

CITY OF BELFAST, MAINE

AUDIT REPORT

For the Year Ended June 30, 2022

CITY OF BELFAST, MAINE
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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Belfast, Maine

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-16 and 58-67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Belfast, Maine's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2023, 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 and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Belfast, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Belfast, Maine's internal control over financial reporting and compliance.

C.H. Donato & Co.

Brewer, Maine
June 13, 2023

CITY OF BELFAST, MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

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, 2022.

FINANCIAL HIGHLIGHTS

The assets of the City of Belfast exceeded its liabilities and deferred inflows at June 30, 2022 by \$67,286,168. Of this amount unrestricted net position of \$4,237,921 may be used to meet the government's ongoing obligations to citizens and creditors.

The total net position increased by \$1,859,318. Of this amount \$1,726,514 was associated with governmental and \$132,804 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 \$8,857,135 an increase of \$2,222,209 in comparison with the prior year. Of this amount \$3,498,281 is unreserved and available for spending, and \$5,358,854 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 \$3,498,281, or 13% 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 2022 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, 2022, the City's assets exceeded liabilities and deferred inflows by \$67,286,168. By far the largest portion of the City's net position (86 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 increased the City's net position by \$1,726,514.

Business-Type Activities: Business-type activities increased the City's net position by \$132,804.

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, 2022, the City's governmental funds reported combined ending fund balances of \$8,857,135 an increase of \$2,222,209 in comparison with the prior year. Of this amount, \$3,863,162 (44 percent) is unreserved General Fund balance, which is available for spending at the government's discretion. Of the unreserved fund balance \$364,881 has been designated by the City Council for subsequent years' expenditure and other uses leaving an unreserved undesignated amount of \$3,498,281. 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, \$3,002,443, (2) for unspent funds on construction in progress, \$0, and (3) special purposes, \$1,991,530.

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 \$3,863,162 while the total fund balance totaled \$8,857,135. 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 34 percent of that amount.

The fund balance of the City's General Fund increased by \$1,217,867 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 \$1,844,421.

The Capital Projects Fund has a total fund balance of \$3,002,443. Of that amount \$989,953 is designated for future capital projects; \$2,012,490 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 \$1,500,627. 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 \$99,003. 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, 2022 amounts to \$69,556,511 (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	7,560
Work in Progress	—
Equipment	214,496
Infrastructure	—
Total Capitalization-Governmental	<u>\$ 222,056</u>

Sewer Department Activities:

Buildings	\$ —
Equipment	—
Infrastructure	<u>1,290,875</u>
Total Capitalization-Sewer	<u>\$1,290,875</u>

Long-term Debt: At the end of the current fiscal year, the City had \$12,127,561 in outstanding debt consisting of general obligation bonds of \$11,689,426 and \$438,135 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 1st, 2020-June 30th, 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 1st quarter of 2020 to \$78,683,912 as of the 1st 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 1st, 2020 to \$889,174,801 as of April 1st, 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 1st, 2016 (\$729,550,233).

Regarding taxable personal property, there was an increase of 10.7% in its assessed value from April 1st, 2020 to April 1st, 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 1st, 2020 to 647 as of April 1st, 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 1st, 2020 to April 1st, 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 1st, 2020 to \$10,349,100 as of April 1st, 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 25th, 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 1st, 2020 to \$64,181,700 as of April 1st, 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 1st, 2020 to \$2,204,900 as of April 1st, 2021. Combined, the total assessed value of the district increased by 4.3%, going from \$63,667,000 as of April 1st, 2020 to \$66,386,600 as of April 1st, 2021. The district's current increment is now \$18,979,320; at the City's most recently (August 25th, 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 1st, 2021. At the City's most recently (August 25th, 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 1st, 2021 report, made revisions to its major indicators relative to its November 1st, 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.

