather mixed impression of the Belfast economy, from comparing what is actually taking place in Belfast for business expansion and investment with the trends of the economic indicators. The City of Belfast should, through its various economic development strategies and initiatives, pursue important economic and community development goals, including the attraction and creation of quality (i.e. livable wage) jobs, the reduction of poverty, and the development of housing that is affordable to the employees of our area businesses, to help buttress and augment the economic progress it has achieved over the past decade.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Manager at City of Belfast, 131 Church Street, Belfast, Maine 04915.

Table 1

City of Belfast, Maine
Comparative Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current & Other Assets	\$ 5,638,636	\$ 9,020,611	\$ 1,732,750	\$ 1,781,924	\$ 7,371,386	\$ 10,802,535
Capital Assets (Net)	48,978,746	43,131,919	21,135,156	21,407,815	70,113,902	64,539,734
Total Assets	54,617,382	52,152,530	22,867,906	23,189,739	77,485,288	75,342,269
Long-Term Liabilities Outstanding	11,324,745	11,510,559	1,702,623	2,189,997	13,027,368	13,700,556
Other Liabilities	1,291,835	2,313,325	437,467	448,840	1,729,302	2,762,165
Total Liabilities	12,616,580	13,823,884	2,140,090	2,638,837	14,756,670	16,462,721
Net Position:						
Invested in Capital Assets	37,606,193	31,469,107	19,003,010	18,779,463	56,609,203	50,248,570
Net of Related Debt						
Restricted	2,395,584	4,298,478	706,098	714,037	3,101,682	5,012,515
Unrestricted	1,999,025	2,561,061	1,018,708	1,057,402	3,017,733	3,618,463
Total Net Position	\$ 42,000,802	\$ 38,328,646	\$ 20,727,816	\$ 20,550,902	\$ 62,728,618	\$ 58,879,548

City of Belfast, Maine
Comparative Statement of Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Service/Fees	\$ 1,794,021	\$ 1,957,541	\$ 1,027,545	\$ 1,018,754	2,821,566	2,976,295
Operating Grants and Contrib.	226,224	293,542	-	-	226,224	293,542
Capital Grants and Contrib.	120,000	75,000	-	-	120,000	75,000
General Revenues:						
Property Taxes	16,824,500	16,375,325	-	-	16,824,500	16,375,325
Excise Taxes	1,154,957	1,166,289	-	-	1,154,957	1,166,289
Intergovernmental - Other	1,583,733	1,134,003	-	-	1,583,733	1,134,003
Other	2,659,358	6,473,759	10,472	9,896	2,669,830	6,483,655
Total Revenues	24,362,793	27,475,459	1,038,017	1,028,650	25,400,810	28,504,109
Expenses:						
General Government	1,744,667	4,102,422	-	-	1,744,667	4,102,422
Protection	3,098,208	2,904,544	-	-	3,098,208	2,904,544
Public Works	2,171,748	5,557,581	-	-	2,171,748	5,557,581
Social Services	279,262	275,265	-	-	279,262	275,265
Parks & Recreation	300,269	264,423	-	-	300,269	264,423
Library	515,989	517,309	-	-	515,989	517,309
Cemeteries	127,057	158,217	-	-	127,057	158,217
Education	10,427,480	10,302,066	-	-	10,427,480	10,302,066
County Tax	1,537,147	1,541,219	-	-	1,537,147	1,541,219
Interest on Debt	120,925	(26,148)	-	-	120,925	(26,148)
Unclassified	443,003	438,459	-	-	443,003	438,459
Sewer Department	-	-	871,130	950,204	871,130	950,204
Total Expenses	20,765,755	26,035,357	871,130	950,204	21,636,885	26,985,561
Increase (Decrease) in Net Position Before Transfers	3,597,038	1,440,102	166,887	78,446	3,763,925	1,518,548

City of Belfast, Maine
Comparative Statement of Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Transfers	175,118	527,399	10,027	105,029	185,145	632,428
Reserve for Uncollectibles	(100,000)	(13,464)	-	-	(100,000)	(13,464)
Increase (Decrease) in Net Assets	3,672,156	1,954,037	176,914	183,475	3,849,070	2,137,512
Net Position - Beginning	38,328,646	36,374,609	20,550,902	20,367,427	58,879,548	56,742,036
Net Position - Ending	\$ 42,000,802	\$ 38,328,646	\$ 20,727,816	\$ 20,550,902	\$ 62,728,618	\$ 58,879,548

City of Belfast, Maine
Government-Wide Statement of Net Position
June 30, 2020

Exhibit A

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash & Cash Equivalents	\$ 430,695	\$ -	\$ 430,695
Investments	2,740,540	671,064	3,411,604
Due from other Funds	-	509,323	509,323
Receivables (Net of Allowance for Doubtful Accounts):			
Taxes	632,573	-	632,573
Accounts	1,827,529	552,363	2,379,892
Prepaid Expenses	7,299	-	7,299
Total Current Assets	<u>5,638,636</u>	<u>1,732,750</u>	<u>7,371,386</u>
Capital Assets:			
Land	10,175,461	1,485,000	11,660,461
Construction In Progress	-	-	-
Buildings & Improvements	19,151,358	713,156	19,864,514
Vehicles & Equipment	7,033,801	455,448	7,489,249
Infrastructure	30,954,322	28,317,623	59,271,945
Total Capital Assets	<u>67,314,942</u>	<u>30,971,227</u>	<u>98,286,169</u>
Less Accumulated Depreciation	<u>(18,336,196)</u>	<u>(9,836,071)</u>	<u>(28,172,267)</u>
Net Capital Assets	<u>48,978,746</u>	<u>21,135,156</u>	<u>70,113,902</u>
Total Assets	<u>54,617,382</u>	<u>22,867,906</u>	<u>77,485,288</u>
<u>LIABILITIES</u>			
Account Payable	135,606	-	135,606
Other Liabilities	28,567	-	28,567
Accrued Interest Payable	11,544	7,944	19,488
Due to other Funds	517,972	-	517,972
Taxes Collected In Advance	92,608	-	92,608
Bonds and Notes:			
Due Within One Year	505,538	429,523	935,061
Total Current Liabilities	<u>1,291,835</u>	<u>437,467</u>	<u>1,729,302</u>
Long-Term Liabilities			
Bonds and Notes:			
Due in More Than One Year	10,867,015	1,702,623	12,569,638
Compensated Absences	457,730	-	457,730
Total Long-Term Liabilities	<u>11,324,745</u>	<u>1,702,623</u>	<u>13,027,368</u>
Total Liabilities	<u>12,616,580</u>	<u>2,140,090</u>	<u>14,756,670</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	37,606,193	19,003,010	56,609,203
Restricted For:			
TIF	-	19,401	19,401
Infrastructure Maintenance & Upgrade	-	615,723	615,723
Capital Projects	1,795,070	-	1,795,070
Heating Fuel	-	70,974	70,974
Special Purposes	600,514	-	600,514
Unrestricted	1,999,025	1,018,708	3,017,733
Total Net Position	<u>\$ 42,000,802</u>	<u>\$ 20,727,816</u>	<u>\$ 62,728,618</u>

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Government-Wide Statement of Activities
For the Year Ended June 30, 2020

Program Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Position			
	Expenses	Fees, Fines, & Charges for Service	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities							
General Government	\$ 1,744,667	\$ 175,353	-	\$ -	\$ (1,569,314)	\$ -	\$ (1,569,314)
Protection	3,098,208	1,070,327	-	-	(2,027,881)	-	(2,027,881)
Public Works	2,171,748	394,021	141,224	-	(1,636,503)	-	(1,636,503)
Social Services	279,262	-	-	-	(279,262)	-	(279,262)
Parks & Recreation	300,269	1,672	-	-	(298,597)	-	(298,597)
Library	515,989	-	-	120,000	(395,989)	-	(395,989)
Cemeteries	127,057	-	85,000	-	(42,057)	-	(42,057)
Education	10,427,480	-	-	-	(10,427,480)	-	(10,427,480)
County Tax	1,537,147	-	-	-	(1,537,147)	-	(1,537,147)
Interest on Long-Term Debt	120,925	-	-	-	(120,925)	-	(120,925)
Unclassified	443,003	152,648	-	-	(290,355)	-	(290,355)
Total Governmental Activities	20,765,755	1,794,021	226,224	120,000	(18,625,510)	-	(18,625,510)
Business-Type Activities							
Sewer Department	871,130	1,027,545	-	-	-	156,415	156,415
Total Business-Type Activities	871,130	1,027,545	-	-	-	156,415	156,415
Total Government	\$ 21,636,885	\$ 2,821,566	\$ 226,224	\$ 120,000	(18,625,510)	156,415	(18,469,095)

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Government-Wide Statement of Activities
For the Year Ended June 30, 2020

