

**CITY OF BELFAST, MAINE**

**AUDIT REPORT**

**For the Year Ended June 30, 2021**

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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, 2021, 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, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 16 and 51 through 57 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 21, 2022, 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. Don & Co.

Brewer, Maine  
March 21, 2022

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, 2021.

**FINANCIAL HIGHLIGHTS**

The assets of the City of Belfast exceeded its liabilities and deferred inflows at June 30, 2021 by \$63,402,117. Of this amount unrestricted net position of \$3,231,434 may be used to meet the government's ongoing obligations to citizens and creditors.

The total net position increased by \$673,499. Of this amount \$428,295 was associated with governmental and \$245,204 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 \$6,634,926 an increase of \$2,194,747 in comparison with the prior year. Of this amount \$3,428,896 is unreserved and available for spending, and \$99,003 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 \$3,428,896, or 14% 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 2021 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, 2021, the City's assets exceeded liabilities and deferred inflows by \$63,402,117. 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 \$2,194,747.

**Business-Type Activities:** Business-type activities decreased the City's net position by \$268,966.

## 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, 2021, the City's governmental funds reported combined ending fund balances of \$6,634,926 an increase of \$2,194,747 in comparison with the prior year. Of this amount, \$3,527,899 (53 percent) is unreserved General Fund balance, which is available for spending at the government's discretion. Of the unreserved fund balance \$99,003 has been designated by the City Council for subsequent years' expenditure and other uses leaving and unreserved undesignated amount of \$3,428,896. 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, \$1,998,101, (2) for unspent funds on construction in progress, \$0, and (3) special purposes, \$1,108,926.

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 \$3,527,899 while the total fund balance totaled \$6,634,926. 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 15 percent of total General Fund expenditures, while total fund balance represents 28 percent of that amount.

The fund balance of the City's General Fund increased by \$1,991,716 during the current fiscal year. The revenues increased by 8 percent and the expenditures decreased by 1 percent resulting in an increase of revenues over expenditures of \$2,151,188.

The Capital Projects Fund has a total fund balance of \$1,998,101. Of that amount \$939,933 is designated for future capital projects; \$1,058,170 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 \$1,327,081. 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 \$116,906. 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, 2021 amounts to \$78,962,343 (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	-
Work in Progress	-
Equipment	364,520
Infrastructure	<u>49,050</u>
Total Capitalization-Governmental	<u>\$ 413,570</u>

### Sewer Department Activities:

Buildings	\$ -
Equipment	-
Infrastructure	<u>353,868</u>
Total Capitalization-Sewer	<u>\$ 353,868</u>

**Long-term Debt:** At the end of the current fiscal year, the City had \$13,002,409 in outstanding debt consisting of general obligation bonds of \$12,589,154 and \$413,255 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 \$138,877,500, 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 2020-2021 fiscal year (July 1<sup>st</sup>, 2020-June 30<sup>th</sup>, 2021), the City of Belfast was fortunate to continue to experience substantial economic and community development activity; this activity was restricted neither to certain types or sizes of businesses, nor to specific areas of the City. Some notable economic and community development-related events that occurred in Belfast during this time period included the following:

1. A 7-megawatt community solar project, developed in partnership between Brooklyn, New York-based PowerMarket and Portsmouth, New Hampshire-based SunRaise Investments, located on approximately 20 acres on Perkins Road, was brought online.
2. Tidewater Oil constructed a 30,000-gallon propane storage facility on parcels that were granted to them in the Belfast Airport Business Park.
3. Two affordable senior rental housing developments, both located on Wight Street, have made significant progress in their construction; these two projects will yield a combined 50 new rental housing units for income-eligible seniors.
4. The City of Belfast obtained a \$240,000 Community Development Block Grant Economic Development Program Grant on behalf of GO Logic, to fund the acquisition of specialized business equipment that will outfit their planned future facility to be built in the Belfast Airport Business Park.
5. The City of Belfast obtained a \$500,000 Community Development Housing Assistance Grant on behalf of Developers Collaborative, to help pay costs that would be associated with their proposed development of 36 affordable rental housing units at the site of the City's former public works facility at 115 Congress Street, for which it has obtained planning board approval and is currently seeking an allocation of Low-Income Housing Tax Credits.
6. Nordic Aquafarms, who is proposing to construct a land-based aquaculture production facility for Atlantic Salmon, obtained its approvals/permits from both the City of Belfast Planning Board and from the Maine Department of Environmental Protection.
7. Front Street Shipyard purchased and installed a five-axis 3D waterjet cutting machine, the largest of its kind in Maine and among the largest in the country, to be used for cutting large parts for use in the yard's own boat construction and refit projects, but also to provide cutting services to outside businesses as part of a new division of the company.
8. First National Bank purchased Damariscotta Bank and Trust's Belfast location (which had been acquired by Bangor Savings Bank, but had to be divested to resolve concerns in the market).
9. Volunteers of America acquired a former Group Home Foundation duplex property at 80 High Street and have turned it into a group home for individuals who struggle with mental illness or who are cognitively impaired.

Looking at the readily available economic indicators to further evaluate the Belfast economy, during the period of July 2020 to July 2021, Belfast's unemployment rate decreased from 8.2% to 5.3%, and ranged from 3.9% to 8.2% during this time period. In comparison, during this same time period, the unemployment rate for Waldo County decreased from 7.4% to 5.1% (and ranged from 3.7% to 7.4%), the unemployment rate for Maine decreased from 8.4% to 5.0% (and ranged from 4.0% to 8.4%), and the unemployment rate for the United States decreased from 10.5% to 5.7% (and ranged from 5.5% to 10.5%). (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).

Turning to total wages earned for all industries and businesses, Belfast's decreased slightly (by 1.5%) from \$79,912,965 as of the 1<sup>st</sup> quarter of 2020 to \$78,683,912 as of the 1<sup>st</sup> quarter of 2021. Regarding the poverty rate, 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, it still remains higher than that of both Maine (11.8%) and that of the United States (13.4%).

Looking at taxable retail sales, during the time period of July 2020 to July 2021, 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 \$20,636,732 to \$25,264,949, representing an increase of 22.4%. This slightly outpaced the State of Maine, whose total monthly taxable retail sales experienced an increase of only 21.2% during that same time period.

Specific categories of the Belfast Economic Summary Area's taxable retail sales to be noted for their significant increases include: business operations, which increased by 59.8% (compared to an increase of only 12.7% for Maine); other retail (which includes a wide selection of taxable sales not included in another defined category, such as dry goods stores, drug stores, jewelry stores, sporting goods stores, antique dealers, morticians, book stores, photo supply stores, and gift shops), which increased by 44.3% (compared to an increase of only 16.4% for Maine); and lodging, which increased by 144.4% (compared to an increase of only 108.9% for Maine). Only one category of taxable retail sales experienced a decrease during this time period: building supplies, which decreased by 0.7% (compared to an increase of 9.6% 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 \$816,736,543 as of April 1<sup>st</sup>, 2020 to \$889,174,801 as of April 1<sup>st</sup>, 2021, an increase of 8.9%. 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 \$159,624,568, or by 21.9% relative to its value as of April 1<sup>st</sup>, 2016 (\$729,550,233).

Regarding taxable personal property, there was an increase of 10.7% in its assessed value from April 1<sup>st</sup>, 2020 to April 1<sup>st</sup>, 2021, going from \$22,148,700 to \$24,521,300. During that same period of time, there was also a smaller increase (2.4%) in the assessed value of taxable personal property filed under the BETE program, going from \$27,973,500 to \$28,638,400. This increase in value was at least partially due to an increase in the number of personal property accounts, going from 628 as of April 1<sup>st</sup>, 2020 to 647 as of April 1<sup>st</sup>, 2021. This increase in the number of accounts was partially due to increased efforts by the City of Belfast's Assessing Office to improve the known list of operating businesses in Belfast, as well as due to requirements for businesses to receive grants from the Belfast Keep the Faith Fund Small Business Grant Program.

Finally, Belfast's population has grown slightly (4.0%) between the 2010 census and the 2020 census, increasing from 6,668 to 6,938.

Significant amounts of both taxable real property and taxable personal property within Belfast are located and sheltered within two Tax Increment Financing (TIF) districts; these are the Northport Avenue Omnibus Municipal Development and TIF District (established in 2006 and amended in 2014) and the Downtown Waterfront Omnibus Municipal Development and 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 TIF District remained nearly unchanged from April 1<sup>st</sup>, 2020 to April 1<sup>st</sup>, 2021, increasing only slightly from \$9,301,900 to \$9,497,500, and from \$849,300 to \$851,600, respectively. Taken together, the entire assessed value of the district increased marginally (by 1.9%) from \$10,151,200 as of April 1<sup>st</sup>, 2020 to \$10,349,100 as of April 1<sup>st</sup>, 2021. The difference between the current total assessed value of the Northport Avenue TIF District (\$10,349,100) and the original amended assessed value of the district (\$10,126,400), also known as the *increment*, is now \$222,700; at the City's most recently (August 25<sup>th</sup>, 2020) established mill rate of 23.3, this increment would be expected to generate \$5,188.91 in annual TIF revenue.

The assessed value of taxable real property within the Downtown Waterfront TIF District experienced a greater increase, going from \$61,553,700 as of April 1<sup>st</sup>, 2020 to \$64,181,700 as of April 1<sup>st</sup>, 2021. The assessed value of taxable personal property within that district also increased during that same period of time, going from \$2,113,300 as of April 1<sup>st</sup>, 2020 to \$2,204,900 as of April 1<sup>st</sup>, 2021. Combined, the total assessed value of the district increased by 4.3%, going from \$63,667,000 as of April 1<sup>st</sup>, 2020 to \$66,386,600 as of April 1<sup>st</sup>, 2021. The district's current increment is now \$18,979,320; at the City's most recently (August 25<sup>th</sup>, 2020) established mill rate of 23.3, this increment would be expected to generate \$442,218.16 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.