City of Belfast, Maine
Comparative Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current & Other Assets	\$ 10,482,459	\$ 7,940,711	\$ 1,722,131	\$ 1,596,813	\$ 12,204,590	\$ 9,537,524
Capital Assets (Net)	47,666,855	48,299,399	22,047,345	21,125,420	69,714,200	69,424,819
Total Assets	58,149,314	56,240,110	23,769,476	22,722,233	81,918,790	78,962,343
Deferred Outflows of Resources	1,564,622	630,300	40,090	16,954	1,604,712	647,254
Long-Term Liabilities Outstanding	10,838,923	12,736,357	950,188	1,361,225	11,789,111	14,097,582
Other Liabilities	1,793,873	1,616,886	364,319	404,370	2,158,192	2,021,256
Total Liabilities	12,632,796	14,353,243	1,314,507	1,765,595	13,947,303	16,118,838
Deferred Inflows of Resources	2,215,292	123,770	74,739	572	2,290,031	124,342
Net Position:						
Invested in Capital Assets Net of Related Debt	37,134,581	37,417,717	20,506,129	19,215,254	57,640,710	56,632,971
Restricted	4,993,973	3,107,027	413,564	430,685	5,407,537	3,537,712
Unrestricted	2,737,294	1,868,653	1,500,627	1,327,081	4,237,921	3,195,734
Total Net Position	\$ 44,865,848	\$ 42,393,397	\$ 22,420,320	\$ 20,973,020	\$ 67,286,168	\$ 63,366,417

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

	Governmental Activities		Business-Type Activities		Totals	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Revenues:</u>						
Program Revenues:						
Charges for Service/Fees	\$ 2,256,142	\$ 2,163,521	\$ 1,155,950	\$ 1,174,389	3,412,092	3,337,910
Operating Grants and Contrib.	179,151	207,647	-	-	179,151	207,647
Capital Grants and Contrib.	120,000	120,000	-	-	120,000	120,000
General Revenues:						
Property Taxes	18,272,022	17,456,390	-	-	18,272,022	17,456,390
Excise Taxes	1,253,238	1,298,236	-	-	1,253,238	1,298,236
Intergovernmental - Other	1,867,584	2,078,542	-	-	1,867,584	2,078,542
Other	3,767,256	1,694,787	2,449	7,883	3,769,705	1,702,670
Total Revenues	<u>27,715,393</u>	<u>25,019,123</u>	<u>1,158,399</u>	<u>1,182,272</u>	<u>28,873,792</u>	<u>26,201,395</u>
<u>Expenses:</u>						
General Government	3,629,333	3,496,812	-	-	3,629,333	3,496,812
Protection	3,141,158	3,024,604	-	-	3,141,158	3,024,604
Public Works	4,785,790	2,945,159	-	-	4,785,790	2,945,159
Social Services	416,396	276,593	-	-	416,396	276,593
Parks & Recreation	311,094	276,146	-	-	311,094	276,146
Library	509,994	486,447	-	-	509,994	486,447
Cemeteries	145,548	155,727	-	-	145,548	155,727
Education	10,491,318	10,318,570	-	-	10,491,318	10,318,570
County Tax	1,552,687	1,545,085	-	-	1,552,687	1,545,085
Interest on Debt	264,215	219,651	-	-	264,215	219,651
Pension & OPEB Expense	19,508	397,528	1,087	11,882	20,595	409,410
Unclassified	521,838	933,146	-	-	521,838	933,146
Sewer Department	-	-	1,024,508	895,908	1,024,508	895,908
Total Expenses	<u>25,788,879</u>	<u>24,075,468</u>	<u>1,025,595</u>	<u>907,790</u>	<u>26,814,474</u>	<u>24,983,258</u>
Increase (Decrease) in Net Position Before Transfers	1,926,514	943,655	132,804	274,482	2,059,318	1,218,137

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

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Transfers	-	684,313	-	(5,516)	-	678,797
Reserve for Uncollectibles	(200,000)	(200,000)	-	-	(200,000)	(200,000)
Increase (Decrease) in Net Assets	1,726,514	1,427,968	132,804	268,966	1,859,318	1,696,934
Net Position - Beginning	43,139,334	41,711,366	22,287,516	20,704,054	65,426,850	63,729,916
Net Position - Ending	\$ 44,865,848	\$ 43,139,334	\$ 22,420,320	\$ 20,973,020	\$ 67,286,168	\$ 65,426,850