	Net (Expense) Revenues and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Totals
General Revenues:			
Taxes:			
Property	16,824,500	-	16,824,500
Excise	1,154,957	-	1,154,957
Interest on Taxes	87,506	-	87,506
Investment Earnings	32,418	10,472	42,890
Miscellaneous	2,166,320	-	2,166,320
Intergovernmental, Not Restricted to Specific Functions	1,583,733	-	1,583,733
Lease & Rental Income	150,910	-	150,910
Cable TV Receipts	89,256	-	89,256
Payment in Lieu of Taxes	18,700	-	18,700
Special Projects (Net)	114,248	-	114,248
Reserve for Uncollectible Transfers	(100,000)	-	(100,000)
	175,118	10,027	185,145
Total General Revenues and Transfers	22,297,666	20,499	22,318,165
Changes in Net Position	3,672,156	176,914	3,849,070
Net Position, Beginning	\$ 38,328,646	\$ 20,550,902	\$ 58,879,548
Net Position, Ending	\$ 42,000,802	\$ 20,727,816	\$ 62,728,618

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Balance Sheet - Governmental Funds
June 30, 2020

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 430,695	\$ -	\$ 430,695
Investments	2,139,188	601,352	2,740,540
Receivables (Net of Allowance for Doubtful Accounts):			
Taxes	632,573	-	632,573
Accounts	1,766,238	61,291	1,827,529
Prepaid Expenses	7,299	-	7,299
Due from Other Funds	-	1,132,427	1,132,427
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 4,975,993</u>	<u>\$ 1,795,070</u>	<u>\$ 6,771,063</u>
<u>LIABILITIES & FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 135,606	\$ -	\$ 135,606
Other Liabilities & Accruals	28,567	-	28,567
Due to Other Funds	1,650,399	-	1,650,399
Taxes Collected In Advance	92,608	-	92,608
Total Liabilities	<hr/>	<hr/>	<hr/>
Deferred Inflow of Resources			
Unavailable Revenue-Property Taxes	423,704	-	423,704
	<hr/>	<hr/>	<hr/>
<u>Fund Balances</u>			
Nonspendable	-	-	-
Restricted	-	1,795,070	1,795,070
Committed	600,514	-	600,514
Assigned	116,906	-	116,906
Unassigned	1,927,689	-	1,927,689
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>2,645,109</u>	<u>1,795,070</u>	<u>4,440,179</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities & Fund Balances	<u>\$ 4,975,993</u>	<u>\$ 1,795,070</u>	<u>\$ 6,771,063</u>

City of Belfast, Maine
 Reconciliation of the Governmental Funds Balance Sheet
 to the Government-Wide Statement of Net Position
 June 30, 2020

Exhibit D

Total Fund Balances - Total Governmental Funds \$ 4,440,179
 Amounts reported for governmental activities in the Statement of Net Position
 were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

Non-depreciable capital assets	\$10,175,461	
Depreciable capital assets, net	<u>38,803,285</u>	
Total capital assets		48,978,746

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet (11,544)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:

Long-term bond liabilities-due within one year	505,538	
Long-term bond liabilities-due in more than one year	10,867,015	
Compensated absences	<u>457,730</u>	
Total long-term liabilities		(11,830,283)

Other deferred inflow of resources not available to pay for current period expenditures in the governmental funds-property taxes 423,704

Net position of governmental activities \$ 42,000,802

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Capital Projects Fund	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$ 16,695,696	\$ -	\$ 16,695,696
Excise Taxes	1,154,957	-	1,154,957
Intergovernmental	1,724,957	-	1,724,957
Charges for Services	1,860,540	-	1,860,540
Investment Income	20,001	12,417	32,418
Interest on Taxes	87,506	-	87,506
Special Purpose Accts.	598,161	-	598,161
Miscellaneous	660,239	1,903,517	2,563,756
Total Revenues	<u>22,802,057</u>	<u>1,915,934</u>	<u>24,717,991</u>
<u>Expenditures:</u>			
General Government	3,047,825	168,992	3,216,817
Protection	3,054,375	274,001	3,328,376
Public Works	2,035,228	3,148,502	5,183,730
Social Services	279,262	-	279,262
Parks & Recreation	307,234	4,743	311,977
Library	448,155	-	448,155
Cemeteries	119,349	2,709	122,058
Education	10,427,480	-	10,427,480
County Tax	1,537,147	-	1,537,147
Debt Service	455,110	-	455,110
Special Purpose Accts.	483,913	-	483,913
Unclassified	338,241	1,254,521	1,592,762
Total Expenditures	<u>22,533,319</u>	<u>4,853,468</u>	<u>27,386,787</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>268,738</u>	<u>(2,937,534)</u>	<u>(2,668,796)</u>
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	111,713	1,220,895	1,332,608
Operating Transfers (Out)	(853,333)	(304,157)	(1,157,490)
Reserve for Uncollectible	(100,000)	-	(100,000)
Total Other Financing Sources & Uses	<u>(841,620)</u>	<u>916,738</u>	<u>75,118</u>
Net Changes in Fund Balances	(572,882)	(2,020,796)	(2,593,678)
Fund Balance - Beginning	<u>\$ 3,217,991</u>	<u>\$ 3,815,866</u>	<u>\$ 7,033,857</u>
Fund Balance - Ending	<u>\$ 2,645,109</u>	<u>\$ 1,795,070</u>	<u>\$ 4,440,179</u>

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
 Reconciliation of the Governmental Funds Statement of
 Revenues, Expenditures and Changes in Fund Balances
 to the Government-Wide Statements of Activities
 For the Year ended June 30, 2020

Exhibit F

Net Change in Fund Balance - Total Government Funds \$ (2,593,678)

Amounts reported by governmental activities in the Statement of Activities
 and changes in Net Position were different because:

Governmental funds report capital outlay as expenditures. However, in
 the government-wide statement of activities and changes in net position
 the cost of those assets is allocated over their estimated useful lives as
 depreciation expense. This is the amount of capital assets recorded in
 the current period. 6,911,935

The net effect of various transactions involving capital assets (i.e., notes,
 sales, trade-ins, and contributions) is to increase/(decrease) net position:

Depreciation expense on capital assets is reported in the government-wide
 statement of activities and changes in net position, but they do not require
 the use of current financial resources. Therefore, depreciation expense
 is not reported as expenditure in government funds. (1,065,108)

Repayment of debt principal is an expenditure in the governmental funds,
 but the repayment reduces long-term liabilities in the statement of net
 position. The issuance of long-term debt provides current financial resources.
 Neither transaction, however, has any effect on net position. This amount
 is the net effect of these differences in the treatment of long-term debt. 290,259

Some expenses reported in the statement of activities do not require the
 use of current financial resources; therefore, are not reported as expenditures
 in government funds. (compensated absences) (43,893)

Some net property tax collected for several months after the City's fiscal
 year end, (deferred inflow of resources), that are not available revenues
 in the governmental fund. 128,715

Accrued interest expense on long-term debt is reported in the government-
 wide statement of activities and changes in net position, but does not require
 the use of current financial resources; therefore, accrued interest expense
 is not reported as expenditures in governmental funds. 43,926

Change in net position of governmental activities \$ 3,672,156

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Statement of Net Position
Proprietary Fund (Sewer)
For the Years Ended June 30, 2020

	<u>2020</u>
<u>ASSETS</u>	
<u>Current Assets</u>	
Due from General Fund	\$ 509,323
Pooled Investments	671,064
Receivables:	
Accounts	15,633
Sewage Treatment Services (Net Allowance for Doubtful)	536,730
Total Current Assets	<u>1,732,750</u>
<u>Capital Assets:</u>	
Land	1,485,000
Buildings & Improvements	713,156
Vehicle & Equipment	455,448
Infrastructure	28,317,623
Total Capital Assets	<u>30,971,227</u>
Less Accumulated Depreciation	<u>(9,836,071)</u>
Net Capital Assets	<u>21,135,156</u>
 Total Assets	 <u>22,867,906</u>
<u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accrued Interest Payable	7,944
Current Portion of Long-Term Liabilities	429,523
Total Current Liabilities	<u>437,467</u>
<u>Non-Current Liabilities</u>	
Portion of Long-Term Liabilities	<u>1,702,623</u>
 Total Liabilities	 <u>2,140,090</u>
<u>NET POSITION</u>	
Invested in Capital Assets - Net of Related Debt	19,003,010
Restricted for TIF	19,401
Restricted for Heating Fuel	70,974
Restricted for Infrastructure Maint. & Upgrade	615,723
Unrestricted	<u>1,018,708</u>
 Total Net Position	 <u>\$ 20,727,816</u>

City of Belfast, Maine
Statement of Revenues, Expenses, and Changes
in Fund Balance - Proprietary Fund
For the Year Ended June 30, 2020