In addition to these two TIF districts, the City has also recently established three *affordable housing* TIF districts: the Wight Street Affordable Housing Development and TIF District (established in 2019); the Congress Street Affordable Housing Development and TIF District (established in 2020); and the School Street Affordable Housing Development and TIF District (established in 2021). While neither the Congress Street TIF District nor the School Street TIF District have yet to create any increments (and therefore have not generated any TIF district revenue), the Wight Street TIF District has generated an increment of \$1,015,000 as of April 1<sup>st</sup>, 2021. At the City's most recently (August 25<sup>th</sup>, 2020) established mill rate of 23.3, this increment would be expected to generate \$23,661.15 in annual TIF district revenue; however, the City will return 50% of this revenue to the owners/managers of the senior affordable rental housing facilities located in the district, per the terms of a 30-year TIF credit enhancement agreement.

Looking ahead, the Maine Consensus Economic Forecasting Commission (CEFC), in their April 1<sup>st</sup>, 2021 report, made revisions to its major indicators relative to its November 1<sup>st</sup>, 2020 report. Specifically the CEFC: revised its forecast for the annual percentage change in wage and salary employment upward for 2022 (2.0% to 2.3%), and upward for

2023 (0.1% to 0.7%); revised its forecast for the annual percentage change in personal income upward for 2021 (-0.5% to 5.0%), downward for 2022 (3.9% to 0.2%), upward for 2023 (3.9% to 4.1%), upward for 2024 (3.9% to 4.3%), and upward for 2025 (4.0% to 4.5%); revised its forecast for the annual percentage change in wage and salary income upward for 2021 (3.0% to 5.0%); and revised its forecast for the annual percentage change in the consumer price index for all urban consumers upward for 2021 (2.2% to 2.4%).

Positive statements and indicators pointed out by the CEFC in its report included the following: optimism about a robust recovery in 2021; increased clarity regarding the timing and provisions of federal stimulus and vaccine rollout; optimism that there is an opportunity for Maine to see increased in-migration in the coming years as telework becomes part of the “new normal” and people look for less densely populated places to live; highway travel seeing a strong recovery in recent weeks, with the second week of March (2021) having a year-over-year decline of only 2.2% in vehicle miles traveled (the smallest gap since the COVID-19 pandemic began); consumer spending settling near pre-COVID-19 pandemic levels; and optimism that K-12 school and childcare needs will be met, allowing many parents to return to the labor force in 2021 and 2022.

Negative statements and indicators pointed out by the CEFC in its report included the following: exacerbation of inequality as different groups experience uneven paces of economic recovery; an increase in the number of COVID-19 variants; behaviors relating to vaccine uptake and continued social distancing protocols remaining an area of uncertainty; and the supply of housing being extremely limited and may be a constraint on continued home sales growth.

This report also contained the following statements that provided additional context: among the most prominent changes to the nature of work over the last year is the increased prevalence of telework, with one-third of households reporting at least one adult working in a different location, usually their home; the availability of regular, in-person childcare and K-12 education will remain a major determinant in returning labor force participation rates to normal levels; and increased prevalence of telework will have implications on the commercial real estate front, particularly for office space.

While Belfast has certainly not been completely immune from the economic ravages brought on as a result of the COVID-19 pandemic, its economy/business community does appear to have been able to withstand these impacts better than many other communities elsewhere in Maine, experiencing only a handful of permanent business closures during the past 18 months, and being well-positioned to efficiently complete its economic recovery. The City of Belfast should, through its various 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, the reduction of the mill rate, and the development of housing that is affordable to the employees of our businesses, in order to address the challenges it currently faces, and 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	
	2021	2020	2021	2020	2021	2020
Current & Other Assets	\$ 7,940,711	\$ 5,638,636	\$ 1,596,813	\$ 1,732,750	\$ 9,537,524	\$ 7,371,386
Capital Assets (Net)	48,299,399	48,978,746	21,125,420	21,135,156	69,424,819	70,113,902
Total Assets	56,240,110	54,617,382	22,722,233	22,867,906	78,962,343	77,485,288
Deferred Outflows of Resources	630,300	565,704	16,954	14,507	647,254	580,211
Long-Term Liabilities Outstanding	12,736,357	11,324,745	1,361,225	1,702,623	14,097,582	13,027,368
Other Liabilities	1,616,886	2,828,384	404,370	474,237	2,021,256	3,302,621
Total Liabilities	14,353,243	14,153,129	1,765,595	2,176,860	16,118,838	16,329,989
Deferred Inflows of Resources	123,770	161,484	572	9,210	124,342	170,694
Net Position:						
Invested in Capital Assets	37,417,717	37,606,193	19,215,254	19,003,010	56,632,971	56,609,203
Net of Related Debt	3,107,027	2,395,584	430,685	706,098	3,537,712	3,101,682
Restricted	1,868,653	866,696	1,327,081	987,235	3,195,734	1,853,931
Unrestricted						
Total Net Position	\$ 42,393,397	\$ 40,868,473	\$ 20,973,020	\$ 20,696,343	\$ 63,366,417	\$ 61,564,816

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

	Governmental Activities		Business-Type Activities		Totals	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Revenues:</u>						
Program Revenues:						
Charges for Service/Fees	\$ 2,163,521	\$ 1,794,021	\$ 1,174,389	\$ 1,027,545	3,337,910	2,821,566
Operating Grants and Contrib.	207,647	226,224	-	-	207,647	226,224
Capital Grants and Contrib.	120,000	120,000	-	-	120,000	120,000
General Revenues:						
Property Taxes	17,456,390	16,824,500	-	-	17,456,390	16,824,500
Excise Taxes	1,298,236	1,154,957	-	-	1,298,236	1,154,957
Intergovernmental - Other	2,078,542	1,583,733	-	-	2,078,542	1,583,733
Other	1,694,787	2,659,358	7,883	10,472	1,702,670	2,669,830
Total Revenues	<u>25,019,123</u>	<u>24,362,793</u>	<u>1,182,272</u>	<u>1,038,017</u>	<u>26,201,395</u>	<u>25,400,810</u>
<u>Expenses:</u>						
General Government	3,496,812	1,744,667	-	-	3,496,812	1,744,667
Protection	3,024,604	3,098,208	-	-	3,024,604	3,098,208
Public Works	2,945,159	2,171,748	-	-	2,945,159	2,171,748
Social Services	276,593	279,262	-	-	276,593	279,262
Parks & Recreation	276,146	300,269	-	-	276,146	300,269
Library	486,447	515,989	-	-	486,447	515,989
Cemeteries	155,727	127,057	-	-	155,727	127,057
Education	10,318,570	10,427,480	-	-	10,318,570	10,427,480
County Tax	1,545,085	1,537,147	-	-	1,545,085	1,537,147
Interest on Debt	219,651	120,925	-	-	219,651	120,925
Pension & OPEB Expense	397,528	419,022	11,882	11,286	409,410	430,308
Unclassified	933,146	443,003	-	-	933,146	443,003
Sewer Department	-	-	895,908	871,130	895,908	871,130
Total Expenses	<u>24,075,468</u>	<u>21,184,777</u>	<u>907,790</u>	<u>882,416</u>	<u>24,983,258</u>	<u>22,067,193</u>
Increase (Decrease) in Net Position Before Transfers	943,655	3,178,016	274,482	155,601	1,218,137	3,333,617

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

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Transfers	684,313	175,118	(5,516)	10,027	678,797	185,145
Reserve for Uncollectibles	(200,000)	(100,000)	-	-	(200,000)	(100,000)
Increase (Decrease) in Net Assets	1,427,968	3,253,134	268,966	165,628	1,696,934	3,418,762
Net Position - Beginning	40,965,429	37,615,339	20,704,054	20,530,715	61,669,483	58,146,054
Net Position - Ending	\$ 42,393,397	\$ 40,868,473	\$ 20,973,020	\$ 20,696,343	\$ 63,366,417	\$ 61,564,816

City of Belfast, Maine  
Government-Wide Statement of Net Position  
June 30, 2021

Exhibit A  
Page 1 of 2

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash & Cash Equivalents	\$ 4,094,062	\$ -	\$ 4,094,062
Investments	1,874,327	325,080	2,199,407
Due from other Funds	-	647,189	647,189
Receivables (Net of Allowance for Doubtful Accounts):			
Taxes	426,564	-	426,564
Accounts	1,543,945	624,544	2,168,489
Prepaid Expenses	1,813	-	1,813
Total Current Assets	<u>7,940,711</u>	<u>1,596,813</u>	<u>9,537,524</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	7,398,321	455,448	7,853,769
Infrastructure	31,003,372	28,671,491	59,674,863
Total Capital Assets	<u>67,728,512</u>	<u>31,325,095</u>	<u>99,053,607</u>
Less Accumulated Depreciation	<u>(19,429,113)</u>	<u>(10,199,675)</u>	<u>(29,628,788)</u>
Net Capital Assets	<u>48,299,399</u>	<u>21,125,420</u>	<u>69,424,819</u>
Total Assets	<u>56,240,110</u>	<u>22,722,233</u>	<u>78,962,343</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Net OPEB	50,209	-	50,209
Net Pension	580,091	16,954	597,045
Total Deferred Outflows of Resources	<u>630,300</u>	<u>16,954</u>	<u>647,254</u>
<u>LIABILITIES</u>			
Account Payable	260,965	-	260,965
Other Liabilities	25,079	-	25,079
Accrued Interest Payable	52,211	6,097	58,308
Due to other Funds	643,589	-	643,589
Taxes Collected In Advance	137,031	-	137,031
Bonds and Notes:			
Due Within One Year	498,011	398,273	896,284
Total Current Liabilities	<u>1,616,886</u>	<u>404,370</u>	<u>2,021,256</u>
Noncurrent Liabilities			
Bonds and Notes:			
Due in More Than One Year	10,419,371	1,309,199	11,728,570
PLD Plan	1,903,731	52,026	1,955,757
Compensated Absences	413,255	-	413,255
Total Noncurrent Liabilities	<u>12,736,357</u>	<u>1,361,225</u>	<u>14,087,582</u>
Total Liabilities	<u>14,353,243</u>	<u>1,765,595</u>	<u>16,118,838</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Net OPEB	104,200	-	104,200
Net Pension	19,570	572	20,142
Total Deferred Inflows of Resources	<u>123,770</u>	<u>572</u>	<u>124,342</u>

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

City of Belfast, Maine  
 Government-Wide Statement of Net Position  
 June 30, 2021