City of Belfast, Maine
Government-Wide Statement of Net Position
June 30, 2022

Exhibit A
Page 1 of 2

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash & Cash Equivalents	\$ 6,995,231	\$ -	\$ 6,995,231
Investments	1,539,111	377,511	1,916,622
Due from other Funds	-	765,944	765,944
Receivables (Net of Allowance for Doubtful Accounts):			
Taxes	542,000	-	542,000
Accounts	1,406,117	578,676	1,984,793
Total Current Assets	<u>10,482,459</u>	<u>1,722,131</u>	<u>12,204,590</u>
Noncurrent Assets			
Net Pension Asset	152,233	5,456	157,689
Total Current Assets	<u>152,233</u>	<u>5,456</u>	<u>157,689</u>
Capital Assets:			
Land	10,175,461	1,485,000	11,660,461
Construction In Progress	-	-	-
Buildings & Improvements	19,158,918	713,156	19,872,074
Vehicles & Equipment	7,612,817	455,448	8,068,265
Infrastructure	31,003,372	29,962,366	60,965,738
Total Capital Assets	<u>67,950,568</u>	<u>32,615,970</u>	<u>100,566,538</u>
Less Accumulated Depreciation	<u>(20,435,946)</u>	<u>(10,574,081)</u>	<u>(31,010,027)</u>
Net Capital Assets	<u>47,514,622</u>	<u>22,041,889</u>	<u>69,556,511</u>
Total Assets	<u>58,149,314</u>	<u>23,769,476</u>	<u>81,918,790</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Net OPEB	446,045	-	446,045
Net Pension	1,118,577	40,090	1,158,667
Total Deferred Outflows of Resources	<u>1,564,622</u>	<u>40,090</u>	<u>1,604,712</u>
<u>LIABILITIES</u>			
Account Payable	329,927	-	329,927
Other Liabilities	27,232	-	27,232
Accrued Interest Payable	57,632	5,122	62,754
Due to other Funds	765,944	-	765,944
Taxes Collected In Advance	122,267	-	122,267
Bonds and Notes:			
Due Within One Year	490,871	359,197	850,068
Total Current Liabilities	<u>1,793,873</u>	<u>364,319</u>	<u>2,158,192</u>
Noncurrent Liabilities			
Bonds and Notes:			
Due in More Than One Year	9,889,170	950,188	10,839,358
OPEB Liability	511,618	-	511,618
Compensated Absences	438,135	-	438,135
Total Noncurrent Liabilities	<u>10,838,923</u>	<u>950,188</u>	<u>11,789,111</u>
Total Liabilities	<u>12,632,796</u>	<u>1,314,507</u>	<u>13,947,303</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Net OPEB	129,961	-	129,961
Net Pension	2,085,331	74,739	2,160,070
Total Deferred Inflows of Resources	<u>2,215,292</u>	<u>74,739</u>	<u>2,290,031</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, 2022

Exhibit A
 Page 2 of 2

<u>NET POSITION</u>	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Totals</u>
Invested in Capital Assets, Net of Related Debt	37,134,581	20,506,129	57,640,710
Restricted For:			
TIF	-	24,878	24,878
Infrastructure Maintenance & Upgrade Capital Projects	-	316,202	316,202
Heating Fuel	3,002,443	-	3,002,443
Special Purposes	-	72,484	72,484
Unrestricted	1,991,530	-	1,991,530
Total Net Position	<u>2,737,294</u>	<u>1,500,627</u>	<u>4,237,921</u>
	<u>\$ 44,865,848</u>	<u>\$ 22,420,320</u>	<u>\$ 67,286,168</u>

City of Belfast, Maine
Government-Wide Statement of Activities
For the Year Ended June 30, 2022