Sewer Disposal & Treatment System
2020

<u>Operating Revenues:</u>	
User Fees	\$ 1,011,912
Entrance & Recording Fees	15,633
Total Operating Revenues	<u>1,027,545</u>
 <u>Operating Expenses:</u>	
Salaries & Wages	138,402
Fringe Benefits	70,568
Utilities	50,205
Chemicals	16,150
Infrastructure Maintenance	23,358
Outside Services	71,582
Laboratory Supplies	2,359
Building Maintenance	1,704
Vehicle Maintenance/Fuel	5,913
Insurance	25,354
Billing & Accounting	7,459
Contract Sludge	57,497
Miscellaneous	20,352
Depreciation	354,583
Total Operating Expenses	<u>845,486</u>
Operating Income (Loss)	182,059
 <u>Non-Operating Revenue (Expense):</u>	
Investment Earnings	10,472
Interest Expense	<u>(25,644)</u>
Net Non-Operating Revenue (Expense)	<u>(15,172)</u>
Income (Loss) Before Transfers	166,887
Capital Contributions	
Transfers in (out): Net	<u>10,027</u>
Change in Net Position	176,914
Total Net Position - Beginning of Year	<u>20,550,902</u>
Total Net Position - End of Year	<u>\$ 20,727,816</u>

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Statement of Cash Flows - Sewer Fund
Proprietary Funds
For the Year Ended June 30, 2020

		<u>Waste Water (Sewer)</u>
Cash flows From Operating Activities:		
Cash Received from Customers	\$ 1,067,986	
Cash Payments to Employees	(138,402)	
Cash Payments to Suppliers of Goods & Services	<u>(446,924)</u>	
Net Cash Provided by Operating Activities		\$ 482,660
Cash Flows From Noncapital Financing Activities:		
Transfers (Net)	<u>51,929</u>	
Net Cash Provided by Noncapital Financing Activities		51,929
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Fixed Assets		
Principal Paid on Long-Term Debt	(496,206)	
Interest Paid on Long-Term Debt	<u>(25,644)</u>	
Net Cash (Used) in Capital & Related Financing Activities		<u>(521,850)</u>
Net Increase (Decrease) in Cash & Cash Equivalents		12,739
Cash & Cash Equivalents		
Beginning of Year		<u>1,167,648</u>
End of Year:		
Cash Held By General Fund in Investments	509,323	
Cash in Pooled investments	<u>671,064</u>	
Total End of Year		<u>\$ 1,180,387</u>
Reconciliation of operating income (Loss) to net		
Cash Provided by Operating Activities		\$ 192,531
Operating Income		
Adjustments to Reconcile operations Income to		
Net Cash Provided by Operating Activities		
Depreciation		354,583
Changes in Assets & Liabilities		
(Increase) Decrease in Receivables		(61,913)
Increase (Decrease) in Payables		<u>(2,541)</u>
Net Cash Provided by Operating Activities		<u>\$ 482,660</u>

City of Belfast, Maine
 Statement of Fiduciary Net Positions
 Fiduciary Funds
 June 30, 2020

<u>ASSETS</u>	<u>Cemeteries</u>	<u>Library</u>	<u>Special</u>	<u>Charity</u>	<u>Recreation</u>	<u>Health</u>	<u>Totals</u>
Cash & Interest Bearing Deposits	\$ 1,630,996	\$ 2,214,424	\$ 248,584	\$ 63,842	\$ 5,663	\$ 469	\$ 4,163,978
Total Assets	<u>1,630,996</u>	<u>2,214,424</u>	<u>248,584</u>	<u>63,842</u>	<u>5,663</u>	<u>469</u>	<u>4,163,978</u>
Net Positions - Held in Trust for Specific Programs	<u>\$ 1,630,996</u>	<u>\$ 2,214,424</u>	<u>\$ 248,584</u>	<u>\$ 63,842</u>	<u>\$ 5,663</u>	<u>\$ 469</u>	<u>\$ 4,163,978</u>

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2020

<u>Principal</u>	<u>Cemeteries</u>	<u>Library</u>	<u>Special</u>	<u>Charity</u>	<u>Recreation</u>	<u>Health</u>	<u>Totals</u>
Additions:							
Investment Income							
Interest & Dividends	\$ 40,587	\$ 58,374	\$ 7,042	\$ 1,191	\$ 93	\$ 8	\$ 107,295
Net increase (Decrease) in Fair Value of Investments	87,090	101,070	2,511	(769)	-	-	189,902
Total Additions	127,677	159,444	9,553	422	93	8	297,197
Deductions:							
Cemetery	(858,000)	-	-	-	-	-	(85,000)
Library	-	(120,000)	-	-	-	-	(120,000)
Unclassified	-	-	(2,587)	(128)	-	-	(2,715)
Total Deductions	(85,000)	(120,000)	(2,587)	(128)	-	-	(207,715)
Change in Net Position	42,677	39,444	6,966	294	93	8	89,482
Net Position, Beginning of Year	1,588,319	2,174,980	241,618	63,548	5,570	461	4,074,496
Net Position, End of Year	\$ 1,630,996	\$ 2,214,424	\$ 248,584	\$ 63,842	\$ 5,663	\$ 469	\$ 4,163,978

The notes to the financial statement are an integral part of this statement.

CITY OF BELFAST, MAINE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Belfast was incorporated under the laws of the State of Maine in 1853 and operates under a council/manager form of government. In evaluating how to define the reporting entity, for financial purposes, management has considered all potential component units. The criteria used to determine which entities are a part of the City's operations include how the budget is adopted, whether debt is secured by general obligation of the City, the City's duty to cover any deficits that may occur, and supervision over the accounting functions. Based upon all pertinent facts derived from the analysis of the above criteria, it was determined that no additional entities should be included as part of these financial statements.

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 nonfiduciary activities of the City. For the most part, the 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 is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. The City has elected not to allocate indirect costs among program, functions and segments. 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 and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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 government 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, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

The General Fund is the City'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 Projects Fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or fiduciary funds.

The City reports the following major proprietary funds:

The Sewer Utility Fund accounts for the cost of construction and operation of the sewage treatment plant, the City sewer system, and sewer operation activities, and is self-supported through sewer usage fees.

Additional, the City reports the following fund type:

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. The City's fiduciary funds include the following fund type:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using accrual basis of accounting. The funds are used to account for assets that the City holds for others in an agency capacity.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's sewer utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. City policy prohibits the investment in so-called "derivative instruments".

Investments are reported at fair value.

2. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of fiscal year are referred to as either "due to/from other funds", (i.e. the non-current portion of interfund loans) or "advances to/from other funds", (i.e. the non-current portion of interfund loans). Any residual balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "due to/from other governmental units".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Inventories

Inventories consist of expendable supplies held in consumption and are valued at cost using the weighted average method. The cost of inventories are recognized as expenditures/expenses when consumed rather than when purchased.

The City does not have any inventories at current year end.

4. Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets (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 with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two years.

Donated capital assets are recorded at estimated fair value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets 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, if any, is included as part of the capitalization value of the assets constructed.

Capital assets of the primary government and business-type activities are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Infrastructure	10-50
System Infrastructure	20-75
Equipment	5-20

5. Deferred Inflows of Resources

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises under modified accrual basis of accounting that qualifies for reporting in this category, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

6. Compensated Absences

Employees eligible for leave include permanent full-time employees. Employees may earn one (1) work day per full calendar month of regular employment to be used as sick leave, which shall be computed at the regular base pay rate of the employee.

Administrative personnel may accumulate to a maximum of ninety (90) work days.

Police personnel may accumulate to a maximum of one hundred twenty (120) work days.

All employees shall be compensated for one-half (1/2) of accumulated sick leave, up to forty-five (45) days, when they are permanently separated from employment as a result of voluntary resignation, retirement, or death. The liability for accumulated sick leave is \$457,730, as of June 30, 2020.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs if material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, governmental funds report fund balances in one of five possible classifications. Classification is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which the funds can be spent. The categories are as follows:

- Nonspendable fund balance cannot be spent.
- Restricted fund balances are subject to externally enforceable legal restrictions.
- Committed fund balances are subject to limitations the City Council has imposed, that are binding unless removed in the same manner.
- Assigned fund balances reflect the intended use of the resources.
- Unassigned fund balances are resources which have not been classified in any other category. Only the General Fund can report a positive unassigned fund balance amount.

Should there be multiple sources of funding available for a particular purpose, it is the City's policy to expend currently budgeted resources first, then after use other sources in the order of restricted, then committed, then assigned amounts.

9. Receivables/Allowance for Uncollectible Accounts

General fund accounts receivables at June 30, 2020 amounted to \$2,144,242 of which general receivables are \$603,516 and ambulance receivables are \$1,540,726. Allowances for uncollectible accounts are maintained for all types of receivables, which historically experience uncollectible accounts.