Exhibit A  
 Page 2 of 2

<u>NET POSITION</u>			
Invested in Capital Assets, Net of			
Related Debt	37,417,717	19,215,254	56,632,971
Restricted For:			
TIF	-	19,978	19,978
Infrastructure Maintenance & Upgrade	-	303,070	303,070
Capital Projects	1,998,101	-	1,998,101
Heating Fuel	-	71,993	71,993
Special Purposes	1,108,926	-	1,108,926
Unrestricted	1,868,653	1,362,725	3,231,278
Total Net Position	<u>\$ 42,393,397</u>	<u>\$ 20,973,020</u>	<u>\$ 63,366,417</u>

City of Belfast, Maine  
Government-Wide Statement of Activities  
For the Year Ended June 30, 2021

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
<b>Governmental Activities</b>							
General Government	\$ 3,496,812	\$ 473,480	\$ -	\$ -	\$ (3,023,332)	\$ -	\$ (3,023,332)
Protection	3,024,604	931,065	75,687	-	(2,017,852)	-	(2,017,852)
Public Works	2,945,159	460,541	131,960	-	(2,352,658)	-	(2,352,658)
Social Services	276,593	-	-	-	(276,593)	-	(276,593)
Parks & Recreation	276,146	1,855	-	-	(274,291)	-	(274,291)
Library	486,447	150,000	-	-	(336,447)	-	(336,447)
Cemeteries	155,727	-	-	120,000	(35,727)	-	(35,727)
Education	10,318,570	-	-	-	(10,318,570)	-	(10,318,570)
County Tax	1,545,085	-	-	-	(1,545,085)	-	(1,545,085)
Interest on Long-Term Debt	219,651	-	-	-	(219,651)	-	(219,651)
OPEB Expense	(8,982)	-	-	-	8,982	-	8,982
Pension Expense	406,510	-	-	-	(406,510)	-	(406,510)
Unclassified	933,146	146,580	-	-	(786,566)	-	(786,566)
<b>Total Governmental Activities</b>	<b>24,075,468</b>	<b>2,163,521</b>	<b>207,647</b>	<b>120,000</b>	<b>(21,584,300)</b>	<b>-</b>	<b>(21,584,300)</b>
<b>Business-Type Activities</b>							
Sewer Department	907,790	1,174,389	-	-	-	266,599	266,599
<b>Total Business-Type Activities</b>	<b>907,790</b>	<b>1,174,389</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>266,599</b>	<b>266,599</b>
<b>Total Government</b>	<b>\$ 24,983,258</b>	<b>\$ 3,337,910</b>	<b>\$ 207,647</b>	<b>\$ 120,000</b>	<b>(21,584,300)</b>	<b>266,599</b>	<b>(21,317,701)</b>

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, 2021

	Net (Expense) Revenues and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Totals
General Revenues:			
Taxes:			
Property	17,456,390	-	17,456,390
Excise	1,298,236	-	1,298,236
Interest on Taxes	80,527	-	80,527
Investment Earnings	27,153	7,883	35,036
Miscellaneous	1,338,317	-	1,338,317
Intergovernmental, Not Restricted to Specific Functions	2,078,542	-	2,078,542
Lease & Rental Income	116,980	-	116,980
Cable TV Receipts	93,684	-	93,684
Payment in Lieu of Taxes	13,200	-	13,200
Special Projects (Net)	24,926	-	24,926
Reserve for Uncollectible Transfers	(200,000)	-	(200,000)
	684,313	(5,516)	678,797
Total General Revenues and Transfers	23,012,268	2,367	23,014,635
Changes in Net Position	1,427,968	268,966	1,696,934
Net Position, Beginning	40,965,429	20,704,054	61,669,483
Net Position, Ending	\$ 42,393,397	\$ 20,973,023	\$ 63,366,417

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

City of Belfast, Maine  
Balance Sheet - Governmental Funds  
June 30, 2021

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 4,094,062	\$ -	\$ 4,094,062
Investments	1,173,434	700,893	1,874,327
Receivables (Net of Allowance for Doubtful Accounts):			
Taxes	426,564	-	426,564
Accounts	1,513,804	30,141	1,543,945
Prepaid Expenses	1,813	-	1,813
Due from Other Funds	-	1,267,067	1,267,067
	<u>-</u>	<u>1,267,067</u>	<u>1,267,067</u>
Total Assets	<u>\$ 7,209,677</u>	<u>\$ 1,998,101</u>	<u>\$ 9,207,778</u>
<u>LIABILITIES &amp; FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 260,965	\$ -	\$ 260,965
Other Liabilities & Accruals	25,079	-	25,079
Due to Other Funds	1,910,656	-	1,910,656
Taxes Collected In Advance	137,031	-	137,031
Total Liabilities	<u>2,333,731</u>	<u>-</u>	<u>2,333,731</u>
Deferred Inflow of Resources			
Unavailable Revenue-Property Taxes	239,121	-	239,121
	<u>239,121</u>	<u>-</u>	<u>239,121</u>
<u>Fund Balances</u>			
Nonspendable	-	-	-
Restricted	-	1,998,101	1,998,101
Committed	1,108,926	-	1,108,926
Assigned	99,003	-	99,003
Unassigned	3,428,896	-	3,428,896
	<u>4,636,825</u>	<u>1,998,101</u>	<u>6,634,926</u>
Total Fund Balances	<u>4,636,825</u>	<u>1,998,101</u>	<u>6,634,926</u>
Total Liabilities & Fund Balances	<u>\$ 7,209,677</u>	<u>\$ 1,998,101</u>	<u>\$ 9,207,778</u>

City of Belfast, Maine  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Government-Wide Statement of Net Position  
 June 30, 2021

Exhibit D

Total Fund Balances - Total Governmental Funds \$ 6,634,926  
 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>38,123,938</u>	
Total capital assets		48,299,399

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 (52,211)

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	498,011	
Long-term bond liabilities-due in more than one year	10,419,371	
Compensated absences	<u>413,255</u>	
Total long-term liabilities		(11,330,637)

Some liabilities are not due and payable in the current period and are not included in the fund financial statement but are included in the governmental activities of statement of net position:

Deferred outflows of resources	630,300	
Net pension and OPEB liability	(1,903,731)	
Deferred inflows of resources	<u>(123,770)</u>	
		(1,397,201)

Other deferred inflow of resources not available to pay for current period expenditures in the governmental funds-property taxes 239,121

Net position of governmental activities \$ 42,393,397  
=====

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, 2021

	General Fund	Capital Projects Fund	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$ 17,640,973	\$ -	\$ 17,640,973
Excise Taxes	1,298,236	-	1,298,236
Intergovernmental	2,286,189	-	2,286,189
Charges for Services	2,000,559	-	2,000,559
Investment Income	16,177	10,976	27,153
Interest on Taxes	80,527	-	80,527
Special Purpose Accts.	319,227	-	319,227
Miscellaneous	636,908	1,208,235	1,845,143
Total Revenues	<u>24,278,796</u>	<u>1,219,211</u>	<u>25,498,007</u>
<u>Expenditures:</u>			
General Government	3,120,428	369,438	3,489,866
Protection	2,968,626	51,039	3,019,665
Public Works	2,004,664	483,499	2,488,163
Social Services	276,593	-	276,593
Parks & Recreation	256,798	49,223	306,021
Library	419,477	-	419,477
Cemeteries	150,929	877	151,806
Education	10,318,570	-	10,318,570
County Tax	1,545,085	-	1,545,085
Debt Service	669,855	-	669,855
Special Purpose Accts.	294,301	-	294,301
Unclassified	327,067	481,104	808,171
Total Expenditures	<u>22,352,393</u>	<u>1,435,180</u>	<u>23,787,573</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,926,403</u>	<u>(215,969)</u>	<u>1,710,434</u>
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	338,835	729,405	1,068,240
Operating Transfers (Out)	(73,522)	(310,405)	(383,927)
Reserve for Uncollectible	(200,000)	-	(200,000)
Total Other Financing Sources & Uses	<u>65,313</u>	<u>419,000</u>	<u>484,313</u>
Net Changes in Fund Balances	1,991,716	203,031	2,194,747
Fund Balance - Beginning	<u>2,645,109</u>	<u>1,795,070</u>	<u>4,440,179</u>
Fund Balance - Ending	<u>\$ 4,636,825</u>	<u>\$ 1,998,101</u>	<u>\$ 6,634,926</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, 2021

Exhibit F

Net Change in Fund Balance - Total Government Funds	\$ 2,194,747
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.	413,570
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.	(1,092,917)
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.	490,871
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, pension expense and OPEB expenses).	(353,053)
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.	(184,583)
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.	<u>(40,667)</u>
Change in net position of governmental activities	<u>\$ 1,427,968</u>

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, 2021

Exhibit G

	<u>2021</u>
<u>ASSETS</u>	
<u>Current Assets</u>	
Due from General Fund	\$ 647,189
Pooled Investments	325,080
Receivables:	
Accounts	49,982
Sewage Treatment Services (Net Allowance for Doubtful)	574,562
Total Current Assets	<u>1,596,813</u>
<u>Capital Assets:</u>	
Land	1,485,000
Buildings & Improvements	713,156
Vehicle & Equipment	455,448
Infrastructure	28,671,491
Total Capital Assets	<u>31,325,095</u>
Less Accumulated Depreciation	<u>(10,199,675)</u>
Net Capital Assets	<u>21,125,420</u>
 Total Assets	 <u>22,722,233</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Net Pension	16,954
Total Deferred Outflows of Resources	<u>16,954</u>
 <u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accrued Interest Payable	6,097
Current Portion of Long-Term Liabilities	398,273
Total Current Liabilities	<u>404,370</u>
 <u>Noncurrent Liabilities</u>	
Portion of Long-Term Liabilities	1,309,199
PLD Plan	52,026
Total Noncurrent Liabilities	<u>1,361,225</u>
 Total Liabilities	 <u>1,765,595</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Net Pension	572
Total Deferred Inflows of Resources	<u>572</u>
 <u>NET POSITION</u>	
Invested in Capital Assets - Net of Related Debt	19,215,254
Restricted for TIF	19,978
Restricted for Heating Fuel	71,993
Restricted for Infrastructure Maint. & Upgrade	303,070
Unrestricted	1,362,725
Total Net Position	<u>\$ 20,973,020</u>