Program Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Position			
	Expenses	Fees, Fines, & Charges for Service	Operating Grants & Contributions	Capital Grants & Contributions	Business-Type		Totals
					Governmental Activities	Activities	
Governmental Activities							
General Government	\$ 3,629,333	\$ 401,002	\$ -	\$ -	\$ (3,228,331)	\$ -	\$ (3,228,331)
Protection	3,141,158	991,443	77,647	-	(2,072,068)	-	(2,072,068)
Public Works	4,785,790	514,226	101,504	-	(4,170,060)	-	(4,170,060)
Social Services	416,396	-	-	-	(416,396)	-	(416,396)
Parks & Recreation	311,094	(142)	-	-	(311,236)	-	(311,236)
Library	509,994	150,000	-	-	(359,994)	-	(359,994)
Cemeteries	145,548	-	-	120,000	(25,548)	-	(25,548)
Education	10,491,318	-	-	-	(10,491,318)	-	(10,491,318)
County Tax	1,552,687	-	-	-	(1,552,687)	-	(1,552,687)
Interest on Long-Term Debt	264,215	-	-	-	(264,215)	-	(264,215)
OPEB Expense	(10,827)	-	-	-	10,827	-	10,827
Pension Expense	30,335	-	-	-	(30,335)	-	(30,335)
Unclassified	521,838	199,613	-	-	(322,225)	-	(322,225)
Total Governmental Activities	25,788,879	2,256,142	179,151	120,000	23,233,586	-	(23,233,586)
Business-Type Activities							
Sewer Department	1,025,595	1,155,950	-	-	-	130,355	130,355
Total Business-Type Activities	1,025,595	1,155,950	-	-	-	130,355	130,355
Total Government	\$ 26,814,474	\$ 3,412,092	\$ 179,151	\$ 120,000	(23,233,586)	130,355	(23,103,231)

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, 2022

	Net (Expense) Revenues and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Totals
General Revenues:			
Taxes:			
Property	18,272,022	-	18,272,022
Excise	1,253,238	-	1,253,238
Interest on Taxes	55,649	-	55,649
Investment Earnings	15,697	2,449	18,146
Miscellaneous	2,589,831	-	2,589,831
Intergovernmental, Not Restricted to Specific Functions	1,867,584	-	1,867,584
Lease & Rental Income	120,607	-	120,607
Cable TV Receipts	89,667	-	89,667
Payment in Lieu of Taxes	13,200	-	13,200
Special Projects (Net)	882,605	-	882,605
Reserve for Uncollectible Transfers	(200,000)	-	(200,000)
	-	-	-
Total General Revenues and Transfers	24,960,100	2,449	24,962,549
Changes in Net Position	1,726,514	132,804	1,859,318
Net Position, Beginning	43,139,334	22,287,516	65,426,850
Net Position, Ending	\$ 44,865,848	\$ 22,420,320	\$ 67,286,168

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

City of Belfast, Maine
Balance Sheet - Governmental Funds
June 30, 2022

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 6,995,231	\$ -	\$ 6,995,231
Investments	560,013	979,189	1,539,111
Receivables (Net of Allowance for Doubtful Accounts):			
Taxes	542,000	-	542,000
Accounts	1,395,349	10,768	1,406,117
Due from Other Funds	-	2,012,486	2,012,486
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 9,492,593</u>	<u>\$ 3,002,443</u>	<u>\$ 12,495,036</u>
<u>LIABILITIES & FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 329,927	\$ -	\$ 329,927
Other Liabilities & Accruals	27,232	-	27,232
Due to Other Funds	2,778,430	-	2,778,430
Taxes Collected In Advance	122,267	-	122,267
Total Liabilities	<hr/> <u>3,257,856</u>	<hr/> <u>-</u>	<hr/> <u>3,257,856</u>
Deferred Inflow of Resources			
Unavailable Revenue-Property Taxes	380,045	-	380,045
	<hr/>	<hr/>	<hr/>
<u>Fund Balances</u>			
Nonspendable	-	-	-
Restricted	-	3,002,443	3,002,443
Committed	1,991,530	-	1,991,530
Assigned	364,881	-	364,881
Unassigned	3,498,281	-	3,498,281
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>5,854,692</u>	<u>3,002,443</u>	<u>8,857,135</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities & Fund Balances	<u>\$ 9,492,593</u>	<u>\$ 3,002,443</u>	<u>\$ 12,495,036</u>