A summary of the allowance for uncollectible accounts/taxes as of June 30, 2020 is as follows:

General Fund:	
Ambulance	\$374,889
Taxes	73,176
Proprietary:	
Sewer Fund	<u>2,500</u>
Total Allowances for Uncollectible	<u>\$450,565</u>

10. Use of Estimates

Preparation of the City's financial statements requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principals (GAAP) for all governmental funds, except the special revenue, capital projects, and fiduciary funds. These non-major funds are not budgeted. All annual appropriations lapse at fiscal year end, unless a carry-forward of unexpended amounts is approved by the Council.

The City Manager submits to the City Council a proposed operating budget for the ensuing year. The Council holds public meetings and a final budget is prepared and adopted.

The budget is adopted at the department level through the passage of appropriation resolves. The City Manager may make transfers of appropriations within a department. Transfers between departments or additional appropriations require the approval of the City Council.

B. Reconciliation of Budgetary Basis Statements

The following schedule reconciles the General Fund amounts on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-Budgetary Basis to the amounts on the Statement of Revenues, Expenditures, and Changes in Fund Balance, Governmental Funds.

Deficiency of revenues over expenditures and other financing sources and uses (Budget)	<u>\$ (572,882)</u>
Deficiency of revenues and other financing sources over expenditures and other uses (GAAP)	<u>\$ (572,882)</u>

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2020, the following account exceeded appropriations by General Government, \$99,844 and social services \$1,645. Funds sufficient to provide for the excess expenditures were made available from other functions within the General Fund and the excess had no impact on the financial results of the City.

III. Detailed Notes On All Funds

A. Deposits and Investments

Deposits and investments at June 30, 2020 consist of the following:

Deposits	
Cash on Hand	\$ 808
Cash in Bank	402,887
Investments	
Various Certificates of Deposits, Federal Nat'l Mtg. Notes, and Money Market Funds	<u>7,575,582</u>
Total Cash and Investments	<u>\$ 7,979,277</u>

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a policy with respect to custodial credit risk for deposit accounts. The City does maintain insurance coverage to protect deposits other than the \$250,000 provided by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2020, \$0 of the City's bank balances were exposed to custodial credit risk.

Interest Credit Risk

In accordance with the City's investment policy, the City manages its exposure to declines in fair value by limiting the average maturity of its investments to less than one year.

Credit Risk

Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and certain corporate stocks and bonds.

The fair market value of investments as of June 30, 2020 is \$7,575,582.

Concentrations of Credit Risk

The City's investment policy does not allow the City to invest in debt securities that are not insured, registered or backed by U.S. government securities. The money market funds are invested in an Indexed Money Market account.

B. Property Tax

The City's property tax was levied August 21, 2019, on the assessed value listed as of April 1, 2019, for all real and personal property located in the City. The assessed value for the list of April 1, 2019, upon which the 2020 levy base was \$759,086,100. Taxes

were due and payable on October 10, 2019, and March 3, 2020, with interest at the rate of 9% being charged on taxes unpaid after that date.

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

C. Capital Assets—

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balances at <u>June 30, 2019</u>	Additions	Retirements and <u>Transfers</u>	Balances at <u>June 30, 2020</u>
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land/CIP	<u>\$19,289,548</u>	<u>\$ 3,689,294</u>	<u>\$(12,803,381)</u>	<u>\$10,175,461</u>
Total Capital Assets not being Depreciated	<u>19,289,548</u>	<u>3,689,294</u>	<u>(12,803,381)</u>	<u>10,175,641</u>
Capital Assets being Depreciated:				
Buildings	9,507,547	9,643,811	—	19,151,358
Equipment	6,844,029	236,460	(46,688)	7,033,801
Infrastructure	<u>26,237,546</u>	<u>4,716,776</u>	<u>—</u>	<u>30,954,322</u>
Total Capital Assets being Depreciated	<u>42,589,122</u>	<u>14,597,047</u>	<u>(46,688)</u>	<u>57,139,481</u>
Less Accumulated Depreciation for:				
Buildings	(4,377,163)	(364,838)	—	(4,742,001)
Equipment	(4,396,149)	(244,981)	8,169	(4,632,961)
Infrastructures	<u>(8,486,706)</u>	<u>(474,528)</u>	<u>—</u>	<u>(8,961,234)</u>
Total Accum. Depreciation Governmental Activities	<u>(17,260,018)</u>	<u>(1,084,347)</u>	<u>8,169</u>	<u>(18,336,196)</u>
Capital Assets - Net	<u>\$44,618,652</u>	<u>\$17,201,994</u>	<u>\$(12,841,900)</u>	<u>\$48,978,746</u>

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<u>Business-Type Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 1,485,000	\$ —	\$ —	\$ 1,485,000
Total Capital Assets not being Depreciated	<u>1,485,000</u>	<u>—</u>	<u>—</u>	<u>1,485,000</u>
Other Capital Assets:				
Buildings & Improvements	713,156	—	—	713,156
Vehicles & Equipment	373,524	81,924	—	455,448
Infrastructure	<u>28,317,623</u>	<u>—</u>	<u>—</u>	<u>28,317,623</u>
Total Other Capital Assets	<u>29,404,303</u>	<u>81,924</u>	<u>—</u>	<u>29,486,227</u>
Less Accumulated Depreciation:				
Building & Improvements	619,644	(14,262)	—	633,906
Vehicles & Equipment	161,916	(11,986)	—	173,902
Infrastructure	<u>8,699,928</u>	<u>(328,335)</u>	<u>—</u>	<u>9,028,263</u>
Total Accumulated Deprec.	<u>9,481,488</u>	<u>(354,583)</u>	<u>—</u>	<u>9,936,071</u>
Other Capital Assets, Net	<u>19,922,815</u>	<u>(272,659)</u>	<u>—</u>	<u>19,650,156</u>
Business-Type Capital, Net	<u>\$21,407,815</u>	<u>\$ (272,659)</u>	<u>\$ —</u>	<u>\$21,135,156</u>

Depreciation expense for governmental activities is charged to function as follows:

	<u>Buildings</u>	<u>Equipment</u>	<u>Infra- structure</u>	<u>Total</u>
General Government	\$ 43,886	\$ 4,178	\$ 31,164	\$ 79,228
Protection	37,473	102,893	—	140,366
Public Works	202,159	122,478	335,957	660,594
Parks & Recreation	1,398	8,856	15,275	25,529
Library	66,094	1,740	—	67,834
Cemeteries	84	3,837	1,078	4,999
Unclassified	<u>13,744</u>	<u>999</u>	<u>91,054</u>	<u>105,797</u>
Total Depreciation for Governmental Activities	<u>\$364,838</u>	<u>\$244,981</u>	<u>\$474,528</u>	<u>\$1,084,347</u>

D. Interfund Transactions

Individual fund interfund receivable and payable transactions are described in the Summary of Significant Accounting Policies Note D.2. As of June 30, 2020, the balances were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ —	\$1,650,399
Capital Projects	1,132,426	—
Trust Fund	8,650	—
Sewer Fund	<u>509,323</u>	<u>—</u>
	<u>\$1,650,399</u>	<u>\$1,650,399</u>

E. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital additions. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 10 to 20 year serial bonds with varying amounts of principal maturing each year.

The original amount of general obligation bonds issued is \$24,957,741. The following is a summary of general obligation bond and note transactions of the City for the fiscal year ended June 30, 2020:

Bonds and notes payable at June 30, 2019	\$14,291,164
Add: Principal additions	—
Less: Principal repayments	<u>(786,466)</u>
Bonds and notes payable at June 30, 2020	<u>\$13,504,698</u>

Bonds and notes payable at June 30, 2020, are comprised of the following:

<u>Long-term Debt</u>	<u>Fiscal Year Of Maturity</u>	<u>Interest Rate</u>	Governmental	Business-type	Total
			<u>Activities City</u>	<u>Activities</u>	<u>June 30, 2020</u>
Footbridge Bond	2022	2.085%-5.085%	\$ 425,053	\$ -	\$ 425,053
Walkway Project	2032	1.480%-3.706%	520,000	-	520,000
Front St. Recon. Bond	2036	0.91%-3.50	1,827,500	-	1,827,500
Pub Works/ Bldg/Solar Pierce/Bridge	2047	1.720%-4.215%	8,600,000	-	8,600,000
Street Bond	2023	2.250%	-	151,459	151,459
WWT Bond	2020	2.830%	-	33,307	33,307
WWT Bond	2022	2.400%	-	88,561	88,561
Swan Avenue Bond	2024	1.870%	-	143,916	143,916
Waste Water Refinance Bond	2024	1.450%	-	567,894	567,894
Replacement Project Bond	2025	1.490%	-	829,057	829,057
ARRA CWSRF	2029	0.000%	-	<u>317,951</u>	<u>317,951</u>
Total Bonds and Notes			<u>\$11,372,553</u>	<u>\$ 2,132,145</u>	<u>\$13,504,698</u>

Annual debt service requirements to maturity for general obligation bonds and notes payable are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 490,871	\$ 358,121	\$ 424,672	\$ 43,341
2022	501,641	348,617	398,273	34,710
2023	512,914	326,130	359,197	29,120
2024	368,288	266,266	363,283	23,974
2025	372,715	261,838	292,776	18,878
2026-2030	1,938,281	1,234,487	293,944	22,015
2031-2035	2,026,152	1,066,617	-	-
2036-2040	1,835,779	814,489	-	-
2041-2045	1,953,168	482,101	-	-
2046-2049	<u>1,372,744</u>	<u>88,417</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 11,372,553</u>	<u>\$5,247,083</u>	<u>\$2,132,145</u>	<u>\$ 172,038</u>

Overlapping Debt

The City's proportionate share of Waldo County's debt (determined by the percentage of the City's state valuation to the County's state valuation) is not reported in the City's financial statements. Debt service is included in the annual county assessment of the City.