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

City of Belfast, Maine  
Statement of Revenues, Expenses, and Changes  
in Fund Balance - Proprietary Fund  
For the Year Ended June 30, 2021

Sewer Disposal & Treatment System  
2021

Operating Revenues:

User Fees	\$ 1,137,839
Entrance & Recording Fees	36,550
Total Operating Revenues	1,174,389

Operating Expenses:

Salaries & Wages	145,025
Fringe Benefits	73,555
Utilities	47,505
Chemicals	24,779
Infrastructure Maintenance	18,764
Outside Services	66,104
Laboratory Supplies	14,450
Building Maintenance	2,417
Vehicle Maintenance/Fuel	8,305
Insurance	28,145
Billing & Accounting	5,343
Contract Sludge	62,235
Miscellaneous	20,044
Pension Expense	11,882
Depreciation	363,604
Total Operating Expenses	892,157

Operating Income (Loss)	282,232
-------------------------	---------

Non-Operating Revenue (Expense):

Investment Earnings	7,883
Interest Expense	(15,633)
Net Non-Operating Revenue (Expense)	(7,750)

Income (Loss) Before Transfers	274,482
--------------------------------	---------

Capital Contributions

Transfers in (out): Net	(5,516)
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Change in Net Position	268,966
------------------------	---------

Total Net Position - Beginning of Year	20,704,054
--	------------

Total Net Position - End of Year	\$ 20,973,020
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City of Belfast, Maine  
Statement of Cash Flows - Sewer Fund  
Proprietary Funds  
For the Year Ended June 30, 2021

		<u>Waste Water (Sewer)</u>
Cash flows From Operating Activities:		
Cash Received from Customers	\$ 1,059,798	
Cash Payments to Employees	(145,025)	
Cash Payments to Suppliers of Goods & Services	(285,368)	
Net Cash Provided by Operating Activities		\$ 629,405
Cash Flows From Noncapital Financing Activities:		
Transfers (Net)	67,782	
Net Cash Provided by Noncapital Financing Activities		67,782
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Fixed Assets	(353,867)	
Principal Paid on Long-Term Debt	(424,674)	
Interest Paid on Long-Term Debt	(26,764)	
Net Cash (Used) in Capital & Related Financing Activities		(805,305)
Net Increase (Decrease) in Cash & Cash Equivalents		(108,118)
Cash & Cash Equivalents		
Beginning of Year		1,080,387
End of Year:		
Cash Held By General Fund in Investments	647,189	
Cash in Pooled investments	325,080	
Total End of Year		<u>\$ 972,269</u>
Reconciliation of operating income (Loss) to net		
Cash Provided by Operating Activities		
Operating Income		\$ 301,997
Adjustments to Reconcile operations Income to		
Net Cash Provided by Operating Activities		
Depreciation		363,604
Changes in Assets & Liabilities		
(Increase) Decrease in Receivables		(34,349)
Increase (Decrease) in Payables		(1,847)
Net Cash Provided by Operating Activities		<u>\$ 629,405</u>

City of Belfast, Maine  
 Statement of Fiduciary Net Positions  
 Fiduciary Funds  
 June 30, 2021

<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	\$ 1,876,693	\$ 2,326,771	\$ 2,097,977	\$ 64,278	\$ 5,741	\$ 476	\$ 6,371,936
Total Assets	<u>1,876,693</u>	<u>2,326,771</u>	<u>2,097,977</u>	<u>64,278</u>	<u>5,741</u>	<u>476</u>	<u>6,371,936</u>
Net Positions - Held in Trust for Specific Programs	<u>\$ 1,876,693</u>	<u>\$ 2,326,771</u>	<u>\$ 2,097,977</u>	<u>\$ 64,278</u>	<u>\$ 5,741</u>	<u>\$ 476</u>	<u>\$ 6,371,936</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, 2021

<u>Principal</u>	<u>Cemeteries</u>	<u>Library</u>	<u>Special</u>	<u>Charity</u>	<u>Recreation</u>	<u>Health</u>	<u>Totals</u>
<u>Additions:</u>							
Investment Income	\$ 31,974	\$ 46,089	\$ 36,880	\$ 436	\$ 78	\$ 7	\$ 115,464
Interest & Dividends							
Net increase (Decrease) in Fair Value of Investments	293,878	186,258	689,015	-	-	-	1,169,151
Total Additions	325,852	232,347	725,895	436	78	7	1,284,615
<u>Deductions:</u>							
Cemetery	(80,155)	-	-	-	-	-	(80,155)
Library	-	(120,000)	-	-	-	-	(120,000)
Unclassified	-	-	(128,169)	-	-	-	(128,169)
Total Deductions	(80,155)	(120,000)	(128,169)	-	-	-	(328,324)
Change in Net Position	245,697	112,347	597,726	436	78	7	956,291
Net Position, Beginning of Year	1,630,996	2,214,424	1,500,251	63,842	5,663	469	5,415,645
Net Position, End of Year	\$ 1,876,693	\$ 2,326,771	\$ 2,097,977	\$ 64,278	\$ 5,741	\$ 476	\$ 6,371,936

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, 2021

**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, pensions and OPEB. 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 \$413,255, as of June 30, 2021.

## **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, 2021 amounted to \$2,118,833 of which general receivables are \$660,210 and ambulance receivables are \$1,458,623. 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, 2021 is as follows:

General Fund:	
Ambulance	\$574,888
Taxes	73,176
Proprietary:	
Sewer Fund	<u>2,500</u>
Total Allowances for Uncollectible	<u>\$650,564</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.

#### 11. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### 12. Other Postemployment Benefits (OPEB)

For purposes of measuring the Town's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

## 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>\$1,991,716</u>
Deficiency of revenues and other financing sources over expenditures and other uses (GAAP)	<u>\$1,991,716</u>

### C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2021, the following account exceeded appropriations by cemeteries, \$2,249 and social services \$2,847. 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, 2021 consist of the following:

Deposits	
Cash on Hand	\$ 808
Cash in Bank	4,093,254
Investments	
Various Certificates of Deposits, Federal Nat'l Mtg. Notes, and	

Money Market Funds	<u>8,571,343</u>
Total Cash and Investments	<u>\$12,665,405</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, 2021, \$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, 2021 is \$8,571,343.

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 25, 2020, on the assessed value listed as of April 1, 2020, for all real and personal property located in the City. The assessed value for the list of April 1, 2020, upon which the 2021 levy base was \$774,044,600. Taxes were due and payable on October 1, 2020, and March 1, 2021, with interest at the rate of 8% 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, 2021, was as follows:

	Balances at <u>June 30, 2020</u>	Additions	Retirements and <u>Transfers</u>	Balances at <u>June 30, 2021</u>
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land/CIP	\$10,175,461	\$ -	\$ -	\$10,175,461
Total Capital Assets not being Depreciated	<u>10,175,641</u>	<u>-</u>	<u>-</u>	<u>10,175,461</u>
Capital Assets being Depreciated:				
Buildings	19,151,358	-	-	19,151,358
Equipment	7,033,801	364,520	-	7,398,321
Infrastructure	<u>30,954,322</u>	<u>49,050</u>	<u>-</u>	<u>31,003,372</u>
Total Capital Assets being Depreciated	<u>57,139,481</u>	<u>413,570</u>	<u>-</u>	<u>57,553,051</u>
Less Accumulated Depreciation for:				
Buildings	(4,742,001)	(364,838)	-	(5,106,839)
Equipment	(4,632,961)	(234,838)	-	(4,867,799)
Infrastructures	<u>(8,961,234)</u>	<u>(493,241)</u>	<u>-</u>	<u>(9,454,475)</u>
Total Accum. Depreciation Governmental Activities	<u>(18,336,196)</u>	<u>(1,092,917)</u>	<u>-</u>	<u>(19,429,113)</u>
Capital Assets - Net	<u>\$48,978,746</u>	<u>\$ (679,347)</u>	<u>\$ -</u>	<u>\$48,299,399</u>

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities:</u></b>				
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	455,448	—	—	455,448
Infrastructure	<u>28,317,623</u>	<u>353,867</u>	<u>—</u>	<u>28,671,490</u>
Total Other Capital Assets	<u>29,486,227</u>	<u>353,867</u>	<u>—</u>	<u>29,840,094</u>
Less Accumulated Depreciation:				
Building & Improvements	(633,906)	(14,262)	—	(648,168)
Vehicles & Equipment	(173,902)	(16,289)	—	(190,191)
Infrastructure	<u>(9,028,263)</u>	<u>(333,053)</u>	<u>—</u>	<u>(9,361,316)</u>
Total Accumulated Deprec.	<u>(9,836,071)</u>	<u>(363,604)</u>	<u>—</u>	<u>(10,199,675)</u>
Other Capital Assets, Net	<u>(19,650,156)</u>	<u>(9,737)</u>	<u>—</u>	<u>19,640,419</u>
Business-Type Capital, Net	<u>\$21,135,156</u>	<u>\$ (9,737)</u>	<u>\$ —</u>	<u>\$21,125,419</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	\$ 7,250	\$ 31,164	\$ 82,300
Protection	37,473	79,712	—	117,185
Public Works	202,159	134,425	335,957	672,541
Parks & Recreation	1,398	7,739	15,888	25,025
Library	66,094	876	—	66,970
Cemeteries	84	3,837	—	3,921
Unclassified	<u>13,744</u>	<u>999</u>	<u>110,232</u>	<u>124,975</u>
Total Depreciation for Governmental Activities	<u>\$364,838</u>	<u>\$234,838</u>	<u>\$493,241</u>	<u>\$1,092,917</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, 2021, the balances were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$1,910,656
Capital Projects	1,254,817	-
Trust Fund	8,650	-
Sewer Fund	647,189	-
	<u>\$1,910,656</u>	<u>\$1,910,656</u>

**E. Capital Leases**

The City entered into a lease for financing the acquisition of insert compactor equipment. This lease agreement qualifies as capital leases for accounting purposes whereas it contains a bargain purchase option. The following is an analysis of the carrying value of the leased capitalized equipment as of June 30, 2021:

	<u>Governmental Activities</u>
Vehicle and Equipment	\$39,600
Less-accumulated depreciation	<u>(330)</u>
Carrying value	<u>\$39,270</u>