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

City of Belfast, Maine
 Reconciliation of the Governmental Funds Balance Sheet
 to the Government-Wide Statement of Net Position
 June 30, 2022

Exhibit D

Total Fund Balances - Total Governmental Funds \$ 8,857,135

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>37,339,161</u>	
Total capital assets		47,514,622

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 (57,632)

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	(490,871)	
Long-term bond liabilities-due in more than one year	(9,889,170)	
Compensated absences	<u>(438,135)</u>	
Total long-term liabilities		(10,818,176)

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:

Net Pension Asset	152,233	
Deferred outflows of resources	1,564,622	
Net pension and OPEB liability	(511,618)	
Deferred inflows of resources	<u>(2,215,292)</u>	
		(1,010,055)

Other deferred inflow of resources not available to pay for current period expenditures in the governmental funds-property taxes 379,954

Net position of governmental activities \$ 44,865,848

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, 2022

	General Fund	Capital Projects Fund	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$ 18,331,098	\$ -	\$ 18,331,098
Excise Taxes	1,253,238	-	1,253,238
Intergovernmental	2,047,035	-	2,047,035
Charges for Services	2,106,645	-	2,106,645
Investment Income	9,612	6,085	15,697
Interest on Taxes	55,469	-	55,469
Special Purpose Accts.	1,577,921	-	1,577,921
Miscellaneous	742,949	2,339,853	3,082,802
Total Revenues	<u>26,123,967</u>	<u>2,345,938</u>	<u>28,469,905</u>
<u>Expenditures:</u>			
General Government	3,346,990	173,672	3,520,662
Protection	3,159,210	8,000	3,167,210
Public Works	2,388,285	1,866,309	4,254,594
Social Services	416,396	-	416,396
Parks & Recreation	290,042	12,942	302,984
Library	443,900	-	443,900
Cemeteries	137,216	4,411	141,627
Education	10,491,318	-	10,491,318
County Tax	1,552,687	-	1,552,687
Debt Service	656,881	-	656,881
Special Purpose Accts.	695,316	-	695,316
Unclassified	401,459	2,662	404,121
Total Expenditures	<u>23,979,700</u>	<u>2,067,996</u>	<u>26,047,696</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,144,267</u>	<u>277,942</u>	<u>2,422,209</u>
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	389,542	1,115,942	1,505,484
Operating Transfers (Out)	(1,115,942)	(389,542)	(1,505,484)
Reserve for Uncollectible	(200,000)	-	(200,000)
Total Other Financing Sources & Uses	<u>(926,400)</u>	<u>726,400</u>	<u>(200,000)</u>
Net Changes in Fund Balances	1,217,867	1,004,342	2,222,209
Fund Balance - Beginning	<u>4,636,825</u>	<u>1,998,101</u>	<u>6,634,926</u>
Fund Balance - Ending	<u>\$ 5,854,692</u>	<u>\$ 3,002,443</u>	<u>\$ 8,857,135</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, 2022

Exhibit F

Net Change in Fund Balance - Total Government Funds	\$ 2,222,209
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.	222,056
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.	(1,006,833)
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.	398,087
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).	(19,508)
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.	(84,076)
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.	(5,421)
Change in net position of governmental activities	\$ 1,726,514