Legal Debt Margin

The City is subject to the laws of the State of Maine, which limits the amount of long-term debt to 15% of the state's assessed valuation. At June 30, 2018, the statutory limit for the City was \$122,070,000. The City's outstanding long-term debt of \$13,962,429 at June 30, 2020 was within the statutory limit.

F. Fund Balance By Purpose

Following is more detailed information on the governmental fund balances:

	General <u>Fund</u>	Capital <u>Projects</u>	<u>Total</u>
Nonspendable for:	\$ -	\$ -	\$ -
Capital Projects	-	1,795,070	1,795,070
Special Purpose Funds	600,514	-	600,514
Assigned to:			
Designated Carried	116,906	-	116,906
Unassigned	<u>1,927,689</u>	<u>-</u>	<u>1,927,689</u>
Total Fund Balances	<u>\$2,645,109</u>	<u>\$1,795,070</u>	<u>\$ 4,440,179</u>

G. Fund Balances

As of June 30, 2020, the following funds were unexpended and were carried forward into the operations of the 2020/2021 fiscal year.

Designated for Subsequent Years' Expenditures

120-501	Assessing Salary Wages	\$ 1,418
130-631	Records Restoration	4,853
130-674	Codification	10,842
150-504	Election Supplies	3,957
250-567	Police Unscheduled Overtime	6,939
420-573	Sidewalk Improvement	55,819
450-577	Road Construction	8,959
460-578	Tree Program	4,250
460-678	Tree Planting	10,163
680-604	Engineering/Professional Services	8,901
680-606	Zoning/Board of Appeals	<u>805</u>
	Total	<u>\$ 116,906</u>

H. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consist of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds of any borrowing used for the acquisition, construction or improvement

of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

I. Subsequent Events

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure. City of Belfast did not have any subsequent events or transactions requiring recording or disclosure in the financial statements through March 29, 2021, the date that the financial statements were available to be issued.

Other Information

A. Risk Management

The City is exposed to various risks of loss to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended June 30, 2020, and the two previous years, no settlements exceeded insurance coverage.

B. Pension Plan

Maine Public Employees Retirement System

City employees contribute to the Maine Public Employees Retirement System ("System"), a cost-sharing multiple-employer public employee retirement system that acts as a common investment and administrative agent for public school teachers, state employees (except members of the judiciary and legislative who are covered under the Judicial and Legislative Retirement Systems) and political subdivisions.

Benefits vest after five years of service. Employees who retire at or after age sixty with one year of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to two percent of the average of their highest three years earnings per year of service. The system also provides death and disability benefits. These benefits provisions and all other requirements are established by state statute.

The system allows maintenance, support workers, and custodial support staff to participate voluntarily in the System. Participants are required to contribute 6.5% of their annual gross salary to the plan and the City is required to make a contribution based on an historical assessment of the plan by the System. Vesting of benefits occurs after five years of service. Disability, pre-retirement, and death benefits are provided under the City's plan. A cost of living increase is provided under the City's plan. Upon retirement at or after age sixty, the participant is entitled to an annual retirement benefit of two percent of the average of their three highest years earnings multiplied by the number of years of credited service. The City's required and actual contribution as a participating local district for the years ended June 30, 2020 and 2019 was \$308,424 and \$289,295 respectively.

Effective July 1, 1995 the City's Participating Local District (PLD) joined with other

PLD's forming a consolidated PLD. All PLD's that enter the Consolidated Plan cease to be individual sponsors of a "Single-Employer Defined Benefit Pension Plan" and instead become participants in a "Cost-Sharing Multiple-Employer Defined Benefit Pension Plan." As such, the disclosures made by individual PLD's reflect assets and liabilities under the Consolidated Plan which the PLD participates and not those of the PLD itself. A complete report is available by contacting the Maine Public Employees Retirement System at 46 State House Station, Augusta, ME 04333.

Other

Additionally, the City participates in the Social Security Retirement Program. The City's contribution to Social Security was \$335,375 for the year ended June 30, 2020.

C. Grant Funds

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. Any disallowance claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects no such amounts.

City of Belfast, Maine
Notes to Required Supplementary Information
June 30, 2020

Budgetary Data

The City Council adopts an annual legal budget which covers the City's Municipal General Fund and the Capital Projects. All unencumbered appropriations lapse at fiscal year end except certain departmental accounts by vote of the Council. Unencumbered appropriations are unreserved, designated for subsequent years' expenditures. The budgets for the General Fund of the City are prepared on the modified accrual basis and include debt principal retirements and capital outlays as expenses. The statements comparing budget and actual amounts for these governmental funds include adjustments to those budgetary bases for the departmental funds carried over from accumulated prior years and new Council vote. Budgetary level of control is exercised by the City Manager.

The Budgetary Comparison Schedule, "Statement of Revenues, Expenditures, and Changes in Funds Balance - Budget and Actual", included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the General Fund of the City, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results.

The General Fund payables are added to the actual expenditures for budgetary comparison.

City of Belfast, Maine
 Budgetary Comparison Schedule - General Fund
 For the Year Ended June 30, 2020

<u>Resources</u>	Original Budget W/Carried	Budget as Amended	Actual	Variance from Amended Positive (Negative)
Property Taxes	\$ 16,535,677	\$ 16,535,677	\$ 16,695,696	\$ 160,019
Excise Taxes	1,141,000	1,141,000	1,154,957	13,957
Intergovernmental	1,647,750	1,647,750	1,724,957	77,207
Charges for Services	1,976,382	1,976,382	1,860,540	(115,842)
Investment Income	18,000	18,000	20,001	2,001
Interest on Taxes	69,500	69,500	87,506	18,006
Miscellaneous	645,610	645,610	660,239	14,629
Special Purpose Accounts	-	-	598,161	598,161
Amounts Available for Appropriation	22,033,919	22,033,919	22,802,057	768,138
<u>Charges to Appropriations (Outlays)</u>				
General Government	2,878,495	2,947,981	3,047,825	(99,844)
Protection	3,116,780	3,189,187	3,054,375	134,812
Public Works	2,136,676	2,136,676	2,035,228	101,448
Social Services	274,140	277,617	279,262	(1,645)
Parks & Recreation	306,003	330,351	307,234	23,117
Library	455,172	455,172	448,155	7,017
Cemeteries	134,472	134,472	119,349	15,123
Education	10,427,480	10,427,480	10,427,480	-
County Tax	1,537,147	1,537,147	1,537,147	-
Debt Service	473,136	473,136	455,110	18,026
Unclassified	354,828	355,328	338,241	17,087
Reserve for Uncollectibles	-	100,000	100,000	-
Special Purpose Accounts	-	-	483,913	(483,913)
Total Charges to Appropriations	22,094,329	22,364,547	22,633,319	(268,772)
Excess (Deficiency) of Resources Over Charges to Appropriations	(60,410)	(330,628)	168,738	499,366
<u>Other Financial Sources and Uses:</u>				
Transfers In	-	170,218	111,713	(58,505)
Transfers (Out)	(330,561)	(330,561)	(853,333)	(522,772)
Carried Balances	58,291	58,291	-	(58,291)
Total Other Financial Sources (Uses)	(272,270)	102,052	(741,620)	(639,568)
Net Change in Fund Balance - General Fund	\$ (332,680)	\$ (432,680)	\$ (572,882)	\$ (140,202)

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Schedule of Department Operations - General Fund
For the Year Ended June 30, 2020