The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2021:

	<u>Governmental Activities</u>
Fiscal Year Ending June 30,	
2022	\$ 7,140
2023	7,140
2024	7,140
2025	7,140
2026	<u>7,145</u>
Total minimum payments	35,705
Less-amount represents interest	<u>(5)</u>
Present value of future minimum lease payments	<u>\$35,700</u>

## F. 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 \$16,357,741. The following is a summary of general obligation bond and note transactions of the City for the fiscal year ended June 30, 2021:

Bonds and notes payable at June 30, 2020	\$13,504,698
Add: Principal additions	-
Less: Principal repayments	<u>(915,544)</u>
Bonds and notes payable at June 30, 2021	<u>\$12,589,154</u>

Bonds and notes payable at June 30, 2021, are comprised of the following:

Long-term Debt	Fiscal Year Of Maturity	Interest Rate	Governmental		Total June 30, 2021
			Activities City	Business-type Activities	
Footbridge Bond	2022	2.085%-5.085%	\$ 290,392	\$ --	\$ 290,392
Walkway Project	2032	1.480%-3.706%	480,000	--	480,000
Front St. Recon. Bond	2036	0.91%-3.50	1,720,000	--	1,720,000
Pub Works/ Bldg/Solar Pierce/Bridge	2047	1.720%-4.215%	8,391,290	--	8,391,290
Street Bond	2023	2.250%	-	114,222	114,222
WWT Bond	2022	2.400%	-	44,890	44,890
Swan Avenue Bond	2024	1.870%	-	109,214	109,214
Waste Water Refinance Bond	2024	1.450%	-	458,725	458,725
Replacement Project Bond	2025	1.490%	-	695,939	695,939
ARRA CWSRF	2029	0.000%	-	284,482	284,482
Total Bonds and Notes			<u>\$10,881,682</u>	<u>\$ 1,707,472</u>	<u>\$12,589,154</u>

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

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 501,641	\$ 337,934	\$ 398,273	\$ 34,710
2023	512,914	323,218	359,197	29,120
2024	368,288	311,876	363,282	23,974
2025	372,715	303,959	292,775	11,308
2026	377,346	1,273,039	176,803	15,192
2027-2031	1,966,004	1,204,693	117,142	-
2032-2036	1,788,020	1,073,080	-	-
2037-2041	2,030,129	757,134	-	-
2042-2046	2,030,313	404,955	-	-
2047-2052	<u>934,312</u>	<u>39,796</u>	-	-
Total	<u>\$ 10,881,682</u>	<u>\$6,029,684</u>	<u>\$1,707,472</u>	<u>\$ 114,304</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, 2021, the statutory limit for the City was \$138,877,500. The City's outstanding long-term debt of \$12,589,154 at June 30, 2021 was within the statutory limit.

## G. Fund Balance By Purpose

Following is more detailed information on the governmental fund balances:

	General Fund	Capital Projects	Total
Nonspendable for:	\$ -	\$ -	\$ -
Capital Projects	-	1,998,101	1,998,101
Special Purpose Funds	1,108,926	-	1,108,926
Assigned to:			
Designated Carried	99,003	-	99,003
Unassigned	<u>3,428,896</u>	<u>-</u>	<u>3,428,896</u>
Total Fund Balances	<u>\$4,636,825</u>	<u>\$1,998,101</u>	<u>\$ 6,634,926</u>

## H. Fund Balances

As of June 30, 2021, the following funds were unexpended and were carried forward into the operations of the 2021/2022 fiscal year.

### Designated for Subsequent Years' Expenditures

110-511	Vehicle & School Exp.	\$ 2,500
130-674	Codification	13,647
190-520	Maintenance Repairs Boathouse	810
220-504	Supplies & Expense Police	6,806
250-536	Police Vehicle Maintenance	470
420-573	Sidewalk Improvement	12,101
450-577	Road Construction	15,441
460-578	Tree Program	7,625
460-678	Tree Planting	11,282
580-511	Vehicle & School - Econ. Dir.	550
610-583	Pool Operations Cost	1,628
610-584	Park Toilet Maintenance	5,000

680-604	Engineering/Professional Services	13,450
660-600	Harbor Projects	<u>7,693</u>
	Total	<u>\$ 99,003</u>

**I. 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.

**J. 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 21, 2022, the date that the financial statements were available to be issued.

**K. Tax Increment Financing**

The City of Belfast currently utilizes the tax increment financing program. Tax increment financing is a flexible finance tool used by municipalities and other units of government to leverage new real and/or personal property taxes (the tax increment) generated by a specific project or projects within a defined geographic district, allowing them to shelter a new development's value in regards to state, county, and school district funding formulas. Any portion of these new additional taxes may be used to finance public projects (identified in a development program) for a defined period of time of up to 30 years. The City of Belfast also has the ability to establish agreements (known as credit enhancement agreements) where the new additional taxes can be refunded to the private party that created the new additional taxes. The City of Belfast currently has two increment financing districts.

**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, 2021, and the two previous years, no settlements exceeded insurance coverage.

**B. Pension Plan**

**Plan Description** – Employees of the City are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts

(PLD Plan), a cost-sharing multiple employer defined benefit plan, administered by the Maine Public Employees Retirement System (MainePERS). Benefit terms are established in Maine statute. MainePERS issues a publicly available financial report that can be obtained at [www.mainebers.org](http://www.mainebers.org).

**Benefits Provided** – The PLD Plan provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). The normal retirement age is determined by whether the member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan).

**Contributions** – Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded liability.

**PLD Plan** – For the year ended June 30, 2021, the City was required to contribute 10.1% employee's annual pay for the regular plans AC-60 and AC-65 and 12.9% for the special 3C plan. The employee's contractually required contribution rate for the regular plan was 9.49% of their annual plan and 7.75% for the special 3C plan. Contributions to the pension plan from the City were \$333,411 for the year ended June 30, 2021.

***Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions***

The net pension liabilities were measured as of June 30, 2020, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts (PLD Plan).

**PLD Plan** – At June 30, 2020, the City reported a liability of \$1,779,893 for governmental activities and \$52,026 for business-type activities for its proportionate share of the net pension liability. At June 30, 2020, the City's proportion of the PLD Plan was .461077%.

For the year ended June 30, 2021, the City recognized pension expense \$406,510 for governmental activities and \$11,882 for business-type activities for the PLD Plan. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 106,808	\$ 19,570	\$ 3,122	\$ 572
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	115,821	-	3,385	-
Changes in proportion and differences between City contributions and proportionate share of contributions	33,519	-	979	-
City contribution subsequent to the measurement date	<u>323,943</u>	<u>-</u>	<u>9,468</u>	<u>-</u>
Total	<u>\$ 580,091</u>	<u>\$ 19,570</u>	<u>\$16,954</u>	<u>\$ 572</u>

An amount of \$323,943 for governmental activities and \$9,468 for business-type activities is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of net pension liabilities in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense follows:

Year Ending June 30,	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2022	\$ (42,637)	\$ (1,246)
2023	82,244	2,403
2024	98,377	2,875
2025	98,595	2,881

**Actuarial Assumptions** – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>
Inflation	2.75%
Salary Increase, per year	2.75% to 9.0%
Investment return, per annum, compounded annually	6.75%
Cost of living benefit increases, per annum	1.91%

Mortality rates were based on the PR2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.00%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%

  

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Traditional credit	7.5%	3.0%
Alternatives credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

**Discount Rate** – The discount rate used to measure the total pension liability was 6.75% for the PLD Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of the current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

**Sensitivity of the City's Proportionate Share of the Net Position Liabilities to Changes in the Discount Rate** – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.75% for the PLD Plan as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75% for PLD Plan) or 1 percentage-point higher (7.75% for PLD Plan) than the current year rate:

<u>PLD Plan</u>	1% Decrease ( <u>5.75%</u> )	Current Discount Rate ( <u>6.75%</u> )	1% Increase ( <u>7.75%</u> )
City proportionate share of the net pension liability	\$3,849,954	\$1,831,919	\$180,009

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued MainePERS financial report.

**Payables to the Pension Plan** – None as of June 30, 2020.

### **Retirement Plan**

The City of Belfast offers all its employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, were removed from the City’s financial statements.

### **Other**

Additionally, the City participates in the Social Security Retirement Program. The City’s contribution to Social Security was \$337,130 for the year ended June 30, 2021.

## **C. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

### **Other Postemployment Benefits (OPEB) – Maine Municipal Employee Health Trust**

The City joined the Maine Municipal Employee Health Trust on March 1, 2020. No reports were prepared for the City of Belfast for the 2020 & 2021 reporting cycle. The City will receive a report for 2022.

### **Other Postemployment Benefits (OPEB) – Life Insurance**

#### ***General Information about the OPEB Plan***

**Plan Description** – The City sponsors a post-retirement benefit plan providing group term life insurance retiring employees. For municipal employees the City participates in Group Life Insurance Plan for Participating Local District (PLD). The plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for each plan. MPERS issues a publicly available financial report that are available at [www.mainpers.org](http://www.mainpers.org).

**Benefits Provided** – Under the PLD Plan, MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

**Contributions** – Premium rates for the PLD Plan is determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims.

PLD OPEB Plan – Premiums total \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the OPEB plan from the City were \$22,032 for the year ended Jun 30, 2021.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net liability for the PLD plan was measured as of June 30, 2020, and the net OPEB liabilities used to calculate the net OPEB liabilities was determined by actuarial valuations as of that date. The City’s proportion of the net OPEB liabilities were based on a projection of the City’s long-term share of contributions to the PLD Plans relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan – At June 30, 2021, the City reported a liability of \$123,838 for its proportionate share of the net OPEB liability. At June 30, 2020, the City’s proportion was .938725%.