	Balance 7/1/19	Approp.	Transfers	Total Available	Expended	(Over) Under Expended	
						To Surplus	Carried
<u>General Government</u>							
City Manager's Department	\$ -	\$ 278,716	\$ 33,720	\$ 312,436	\$ 376,127	\$ (63,691)	\$ -
Finance Department	-	149,784	4,901	154,685	150,934	3,751	-
Assessing Department	-	143,742	6,000	149,742	147,983	341	1,418
City Clerk's Department	12,890	200,047	4,901	217,838	185,273	16,870	15,695
City Building Maintenance	3,730	158,320	13,242	175,292	169,277	6,015	-
Elections and Registrations	-	15,050	-	15,050	10,221	872	3,957
Agency Transactions	-	1,644,900	-	1,644,900	1,733,832	(88,932)	-
Boathouse	-	11,850	-	11,850	10,750	1,100	-
Planning Department	-	259,466	6,722	266,188	263,428	2,760	-
Total General Government	16,620	2,861,875	69,486	2,947,981	3,047,825	(120,914)	21,070
<u>Protection</u>							
Fire Department	-	258,353	69,932	328,285	313,195	15,090	-
Police Department	-	1,327,186	-	1,327,186	1,310,473	9,774	6,939
Street Lighting	-	59,450	-	59,450	67,236	(7,786)	-
Hydrants	-	424,464	-	424,464	424,464	-	-
Animal Control	-	8,362	-	8,362	9,619	(1,257)	-
Municipal Insurance	-	317,781	-	317,781	278,524	39,257	-
Ambulance Department	-	655,807	-	655,807	602,069	53,738	-
Crossing Guards	-	18,743	-	18,743	12,620	6,123	-
Cable Television	798	45,836	2,475	49,109	36,175	12,934	-
Total Protection	798	3,115,982	72,407	3,189,187	3,054,375	127,873	6,939
<u>Public Works</u>							
Highway Department	-	1,245,254	-	1,245,254	1,184,975	60,279	-
Sidewalk Maintenance	6,962	50,000	-	56,962	1,143	-	55,819
Recycling/Transfer Station	-	369,075	-	369,075	407,097	(38,022)	-
Road Construction/Paving	3,230	435,000	-	438,230	429,271	-	8,959
Tree Program	10,155	17,000	-	27,155	12,742	-	14,413
Total Public Works	20,347	2,116,329	-	2,136,676	2,035,228	22,257	79,191

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Schedule of Department Operations - General Fund
For the Year Ended June 30, 2020

	Balance 7/1/19	Approp.	Transfers	Total Available	Expended	(Over) Under Expended Lapsed To Surplus	Carried
<u>Social Services</u>							
General Assistance	-	60,000	-	60,000	62,977	(2,977)	-
Welfare Director	-	40,472	-	40,472	39,140	1,332	-
Outside Agencies	-	173,668	3,477	177,145	177,145	-	-
Total Social Services	-	274,140	3,477	277,617	279,262	(1,645)	-
<u>Parks and Recreation</u>	5,500	300,503	24,348	330,351	307,234	23,117	-
<u>Library</u>	-	455,172	-	455,172	448,155	7,017	-
<u>Cemeteries</u>	-	134,472	-	134,472	119,349	15,123	-
<u>Education - MSAD 34</u>	-	10,427,480	-	10,427,480	10,427,480	-	-
<u>Special Assessments</u>							
County Tax	-	1,537,147	-	1,537,147	1,537,147	-	-
<u>Debt Service</u>							
Notes and Interest	-	473,136	-	473,136	455,110	18,026	-
<u>Unclassified</u>							
Airport	-	25,200	-	25,200	28,256	(3,056)	-
Promotional Activities	-	33,875	500	34,375	34,797	(422)	-
State Law Enforcement Agency	-	67,496	-	67,496	71,790	(4,294)	-
Harbor	-	163,038	-	163,038	148,743	14,295	-
Planning and Zoning	15,026	1,700	-	16,726	5,820	1,200	9,706
MMA Dues	-	7,812	-	7,812	7,820	(8)	-
Economic Dev. Director	-	38,581	-	38,581	39,015	(434)	-
EMA Director	-	2,000	-	2,000	2,000	-	-
Contingency Operating	-	100	-	100	-	100	-
4 5 Total Unclassified	15,026	339,802	500	355,328	338,241	7,381	9,706

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Schedule of Department Operations - General Fund
For the Year Ended June 30, 2020

	Balance 7/1/19	Approp.	Transfers	Total Available	Expended	(Over) Under Expended	
						To Surplus	Carried
<u>Reserves - Capital</u>							
Solar Buyout	-	8,710	-	8,710	8,710	-	-
Broadband Study	-	70,000	-	70,000	70,000	-	-
Fiber Internet	-	16,666	-	16,666	16,666	-	-
Pool Resurfacing	-	22,500	-	22,500	22,500	-	-
Harbor Restroom	-	5,000	-	5,000	5,000	-	-
Swan Lake Avenue	-	25,000	-	25,000	25,000	-	-
Defibrillator	-	35,000	-	35,000	35,000	-	-
Fire Dept Ai	-	4,800	-	4,800	4,800	-	-
City Hall Dr	-	6,000	-	6,000	6,000	-	-
Line Police	-	4,035	-	4,035	4,035	-	-
Old DPW Site	-	128,850	-	128,850	128,850	-	-
Climate Changor	-	4,000	-	4,000	4,000	-	-
Total Reserves - Capital	-	330,561	-	330,561	330,561	-	-
Totals	\$ 58,291	\$ 22,366,599	\$ 170,218	\$ 22,595,108	\$ 22,379,967	\$ 98,235	\$ 116,906

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Capital Projects Fund
For the Year Ended June 30, 2020

	Balance 07/01/19	A		D		D		D		E		U		Balance 6/30/20
		Investment Income	Other Receipts	TRANSFERS In	TRANSFERS Out	Expenditures	Expenditures							
<u>Capital Reserves</u>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Communication Equipment	3,708	62	-	-	-	-	-	-	-	-	-	-	-	3,770
Ambulance	96,356	1,544	-	92,188	-	-	-	-	-	-	-	-	-	190,088
Assessment	915	16	-	-	-	-	-	-	-	-	-	-	-	931
Cemeteries - Land Development	8,150	137	-	-	-	-	-	-	-	-	-	-	-	8,287
- Equipment	30,788	512	-	5,000	-	-	-	-	-	-	-	-	-	36,300
- Maintenance	7,928	133	-	-	-	-	-	-	-	-	-	-	-	8,061
Personnel Reserve	42,083	541	-	-	41,936	-	-	-	-	-	-	-	-	688
Downtown Development	78	1	-	-	-	-	-	-	-	-	-	-	-	79
Fire Equipment	165,487	2,720	-	60,000	69,932	-	-	-	-	-	-	-	-	158,275
Harbor Improvement	5,278	16	-	-	-	-	-	-	-	-	-	-	-	5,294
Highway - Highway Equipment	40,878	676	-	9,361	-	-	-	-	-	-	-	-	-	50,915
- Road Construction	6,962	117	-	-	-	-	-	-	-	-	-	-	-	7,079
- Culvert	39,286	655	-	-	-	-	-	-	-	-	-	-	-	39,941
Police Equipment	17,974	298	-	-	-	-	-	-	-	-	-	-	-	18,272
Recreation - City Park	81,772	685	-	-	60,731	-	-	-	-	-	-	-	-	21,726
- George Black	4,229	71	-	-	-	-	-	-	-	-	-	-	-	4,300
Ruth Greenlaw	384	6	-	-	-	-	-	-	-	-	-	-	-	390
Footbridge Capital	66,442	1,110	-	-	-	-	-	-	-	-	-	-	-	67,552
Transfer Station Equipment	11,723	197	-	-	-	-	-	-	-	-	-	-	-	11,920
Airport	13,738	222	-	6,200	-	-	-	-	-	-	-	-	-	20,160
Airport Maintenance	12,415	206	-	3,000	-	-	-	-	-	-	-	-	-	15,621
Planning Equipment	10,284	151	-	-	3,822	-	-	-	-	-	-	-	-	6,613
Waterfront/Thompson Wharf	3,675	62	-	-	-	-	-	-	-	-	-	-	-	3,737
Ambulance Train. & Dev.	5,112	84	-	513	-	-	-	-	-	-	-	-	-	5,709
Cable TV Equipment	15,238	252	-	500	2,475	-	-	-	-	-	-	-	-	13,515
City Clerk Office Equipment	5,375	81	-	-	4,901	-	-	-	-	-	-	-	-	555
Assessing Office Equipment	4,649	78	-	-	-	-	-	-	-	-	-	-	-	4,727
Finance Office Equipment	6,160	95	-	-	4,901	-	-	-	-	-	-	-	-	1,354
Energy Savings Cap	48,924	657	-	-	8,710	-	-	-	-	-	-	-	-	40,871
City Park Pool Resurf.	-	552	-	37,500	-	-	-	-	-	-	-	-	-	38,052

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Capital Projects Fund
For the Year Ended June 30, 2020

	Balance 7/01/19	A		D		TRANSFERS		D E D U C T			Balance 6/30/20
		Investment Income	Other Receipts	In	Out	Expenditures					
<u>Capital Reserves (cont'd)</u>											
City Manager Equipment	1,532	25	-	500	1,335	-	-	-	-	722	
Boathouse Maintenance	5,200	86	-	-	-	-	-	-	-	5,286	
Park Equipment	5,528	78	-	-	1,117	-	-	-	-	4,489	
Future Land Purchase	21,556	51	-	-	21,223	-	-	-	-	384	
Fuel Price	10,467	175	-	-	-	-	-	-	-	10,642	
Sidewalk Capital	3,880	65	-	-	-	-	-	-	-	3,945	
Total Capital Reserves	804,154	12,417	-	214,762	221,083	-	-	-	-	810,250	
<u>Capital Improvements</u>											
Fahey St RGW	9,249	-	-	-	-	-	-	-	-	9,249	
City Hall - Municipal Building	446	-	-	-	-	-	-	-	-	446	
Solid Waste - Landfill Closing	25,106	-	-	-	-	8,060	-	-	-	17,046	
Parks Mower	1,038	-	-	-	-	-	-	-	-	1,038	
EDA PW Grant	229,940	-	-	-	-	-	-	-	-	229,940	
Efficiency Audit Grant	3,125	-	-	-	-	-	-	-	-	3,125	
Remodel DWNS	1,489	-	-	-	-	-	-	-	-	1,489	
Police Forfeiture	7,350	-	3,311	-	-	-	-	-	-	10,661	
Belfast Commons	1,165	-	-	-	-	-	-	-	-	1,165	
Library Energy	7,500	-	-	-	-	-	-	-	-	7,500	
Police Academy	1,927	-	-	-	-	-	-	-	-	1,927	
Belfast Commons	20,000	-	-	-	20,000	-	-	-	-	-	
Energy Initiatives	1,617	-	-	-	-	-	-	-	-	1,617	
Heat Pump	35,000	-	-	-	-	-	-	-	-	35,000	
Fiber Intern	7,976	-	-	27,740	-	18,974	-	-	-	16,742	
Tile Harbor Res.	(2,692)	-	-	-	-	-	-	-	-	(2,692)	
Tot Lot Replacement	2,837	-	-	-	-	-	-	-	-	2,837	
Rangeway Development	12,076	-	-	-	-	-	-	-	-	12,076	
Police Bike	4,200	-	-	-	-	-	-	-	-	4,200	

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Capital Projects Fund
For the Year Ended June 30, 2020

	Balance 7/01/19	A		D		D		D		D		E		U		C		T		Balance 6/30/20
		Investment Income		Other Receipts		In	Out	TRANSFERS In	Out											
<u>Capital Improvements (cont'd)</u>																				
Consult Service	7,720	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,720
Downtown Waterfront TIF	127,123	-	-	737	-	267,802	-	46,000	-	-	-	-	-	-	-	-	-	-	-	1,051
Lib Weather	1,818	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,818
Sidewalks	243	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23
Lowe Hanger	12,062	-	-	4,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,262
PW Site Search Evaluation	2,062,319	-	-	3,781	-	260,000	-	-	-	-	-	-	-	-	-	-	-	-	-	150,652
Shore Stability	107,061	-	-	21,223	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,381
Comp Plan Consultant	19,330	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,370
Police Building	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25
Skate Park	5,040	-	-	2,221	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,518
Fire Solar	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Park Playground Equipment	3,308	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,308
Steamboat landing Fencing	6,014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,014
Parallel Tax	(82,526)	-	-	1,345,061	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,014
Comm Impr	1,606	-	-	-	-	22,500	-	-	-	-	-	-	-	-	-	-	-	-	-	1,606
Pool Resurface	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,500
Runway 15	(567)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(567)
GIS Programs	11,074	-	-	-	-	-	-	11,074	-	-	-	-	-	-	-	-	-	-	-	-
T.S. Office	118	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	118
Park Entrance	(3,522)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,522)
Fire SCBA Grant	1,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Capital Projects Fund
For the Year Ended June 30, 2020

Capital Improvements (cont'd)	Balance 7/01/19	A		D		D		D		D		E		U		C		T		Balance 6/30/20
		Investment Income	Other Receipts	Other Receipts	TRANSFERS In	TRANSFERS Out	TRANSFERS In													
Please Be Seated Sign	(186)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(186)
Boathouse Improvements	800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	800
EPA Browns	7,814	-	31,969	-	-	-	-	-	-	-	-	-	-	-	39,470	-	-	-	-	313
Trio Update	6,000	-	-	-	-	-	-	6,000	-	-	-	-	-	-	-	-	-	-	-	-
Solar Buyout	9,033	-	8,710	-	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87,743
French & Webb	6,643	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,643
Airport Land	(5,305)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,305)
Harbor Walk	56,201	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,201
PD Firearms	775	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	775
EPA Browns	(656)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(656)
ME Downtown Ctr.	(111)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(111)
CDBG Micro	3,820	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,820
Airport Taxiway	(3,907)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,907)
Police School	(5,661)	-	7,408	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,747
Pickleball	(4,300)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,300)
Bel Yards Plan & Redev.	24,980	-	-	-	-	-	-	-	-	-	-	-	-	-	430	-	-	-	-	24,550
Downtown Waterfront Cap.	119,424	-	-	-	-	-	-	-	-	-	-	-	-	-	5,052	-	-	-	-	114,372
Housing Gr. Rep.	14,453	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,453
Harbor Restroom	-	-	-	-	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000
Footbridge	4,903	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,903

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Capital Projects Fund
For the Year Ended June 30, 2020

Capital Improvements (cont'd)	Balance 7/01/19	A			D		D		D		E		U		C		T		Balance 6/30/20
		Investment Income	D	D	Other Receipts	D	In	Out	TRANSFERS	In	Out	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures		
CDBG Downtown	57,354	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57,354
Airport Master Plan	(7,544)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,544)
Cable TV Truck	28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28
Airport Obstruction	5,291	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,291
Thompson Wharf	(37,769)	-	-	-	8,201	-	-	-	-	-	-	-	-	-	-	-	-	-	(29,568)
Broadband Street	822	-	-	-	-	-	-	90,000	-	-	-	-	-	-	-	-	50	-	90,772
Front St. Reconstruction	(122,320)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(122,320)
Swan Lake Avenue	-	-	-	-	-	-	-	25,000	-	-	-	-	-	-	-	-	-	-	25,000
Defibulator	-	-	-	-	-	-	-	35,000	-	-	-	-	-	-	-	-	-	-	35,000
Asphalt Path	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,000
Project Plan	9,537	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	644	-	8,893
Goose River	(5,500)	-	-	-	-	-	-	5,500	-	-	-	-	-	-	-	-	-	-	-
WWTP Energy	(60,666)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99,129	-	(159,795)
St. Lgts. Purchase	267,499	-	-	-	158	-	-	-	-	-	-	-	-	-	-	-	259,226	-	8,431
IMPR Coast Guard	(4,810)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,810)
Fire Dept. Ai	-	-	-	-	-	-	-	4,800	-	-	-	-	-	-	-	-	4,800	-	-

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Capital Projects Fund
For the Year Ended June 30, 2020

	Balance 7/01/19	A		D		D		D		E		D		U		C		T		Balance 6/30/20	
		Investment Income		Other Receipts		In	Out	TRANSFERS In	Out	Expenditures											
<u>Capital Improvements (cont'd)</u>																					
City Hall Dr	-	-	-	-	6,000	-	-	-	-	-	-	-	-	3,827	-	-	-	-	-	2,173	
Line Police	-	-	-	-	4,035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,035	
Old DPW Site	-	-	-	-	128,850	-	-	-	-	-	-	-	-	53,828	-	-	-	-	-	75,022	
Climate Change	-	-	-	700	4,000	-	-	-	-	-	-	-	-	2,175	-	-	-	-	-	2,525	
MEDEP Brownfield	-	-	-	165,643	-	-	-	-	-	-	-	-	-	165,643	-	-	-	-	-	-	
Breakwater Maintenance	-	-	-	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000	
Doak Road Cemetery Fence	-	-	-	25,000	-	-	-	-	-	-	-	-	-	2,709	-	-	-	-	-	22,291	
Blg 6 Escrow	-	-	-	-	49,906	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49,906	
CDBG HSG Assistance	-	-	-	125,982	-	-	-	-	-	-	-	-	-	125,982	-	-	-	-	-	-	
USEPA Brf Hz	-	-	-	90,074	-	-	-	-	-	-	-	-	-	87,997	-	-	-	-	-	2,077	
USEPA Bm Pt	-	-	-	46,138	-	-	-	-	-	-	-	-	-	44,091	-	-	-	-	-	2,047	
Maine Bicentennial	-	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000	
Total Capital Improvements	3,011,712	-	-	1,903,517	1,006,133	83,074	-	-	-	-	-	-	-	4,853,468	-	-	-	-	-	984,820	
Totals	\$ 3,815,866	\$ 12,417	\$ 1,903,517	\$ 1,220,895	\$ 304,157	\$ 4,853,468	\$ 1,795,070	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,795,070