For the year ended June 30, 2021, the City recognized OPEB gain of \$8,982 for the PLD Plan. At June 30, 2021, the City reported deferred outflows and deferred inflows of resources related to the PLD OPEB Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,289	\$ -
Changes of assumptions	12,888	88,252
Net difference between projected and actual earnings on OPEB plan investments	-	3,093
Changes in proportion and differences between City contributions and proportionate share of contributions	-	12,855
City contributions subsequent to the measurement date	<u>22,032</u>	<u>-</u>
Total	<u>\$ 50,209</u>	<u>\$104,200</u>

An amount of \$22,032 is reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2021	\$(21,121)
2022	(19,242)
2023	(8,544)
2024	(13,156)
2025	(13,958)

**Actuarial Assumptions** – The net OPEB liability in the June 30, 2020 actuarial valuations was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>PLB OPEB Plan</u>	<u>SET OPEB Plan</u>
Inflation	2.75%	2.75%
Salary increases	2.75%-9.00%	2.75%-9.00%
Investment rate of return	6.75%	6.75%

Mortality rates for each plan were based on the RP2014 Dataset Healthy Annuitant Morality Table, for males and females.

The actuarial assumptions used in the June 30, 2020 valuations were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on PLD Plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	15.0%	3.0%
US government securities	10.0%	2.3%

**Discount Rate** – The discount rate used to measure the collective total OPEB liability was 6.75% for 2020 for the Plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in Assumptions** - Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2020, the discount rate used for the PLD Consolidated Plan was increased from 4.98% to 6.75%

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** – The following presents the City's proportionate share of the net

PLD OPEB plan liability calculated using the discount rate 6.75%, as well as what the City's proportionate share of the net PLD OPEB plan liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	\$123,838	\$351,970	\$65,652

**D. 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  
 Required Supplementary Information  
 Budgetary Comparison Schedule - General Fund  
 For the Year Ended June 30, 2021.

<u>Resources</u>	Original Budget W/Carried	Budget as Amended	Actual	Variance from Amended Positive (Negative)
Property Taxes	\$ 17,049,155	\$ 17,049,155	\$ 17,640,973	\$ 591,818
Excise Taxes	1,050,600	1,050,600	1,298,236	247,636
Intergovernmental	1,785,935	1,785,935	2,286,189	500,254
Charges for Services	1,693,689	1,693,689	2,000,559	306,870
Investment Income	18,000	18,000	16,177	(1,823)
Interest on Taxes	82,000	82,000	80,527	(1,473)
Miscellaneous	626,864	626,864	636,908	10,044
Special Purpose Accounts	-	-	319,227	319,227
<b>Amounts Available for Appropriation</b>	<b>22,306,243</b>	<b>22,306,243</b>	<b>24,278,796</b>	<b>1,972,553</b>
<b><u>Charges to Appropriations (Outlays)</u></b>				
General Government	3,124,669	3,150,151	3,120,428	29,723
Protection	3,190,892	3,193,773	2,968,626	225,147
Public Works	2,107,235	2,136,763	2,004,664	132,099
Social Services	273,746	273,746	276,593	(2,847)
Parks & Recreation	253,977	273,466	256,798	16,668
Library	431,780	431,780	419,477	12,303
Cemeteries	146,480	148,680	150,929	(2,249)
Education	10,318,570	10,318,570	10,318,570	-
County Tax	1,545,085	1,545,085	1,545,085	-
Debt Service	682,216	682,216	669,855	12,361
Unclassified	363,499	376,798	327,067	49,731
Reserve for Uncollectibles	-	200,000	200,000	-
Special Purpose Accounts	-	-	294,301	(294,301)
<b>Total Charges to Appropriations</b>	<b>22,438,149</b>	<b>22,731,028</b>	<b>22,552,393</b>	<b>178,635</b>
<b>Excess (Deficiency) of Resources Over Charges to Appropriations</b>	<b>(131,906)</b>	<b>(424,785)</b>	<b>1,726,403</b>	<b>2,151,188</b>
<b><u>Other Financial Sources and Uses:</u></b>				
Transfers In	-	92,879	338,835	245,956
Transfers (Out)	(65,000)	(65,000)	(73,522)	(8,522)
Carried Balances	116,906	116,906	-	(116,906)
<b>Total Other Financial Sources (Uses)</b>	<b>51,906</b>	<b>144,785</b>	<b>265,313</b>	<b>120,528</b>
<b>Net Change in Fund Balance - General Fund</b>	<b>\$ (80,000)</b>	<b>\$ (280,000)</b>	<b>\$ 1,991,716</b>	<b>\$ 2,271,716</b>

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

City of Belfast, Maine  
 Required Supplementary Information  
 Schedule of City's Proportionate Share of the Net Pension Liability  
 Maine Public Employees Retirement System Consolidated Plan (PLD)  
 Last 10 Fiscal Years\*\*

PLD Plan	2021	2020	2019	2018	2017	2016	2015
City's proportion on the net liability	0.461077%	0.447207%	0.444570%	0.441246%	0.436786%	0.420879%	0.419423%
City's proportionate share of the net pension liability	\$ 1,831,919	\$ 1,366,949	\$ 1,216,685	\$ 1,806,625	\$ 2,320,778	\$ 1,342,804	\$ 645,413
City's covered payroll	2,701,114	2,896,447	2,690,954	2,529,645	2,414,011	2,273,366	2,136,818
City's proportionate share of the net pension liability as a percentage of its covered payroll	67.82%	47.19%	45.21%	71.41%	96.13%	59.06%	30.20%
Plan fiduciary net position as a percentage of the pension liability	96.81%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%

\* The amounts presented for each fiscal year were determined as of the prior year fiscal year.

\*\* Only seven years of information available.

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

City of Belfast, Maine  
 Required Supplementary Information  
 Schedule of City's Pension Contribution  
 Maine Public Employees Retirement System Consolidated Plan (PLD)  
 Last 10 Fiscal Years\*

PLD Plan	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 333,411	\$ 297,832	\$ 273,565	\$ 246,791	\$ 226,158	\$ 204,960	\$ 172,041	\$ 145,399
Contributions in relation to the contractually required contribution	(333,411)	(297,832)	(273,565)	(246,791)	(226,158)	(204,960)	(172,041)	(145,399)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,701,114	\$ 2,896,447	\$ 2,690,954	\$ 2,529,645	\$ 2,414,011	\$ 2,273,366	\$ 2,136,818	\$ 2,132,426
Contributions as a percentage of covered payroll	12.34%	10.28%	10.16%	9.75%	9.36%	9.01%	8.05%	6.44%

\* Only eight years of information available.

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

City of Belfast, Maine  
 Required Supplementary Information  
 Schedule of City's Proportionate Share of the Net OPEB Liability  
 Last 10 Fiscal Years\*

PLD OPEB Plan	2021	2020	2019	2018
City's proportion of the net OPEB Liability	0.938725%	0.964462%	0.997359%	1.011497%
City's proportionate share of the net OPEB liability	\$ 123,838	\$ 206,371	\$ 201,476	\$ 169,137
City's covered payroll	3,653,310	3,413,730	3,034,700	3,065,386
City's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	3.38%	6.04%	6.63%	5.51%
Plan fiduciary net position as a percentage of the total OPEB liability	55.39%	43.18%	43.92%	47.42%

\* Only four years of information available. Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

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

City of Belfast, Maine  
 Required Supplementary Information  
 Schedule of City's OPEB Contributions  
 Last 10 Fiscal Years\*

PLD OPEB Plan	2021	2020	2019	2018
Contractually required contribution	\$ 22,032	\$ 19,816	\$ 19,538	\$ 19,372
Contributions in relation to the contractually required contribution	(22,032)	(19,816)	(19,538)	(19,372)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 3,653,310	\$ 3,413,730	\$ 3,034,700	\$ 3,065,386
Contributions as a percentage of covered-employee payroll	0.60%	0.58%	0.64%	0.63%

\* Only four years of information available.

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

City of Belfast, Maine  
Notes to Required Supplementary Information  
June 30, 2021

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  
Notes to Required Supplementary Information

**Changes of Benefit Terms (Pension) – None**

**Changes of Assumption (Pension) –** The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Discount rate – PLD	6.750%	6.875%	7.125%	7.250%	7.250%
Inflation rate	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases – PLD	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%	3.50-9.50%
Cost of living increase – PLD	1.91%	2.20%	2.55%	3.12%	3.12%

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

**Mortality rates:**

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Health Annuitant Morality Table.

**Changes of Benefit Terms (OPEB) – None**

**Changes of Assumptions (OPEB) –** The following are changes in actuarial assumptions used in the most recent valuations regarding the MPERS life insurance plans:

	<u>2021</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate – PLD	6.75%	4.98%	5.13%	5.41%

City of Belfast, Maine  
Schedule of Department Operations - General Fund  
For the Year Ended June 30, 2021

	Balance 7/1/20	Approp.	Transfers	Total Available	Expended	(Over) Under Expended	
						Lapsed	To Surplus Carried
<b>General Government</b>							
City Manager's Department	\$ -	\$ 341,048	\$ 2,837	\$ 343,885	\$ 346,255	\$ (4,870)	\$ 2,500
Finance Department	-	155,344	2,250	157,594	156,783	811	-
Assessing Department	1,418	150,515	4,991	156,924	157,809	(885)	-
City Clerk's Department	15,695	198,920	250	214,865	202,405	(1,187)	13,647
City Building Maintenance	-	198,296	3,279	201,575	206,013	(4,438)	-
Elections and Registrations	3,957	24,443	-	28,400	16,116	12,284	-
Agency Transactions	-	1,755,801	-	1,755,801	1,715,939	39,862	-
Boathouse	-	9,982	-	9,982	6,928	2,243	811
Planning Department	-	269,250	11,875	281,125	312,180	(31,055)	-
<b>Total General Government</b>	<b>21,070</b>	<b>3,103,599</b>	<b>25,482</b>	<b>3,150,151</b>	<b>3,120,428</b>	<b>12,765</b>	<b>16,958</b>
<b>Protection</b>							
Fire Department	-	287,400	-	287,400	274,785	12,615	-
Police Department	6,939	1,234,611	-	1,241,550	1,139,857	94,887	6,806
Street Lighting	-	70,800	-	70,800	41,459	29,341	-
Hydrants	-	475,400	-	475,400	424,464	50,936	-
Animal Control	-	11,362	-	11,362	9,656	1,706	-
Municipal Insurance	-	320,147	-	320,147	305,901	14,246	-
Ambulance Department	-	720,897	2,881	723,778	725,700	(1,922)	-
Crossing Guards	-	18,400	-	18,400	12,686	5,714	-
Cable Television	-	44,936	-	44,936	34,118	10,348	470
<b>Total Protection</b>	<b>6,939</b>	<b>3,183,953</b>	<b>2,881</b>	<b>3,193,773</b>	<b>2,968,626</b>	<b>217,871</b>	<b>7,276</b>
<b>Public Works</b>							
Highway Department	-	1,343,395	29,528	1,372,923	1,250,608	122,315	-
Sidewalk Maintenance	55,819	5,000	-	60,819	48,718	-	12,101
Recycling/Transfer Station	-	417,649	-	417,649	454,314	(36,665)	-
Road Construction/Paving	8,959	245,000	-	253,959	238,518	-	15,441
Tree Program	14,413	17,000	-	31,413	12,506	-	18,907
<b>5 Total Public Works</b>	<b>79,191</b>	<b>2,028,044</b>	<b>29,528</b>	<b>2,136,763</b>	<b>2,004,664</b>	<b>85,650</b>	<b>46,449</b>

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, 2021

	Balance 7/1/20	Approp.	Transfers	Total Available	Expended	(Over) Under Expended	
						To Surplus	Carried
<u>Social Services</u>							
General Assistance	-	70,000	-	70,000	77,113	(7,113)	-
Welfare Director	-	40,472	-	40,472	36,206	4,266	-
Outside Agencies	-	163,274	-	163,274	163,274	-	-
Total Social Services	-	273,746	-	273,746	276,593	(2,847)	-
<u>Parks and Recreation</u>							
	-	253,977	19,489	273,466	256,798	10,040	6,628
<u>Library</u>							
	-	431,780	-	431,780	419,477	12,303	-
<u>Cemeteries</u>							
	-	146,480	2,200	148,680	150,929	(2,249)	-
<u>Education - MSAD 34</u>							
	-	10,318,570	-	10,318,570	10,318,570	-	-
<u>Special Assessments</u>							
County Tax	-	1,545,085	-	1,545,085	1,545,085	-	-
<u>Debt Service</u>							
Notes and Interest	-	682,216	-	682,216	669,855	12,361	-
<u>Unclassified</u>							
Airport	-	20,700	-	20,700	21,819	(1,119)	-
Promotional Activities	-	29,350	-	29,350	27,003	2,347	-
State Law Enforcement Agency	-	70,824	-	70,824	74,129	(3,305)	-
Harbor	-	163,217	9,907	173,124	142,675	22,757	7,692
Planning and Zoning	9,706	20,500	3,392	33,598	19,066	1,082	13,450
MMA Dues	-	7,820	-	7,820	-	7,820	-
Economic Dev. Director	-	39,282	-	39,282	40,375	(1,643)	550
EMA Director	-	2,000	-	2,000	2,000	-	-
Contingency Operating	-	100	-	100	-	100	-
Total Unclassified	9,706	353,793	13,299	376,798	327,067	28,039	21,692

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, 2021

	Balance 7/1/20	Approp.	Transfers	Total Available	Expended	(Over) Under Expended	
						To Surplus	Carried
<u>Reserves - Capital</u>							
Comp Plan	-	30,000	-	30,000	30,000	-	-
Land Ordinance	-	35,000	-	35,000	35,000	-	-
<u>Total Reserves - Capital</u>	-	65,000	-	65,000	65,000	-	-
<u>Totals</u>	\$ 116,906	\$ 22,386,243	\$ 92,879	\$ 22,596,028	\$ 22,123,092	\$ 373,933	\$ 99,003

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, 2021

	A		D		TRANSFERS		D		E		U		C		T	
	Balance 07/01/20	Investment Income	Other Receipts	In	Out	In	Out	Expenditures	Balance 6/30/21							
Capital Reserves																
Communication Equipment	\$ 3,770	\$ 54	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,824							
Ambulance	190,088	2,357	-	79,297	79,141	-	-	-	192,601							
Assessment	931	13	-	-	-	-	-	-	944							
Cemeteries - Land Development	8,287	116	-	-	-	-	-	-	8,403							
- Equipment	36,300	500	-	6,000	2,200	-	-	-	40,600							
- Maintenance	8,061	114	-	-	-	-	-	-	8,175							
Personnel Reserve	688	9	-	33,628	-	-	-	-	34,325							
Downtown Development	79	1	-	-	-	-	-	-	80							
Fire Equipment	158,275	2,258	-	70,000	-	-	-	-	230,533							
Harbor Improvement	5,294	14	-	-	-	-	-	-	5,308							
Highway - Highway Equipment	50,915	656	-	18,956	29,528	-	-	-	40,999							
- Road Construction	7,079	99	-	-	-	-	-	-	7,178							
- Culvert	39,941	570	-	-	-	-	-	-	40,511							
Police Equipment	18,272	260	-	20,600	-	-	-	-	39,132							
Recreation - City Park	21,726	209	-	-	11,789	-	-	-	10,146							
- George Black	4,300	61	-	-	-	-	-	-	4,361							
Ruth Greenlaw	390	6	-	-	-	-	-	-	396							
Footbridge Capital	67,552	959	-	-	9,907	-	-	-	58,604							
Transfer Station Equipment	11,920	168	-	-	-	-	-	-	12,088							
Airport	20,160	287	-	4,500	-	-	-	-	24,947							
Airport Maintenance	15,621	223	-	-	-	-	-	-	15,844							
Planning Equipment	6,613	69	-	-	4,600	-	-	-	2,082							
Waterfront/Thompson Wharf	3,737	56	-	-	-	-	-	-	3,793							
Ambulance Train. & Dev.	5,709	82	-	61	-	-	-	-	5,852							
Cable TV Equipment	13,515	193	-	-	-	-	-	-	13,708							
City Clerk Office Equipment	555	13	-	1,857	650	-	-	-	1,775							
Assessing Office Equipment	4,727	63	-	-	1,391	-	-	-	3,399							
Finance Office Equipment	1,354	25	-	1,857	650	-	-	-	2,586							
Energy Savings Cap	40,871	641	-	-	9,186	-	-	-	85,569							
City Park Pool Resurf.	38,052	537	53,243	-	23,350	-	-	-	15,239							

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, 2021

	Balance 7/01/20	A		D		D		D		Balance 6/30/21
		Investment Income	Other Receipts	TRANSFERS In	TRANSFERS Out	EXPENDITURES	EXPENDITURES			
<b>Capital Reserves (cont'd)</b>										
City Manager Equipment	722	10	-	1,500	400	-	-	-	-	1,832
Boathouse Maintenance	5,286	76	-	-	-	-	-	-	-	5,362
Park Equipment	4,489	64	-	-	-	-	-	-	-	4,553
Future Land Purchase	384	5	-	-	-	-	-	-	-	389
Fuel Price	10,642	153	-	-	-	-	-	-	-	10,795
Sidewalk Capital	3,945	55	-	-	-	-	-	-	-	4,000
<b>Total Capital Reserves</b>	<b>810,250</b>	<b>10,976</b>	<b>53,243</b>	<b>238,256</b>	<b>172,792</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>939,933</b>
<b>Capital Improvements</b>										
Fahey St RGW	9,249	-	-	-	9,249	-	-	-	-	-
City Hall - Municipal Building	446	-	-	13,204	-	-	-	-	-	13,650
Solid Waste - Landfill Closing	17,046	-	-	-	-	-	-	-	-	17,046
Parks Mower	1,038	-	-	-	1,038	-	-	-	-	-
EDA PW Grant	229,940	-	190,000	-	122,320	-	-	-	-	297,620
Efficiency Audit Grant	3,125	-	-	-	3,125	-	-	-	-	-
Remodel DWNS	1,489	-	-	-	1,489	-	-	-	-	-
Police Forfeiture	10,661	-	-	-	-	-	-	10,664	-	(3)
Belfast Commons	1,165	-	-	-	1,165	-	-	-	-	-
Library Energy	7,500	-	-	-	-	-	-	-	-	7,500
Police Academy	1,927	-	-	-	-	-	-	1,927	-	-
Comp Plan	-	-	-	30,000	-	-	-	34,669	-	(4,669)
Energy Initiatives	1,617	-	-	10,845	-	-	-	35,000	-	12,462
Heat Pump	35,000	-	-	-	-	-	-	-	-	-
Fiber Intern	16,742	-	-	-	-	-	-	16,667	-	75
Tile Harbor Res.	(2,692)	-	-	2,692	-	-	-	-	-	-
Tot Lot Replacement	2,837	-	-	-	-	-	-	-	-	2,837
Rangeway Development	12,076	-	-	9,249	-	-	-	-	-	21,325
Police Bike	4,200	-	-	-	-	-	-	2,141	-	2,059

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, 2021

	Balance 7/01/20	A		D		TRANSFERS		D		E		U		C		Balance 6/30/21
		Investment Income	Other Receipts	In	Out	In	Out	Expenditures	Expenditures							
<u>Capital Improvements (cont'd)</u>																
Consult Service	7,720	-	-	-	-	-	7,720	-	-	-	-	-	-	-	-	-
Downtown Waterfront TIF	1,051	-	-	328,074	-	-	-	-	-	295,731	-	-	-	-	-	33,394
Lib Weather	1,818	-	-	-	-	-	1,818	-	-	-	-	-	-	-	-	-
Sidewalks	23	-	-	6,000	-	-	-	-	-	-	-	-	-	-	-	6,023
Lowe Hanger	16,262	-	8,400	-	-	-	-	-	-	23,472	-	-	-	-	-	1,190
PW Site Search Evaluation	150,652	-	24,434	-	-	-	-	-	-	21,483	-	-	-	-	-	153,603
Shore Stability	7,381	-	-	-	-	-	-	-	-	1,064	-	-	-	-	-	6,317
Comp Plan Consultant	2,370	-	-	-	-	-	-	-	-	2,370	-	-	-	-	-	-
Police Building	25	-	-	-	-	-	-	-	-	25	-	-	-	-	-	-
Skate Park	2,518	-	4,031	-	-	-	-	-	-	173	-	-	-	-	-	6,376
Fire Solar	10,000	-	-	-	-	-	10,000	-	-	-	-	-	-	-	-	-
Park Playground Equipment	3,308	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,308
Steamboat landing Fencing	6,014	-	-	-	-	-	6,014	-	-	-	-	-	-	-	-	-
Parallel Tax	8,014	-	-	389,035	-	-	-	-	-	454,168	-	-	-	-	-	(57,119)
Comm Impr	1,606	-	-	-	-	-	1,606	-	-	-	-	-	-	-	-	-
Pool Resurface	22,500	-	23,350	-	-	-	-	-	-	49,050	-	-	-	-	-	(3,200)
Runway 15	(567)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(567)
Land Ordinance	-	-	-	35,000	-	-	-	-	-	-	-	-	-	-	-	35,000
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, 2021