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
 Schedule of Valuation and Assessment
 For the Year Ended June 30, 2020

Valuation	
Real Estate	\$ 736,257,500
Personal Property	22,828,600
Total Valuation	<u>\$ 759,086,100</u>
Assessment	
Valuation x Rate = \$759,086,100 X .02290	\$ 17,383,072
Supplements	12,097
Abatements & TIF Financing	<u>(570,669)</u>
Property Tax Revenue Actual	16,824,500
Add Deferred Property Taxes - Prior Year	294,900
Less Deferred Property Taxes - Current Year	<u>(423,704)</u>
Property Tax Revenue Recognized	<u>\$ 16,695,696</u>

City of Belfast, Maine
 Schedule of Activity on Special Purpose Accounts
 For the Year Ended June 30, 2020

Account Name	Balances 7-01-19	Receipts	Expended	Balances 6-30-20
Future Land Acquisition	\$ 22,170	\$ -	\$ -	\$ 22,170
Deliberation #2	3,658	8,851	8,855	3,654
Nordic Deliberations	97,128	-	57,848	39,280
Belfast Dev Corp/Econ Dev	19,786	-	19,590	196
Road Opening Account	12,686	3,000	3,000	12,686
Sesquicentennial Receipts	3,830	-	-	3,830
Property Tax Relief Program	2,268	-	-	2,268
Rte. 3 Road Improv. Impact	7,000	-	-	7,000
ENK Fund	7,729	16,533	10,000	14,262
Thomas Wharf/Paddle Dock	(816)	-	-	(816)
Parks & Rec. Bus Service	(4,797)	-	-	(4,797)
Boathouse Key Deposit	4,974	2,925	2,950	4,949
Jaws of Life	3,370	1,000	1,300	3,070
Sale/Industrial Park Prop.	141,493	50,218	44,549	147,162
Park Pavillian	263	-	-	263
Harbor Gasoline	47,799	109,725	105,197	52,327
Harbor Diesel	40,386	94,558	86,474	48,470
Waterfront Heritage Park	83,415	1,190	-	84,605
Playground Impr. Group	246	-	-	246
City Park Donations	5,843	-	-	5,843
Poet Laureate	740	-	-	740
City of Belfast Bridge Fund	(2,780)	-	-	(2,780)
Planning Dept. Escrow	2,000	-	-	2,000
Bridge Plaque	500	-	-	500
Belfast Area Youth Council	69	-	-	69
Police Evidence Account	(2,266)	-	-	(2,266)
Cemetery Donations	1,508	320	-	1,828
Police Memorial Fund	20	10	-	30
Rail Trail Trust Account	55,034	-	6,425	48,609
Worthy Poor	(8,882)	110	1,041	(9,813)
Senior Dinner Program	200	-	-	200
Belfast Comm. Radio	38,148	3,200	13,903	27,445
McCrum Rail Trail	(4,800)	-	-	(4,800)
K-9 Donations	494	-	-	494
Animal Welfare Licensing	2,560	1,848	500	3,908
Keeping Belfast Beautiful	2,074	3,438	3,646	1,866
Belfast Daffodil Project	980	10,060	6,037	5,003
Belfast Keep the Faith Fund	-	188,815	108,000	80,815
Good Cause Program	(632)	5,232	4,600	-
Totals	<u>\$ 583,398</u>	<u>\$ 501,033</u>	<u>\$ 483,915</u>	<u>\$ 600,516</u>

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Summary of Auditor's Results

Financial Statements

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Belfast, Maine.
2. No material weakness in internal control was found during the audit of the financial statements.
3. No significant deficiencies in internal control were found during the audit of the financial statements.
4. No instances of noncompliance material to the financial statements of City of Belfast, Maine were disclosed during the audit.
5. No significant deficiencies in internal control over major federal programs were disclosed during the audit.
6. The auditor's report on compliance for the major federal award programs for the City of Belfast, Maine expresses an unmodified opinion on all major federal programs.
7. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
8. The programs tested as major programs include: Airport Improvement Program CFDA # 20.106.
9. The threshold for distinguishing type A and B programs was \$750,000.
10. The City of Belfast, Maine was determined to be a high-risk auditee.

Findings-Financial Statements Audit

The financial statements of the City of Belfast, Maine, for the year ended June 30, 2020 were found to fairly present in all material respects the respective financial position of the governmental activities, the business-type activities, and each major fund and federal program. No adverse findings are reportable.

Findings and Questioned Costs-Major Federal Award Program Audit

No findings or questioned costs are reportable

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

<u>Federal Grantor</u>	<u>Federal CFDA #</u>	<u>Pass-Through Entity Identifying #</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>Department of Environmental Protection</u>				
Brownfields Cleanup Revitalization	66.818	96135501	\$ 165,643	\$ 165,643
Brownfields Year 2016 Hazardous Substances	66.818	N/A	24,469	
Brownfields Year 2019 Hazardous Substances	66.818	N/A	72,099	
Brownfields Year 2019 Petroleum	66.818	N/A	39,130	
Total U.S. Dept. of Environmental Protection			<u>301,341</u>	<u>165,643</u>
<u>Department of Housing and Urban Development</u>				
<u>Pass-through Maine Department of Economic & Community Development</u>				
Maine Downtown Center Assistance Program 2016	14.228	20MDCA	299,999	299,999
Housing Assistance	14.228	N/A	125,982	125,982
Maine Downtown Center Assistance Program 2020	14.228	N/A	50,000	50,000
Total U.S. Department of Economic & Community Development			<u>475,981</u>	<u>475,981</u>
<u>Department of Transportation</u>				
<u>Federal Aviation Administration</u>				
<u>Pass-through Maine Department of Transportation</u>				
Airport Improvement Program	20.106	3-23-0007-017-2018	* 1,254,521	
Total Department of Transportation			<u>1,254,521</u>	

The notes to the financial statements are an integral part of this statement.

<u>Department of Homeland Security</u>			
Passed through the <u>Maine Emergency Management Agency</u>			
COVID-19 FEMA Grant	97.306	N/A	2,844
Total Department of Homeland Security			<u>2,844</u>
<u>Department of Treasury</u>			
Passed through the <u>Maine Emergency Management Agency</u>			
COVID-19 FEMA Grant	21.109	N/A	948
Total Department of Treasury			<u>948</u>
Total Expenditures of Federal Awards			<u>\$ 2,035,635</u>
			<u>\$ 641,624</u>

*Major Programs

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Exhibit R
Page 3 of 3

Significant Accounting Policies

- A. Reporting Entity-The accompanying schedule includes all federal awards programs of the City of Belfast, Maine for the fiscal year ended June 30, 2020. The reporting entity is defined in Notes to Basic Financial Statements of the City of Belfast, Maine.
- B. Basis of Presentation-The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with the Uniform Guidance.
 - 1. Pursuant to the Uniform Guidance, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations.
 - 2. Major Programs-Uniform Guidance establishes the levels of expenditures or expenses to be used in defining major federal financial award programs. Major programs for the City of Belfast, Maine have been identified in the attached Schedule of Findings and Questioned Costs-Summary of Auditor's Results.
- C. Basis of Accounting-The information presented in the Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the City's fund financial statements.
- D. Indirect Cost Rate-The City of Belfast, Maine has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

The notes to the financial statements are an integral part of this statement.

C.H. DORR & CO., P.A.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

City Council
City of Belfast, Maine

Report on Compliance for Each Major Federal Program

We have audited the City of Belfast, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Belfast, Maine's major federal programs for the year ended June 30, 2020. The City of Belfast, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Belfast, Maine's major federal programs based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards of the Uniform Guidance required that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Belfast, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Belfast, Maine's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Belfast, Maine complied, in all material respects, with the

types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

The management of the City of Belfast, Maine, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Belfast, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Belfast, Maine's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belfast, Maine as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Belfast, Maine's basic financial statements. We issued our report thereon dated March 29, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise

of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

C.H. Dorn + Co.

Brewer, Maine
March 29, 2021

C.H. DORR & CO., P.A.

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

City Council
City of Belfast, Maine

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belfast, Maine, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Belfast, Maine's basic financial statements and have issued our report thereon dated March 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Belfast, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Belfast, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Belfast, Maine's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Belfast, Maine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CH DOWNS CO.

Brewer, Maine
March 29, 2021