	Balance 7/01/20	A				D		D		E		U		Balance 6/30/21
		Investment Income	Other Receipts	In	Out	TRANSFERS In	Out	Expenditures	Expenditures					
<u>Capital Improvements (cont'd)</u>														
Please Be Seated Sign	(186)	-	-	-	-	-	-	-	-	-	-	-	(186)	
Boathouse Improvements	800	-	-	-	800	-	-	-	-	-	-	-	-	
EPA Browns	313	-	-	-	313	-	-	-	-	-	-	-	-	
Trio Update	-	-	-	-	-	-	-	-	-	-	-	-	-	
Solar Buyout	26,453	-	-	10,000	-	-	-	-	-	-	-	-	36,453	
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	1,747	-	-	-	-	-	-	-	-	-	1,282	-	465	
Pickleball	(4,300)	-	4,300	-	-	-	-	-	-	-	-	-	-	
Bel Yards Plan & Redev.	24,550	-	-	-	-	-	-	-	-	-	-	-	24,550	
Downtown Waterfront Cap.	114,372	-	-	68,271	29,568	-	-	-	-	2,400	-	-	150,675	
Housing Gr. Rep.	14,453	-	-	-	-	-	-	-	-	-	-	-	14,453	
Harbor Restroom	5,000	-	-	-	2,692	-	-	-	-	-	-	-	2,308	
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, 2021

	Balance 7/01/20	A		D		D		D		U	C	T	Balance 6/30/21
		Investment Income	Other Receipts	TRANSFERS In	TRANSFERS Out	DE	ED	Expenditures					
<u>Capital Improvements (cont'd)</u>													
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	(29,568)	-	-	29,568	-	-	-	-	-	-	-	-	-
Broadband Street	90,772	-	-	-	-	-	-	-	-	14,200	-	-	76,572
Front St. Reconstruction	(122,320)	-	-	122,320	-	-	-	-	-	-	-	-	-
Swan Lake Avenue	25,000	-	-	-	-	-	-	-	-	172	-	-	24,828
Defibulator	35,000	-	-	-	-	-	-	-	-	35,000	-	-	-
Asphalt Path	6,000	-	-	-	-	-	6,000	-	-	-	-	-	-
Project Plan	8,893	-	-	-	-	-	-	-	-	-	-	-	8,893
Electric Vehicle Charger	-	-	9,186	-	-	-	-	-	-	-	9,186	-	-
WWTP Energy	(159,795)	-	177,465	-	-	-	-	-	-	-	41,958	-	(24,288)
St. Lgts. Purchase	8,431	-	-	-	-	-	-	-	-	-	-	-	8,431
IMPR Coast Guard	(4,810)	-	-	4,810	-	-	-	-	-	-	-	-	-

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, 2021

	Balance 7/01/20	A		D		TRANSFERS		D		E		U		Balance 6/30/21
		Investment Income	Other Receipts	In	Out	In	Out	Out	Expenditures					
Capital Improvements (cont'd)														
City Hall Dr	2,173	-	-	-	-	-	2,173	-	-	-	-	-	-	-
Line Police	4,035	-	-	-	-	-	4,035	-	-	-	-	-	-	-
Old DPW Site	75,022	-	24,184	-	-	-	-	-	-	-	-	105,612	-	(6,406)
Climate Change	2,525	-	63	-	-	-	-	-	-	-	-	1,927	-	661
MEDEP Brownfield	-	-	9,357	-	-	-	-	-	-	-	-	9,357	-	-
Breakwater Maintenance	10,000	-	32,833	-	-	-	32,834	-	-	-	-	877	-	9,999
Doak Road Cemetery Fence	22,291	-	-	-	-	-	-	-	-	-	-	-	-	21,414
Blg 6 Escrow	49,906	-	-	-	-	50,778	-	-	-	-	-	105,234	-	100,684
CDBG HSG Assistance	-	-	105,234	-	-	-	-	-	-	-	-	123,607	-	-
USEPA Brf Hz	2,077	-	124,258	-	-	-	-	-	-	-	-	27,962	-	2,728
USEPA Bm Pt	2,047	-	28,862	-	-	-	-	-	-	-	-	7,802	-	2,947
Maine Bicentennial	3,000	-	-	-	-	5,000	-	-	-	-	-	-	-	198
Total Capital Improvements	923,530	-	1,154,992	729,333	314,505	-	-	-	-	-	-	1,435,180	-	1,058,170
Totals	\$ 1,733,780	\$ 10,976	\$ 1,208,235	\$ 967,589	\$ 487,297	\$ 1,435,180	\$ 1,998,103							

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, 2021

Valuation	
Real Estate	\$ 751,895,900
Personal Property	22,148,700
Total Valuation	<u>\$ 774,044,600</u>
Assessment	
Valuation x Rate = \$774,044,600 X .02330	\$ 18,035,239
Supplements	16,636
Abatements & TIF Financing	<u>(595,485)</u>
Property Tax Revenue Actual	17,456,390
Add Deferred Property Taxes - Prior Year	423,704
Less Deferred Property Taxes - Current Year	<u>(239,121)</u>
Property Tax Revenue Recognized	<u>\$ 17,640,973</u>

City of Belfast, Maine  
 Schedule of Activity on Special Purpose Accounts  
 For the Year Ended June 30, 2021

Account Name	Balances 7-01-20	Receipts	Expended	Balances 6-30-21
Future Land Acquisition	\$ 22,170	\$ -	\$ -	\$ 22,170
State Revenue Sharing	-	479,487	-	479,487
Deliberation #2	3,654	6,696	10,158	192
Wales Park Comm. Garden	-	6,775	3,182	3,593
City Bldg. Rental Maint.	-	12,733	115	12,618
Nordic Deliberations	39,280	102	37,659	1,723
Belfast Dev Corp/Econ Dev	196	-	-	196
Road Opening Account	12,686	-	-	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	14,262	26,665	207	40,720
Thomas Wharf/Paddle Dock	(816)	-	-	(816)
Parks & Rec. Bus Service	(4,797)	-	-	(4,797)
Boathouse Key Deposit	4,949	1,800	1,025	5,724
Jaws of Life	3,070	5,620	1,366	7,324
Sale/Industrial Park Prop.	147,162	20,000	36,164	130,998
Park Pavillian	263	-	-	263
Harbor Gasoline	52,327	87,502	69,334	70,495
Harbor Diesel	48,470	79,573	55,866	72,177
Waterfront Heritage Park	84,605	1,162	150	85,617
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	15,000	-	17,000
Bridge Plaque	500	-	-	500
Belfast Area Youth Council	69	-	-	69
Police Evidence Account	(2,266)	-	-	(2,266)
Cemetery Donations	1,828	-	-	1,828
Police Memorial Fund	30	-	-	30
Rail Trail Trust Account	48,609	-	6,819	41,790
Worthy Poor	(9,813)	2,350	592	(8,055)
Senior Dinner Program	200	-	-	200
Belfast Comm. Radio	27,445	1,600	16,930	12,115
McCrum Rail Trail	(4,800)	-	-	(4,800)
K-9 Donations	494	-	-	494
Animal Welfare Licensing	3,908	1,730	1,207	4,431
Keeping Belfast Beautiful	1,866	4,800	6,270	396
Street Party	3,999	-	3,999	-
Concealed Weapons Permit	-	460	460	-
Belfast Daffodil Project	5,003	12,875	6,166	11,712
Belfast Keep the Faith Fund	80,815	30,000	35,049	75,766
Good Cause Program	-	1,784	1,585	199
<b>Totals</b>	<b>\$ 604,515</b>	<b>\$ 798,714</b>	<b>\$ 294,303</b>	<b>\$ 1,108,926</b>

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, 2021

**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, 2021 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, 2021

<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	\$ 9,357	\$ 9,357
Brownfields Year 2019 Hazardous Substances	66.818	N/A	123,607	
Brownfields Year 2019 Petroleum	66.818	N/A	27,962	
Total U.S. Dept. of Environmental Protection			<u>160,926</u>	<u>9,357</u>
<u>Department of Housing and Urban Development</u>				
<u>Pass-through Maine Department of Economic &amp; Community Development</u>				
Maine Downtown Center Assistance Program 2020	14.228	20MDCA	356,837	356,837
Housing Assistance	14.228	N/A	105,234	105,234
Public Service Grant	14.228	N/A	32,834	32,834
Total U.S. Department of Economic & Community Development			<u>494,905</u>	<u>494,905</u>
<u>Department of Transportation</u>				
<u>Federal Aviation Administration</u>				
Pass-through Maine Department of Transportation				
Airport Improvement Program	20.106	3-23-0007-017-2018	* 454,168	
Total U.S. Department of Transportation			<u>454,168</u>	

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

<u>Department of Homeland Security</u>				
<u>Passed through the Maine Emergency Management Agency</u>				
COVID-19 FEMA Grant	97.306	N/A	7,107	
Total U.S. Department of Homeland Security			<u>7,107</u>	
<u>Department of Treasury</u>				
<u>Passed through the ME Dept of Health &amp; Human Ser</u>				
Coronavirus Relief Fund	21.019	N/A	107,798	
Total U.S. Department of Treasury			<u>107,798</u>	
<u>Department of Commerce, Economic Development</u>				
<u>Administration</u>				
Investment for Public Works & Economic Development	11.300	N/A	122,320	
Total U.S. Department of Commerce			<u>122,320</u>	
Total Expenditures of Federal Awards			<u>\$ 1,347,224</u>	<u>\$ 504,262</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, 2021

Exhibit Q  
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, 2021. 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, 2021. 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, 2021, 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 21, 2022, 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. Dow + Co.*

Brewer, Maine  
March 21, 2022

**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, 2021, 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 21, 2022.

**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.

*C.H. Don & Co.*

Brewer, Maine  
March 21, 2022