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, 2022

Exhibit G

	<u>2022</u>
<u>ASSETS</u>	
<u>Current Assets</u>	
Due from General Fund	\$ 765,944
Pooled Investments	377,511
Receivables:	
Accounts	11,175
Sewage Treatment Services (Net Allowance for Doubtful)	567,501
Total Current Assets	<u>1,722,131</u>
<u>Noncurrent Assets</u>	
Net Pension Asset	5,456
Total Noncurrent Assets	<u>5,456</u>
<u>Capital Assets:</u>	
Land	1,485,000
Buildings & Improvements	713,156
Vehicle & Equipment	455,448
Infrastructure	29,962,366
Total Capital Assets	<u>32,615,970</u>
Less Accumulated Depreciation	<u>(10,574,081)</u>
Net Capital Assets	<u>22,041,889</u>
 Total Assets	 <u>23,769,476</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Net Pension	40,090
Total Deferred Outflows of Resources	<u>40,090</u>
 <u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accrued Interest Payable	5,122
Current Portion of Long-Term Liabilities	359,197
Total Current Liabilities	<u>364,319</u>
<u>Noncurrent Liabilities</u>	
Portion of Long-Term Liabilities	950,188
Total Noncurrent Liabilities	<u>950,188</u>
Total Liabilities	<u>1,314,507</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Net Pension	74,739
Total Deferred Inflows of Resources	<u>74,739</u>
 <u>NET POSITION</u>	
Invested in Capital Assets - Net of Related Debt	20,506,129
Restricted for TIF	24,878
Restricted for Heating Fuel	72,484
Restricted for Infrastructure Maint. & Upgrade	316,202
Unrestricted	<u>1,500,627</u>
Total Net Position	<u>\$ 22,420,320</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, 2022

Sewer Disposal & Treatment System
2022

Operating Revenues:

User Fees	\$ 1,135,204
Entrance & Recording Fees	20,746
Total Operating Revenues	1,155,950

Operating Expenses:

Salaries & Wages	176,594
Fringe Benefits	75,828
Utilities	73,330
Chemicals	19,372
Infrastructure Maintenance	27,459
Outside Services	100,712
Laboratory Supplies	6,472
Building Maintenance	4,632
Vehicle Maintenance/Fuel	9,946
Insurance	27,049
Billing & Accounting	8,726
Contract Sludge	84,458
Miscellaneous	20,575
Pension Expense	1,087
Depreciation	374,406
Total Operating Expenses	1,010,646

Operating Income (Loss)	145,304
-------------------------	---------

Non-Operating Revenue (Expense):

Investment Earnings	2,449
Interest Expense	(14,949)
Net Non-Operating Revenue (Expense)	(12,500)

Income (Loss) Before Transfers	132,804
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Capital Contributions

Transfers in (out): Net	-
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Change in Net Position	132,804
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Total Net Position - Beginning of Year	22,287,516
--	------------

Total Net Position - End of Year	\$ 22,420,320
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City of Belfast, Maine
Statement of Cash Flows - Sewer Fund
Proprietary Funds
For the Year Ended June 30, 2022

		<u>Waste Water (Sewer)</u>
Cash flows From Operating Activities:		
Cash Received from Customers	\$ 1,144,098	
Cash Payments to Employees	(176,594)	
Cash Payments to Suppliers of Goods & Services	<u>(432,106)</u>	
Net Cash Provided by Operating Activities		\$ 535,398
Cash Flows From Noncapital Financing Activities:		
Transfers (Net)	<u>1,346,545</u>	
Net Cash Provided by Noncapital Financing Activities		1,346,545
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Fixed Assets	(1,290,874)	
Principal Paid on Long-Term Debt	(398,087)	
Interest Paid on Long-Term Debt	<u>(21,796)</u>	
Net Cash (Used) in Capital & Related Financing Activities		<u>(1,710,757)</u>
Net Increase (Decrease) in Cash & Cash Equivalents		171,186
Cash & Cash Equivalents		
Beginning of Year		<u>972,269</u>
End of Year:		
Cash Held By General Fund in Investments	765,944	
Cash in Pooled investments	<u>377,511</u>	
Total End of Year		<u>\$ 1,143,455</u>
Reconciliation of operating income (Loss) to net		
Cash Provided by Operating Activities		
Operating Income		\$ 146,666
Adjustments to Reconcile operations Income to		
Net Cash Provided by Operating Activities		
Depreciation		363,604
Changes in Assets & Liabilities		
(Increase) Decrease in Receivables		26,103
Increase (Decrease) in Payables		<u>(975)</u>
Net Cash Provided by Operating Activities		<u>\$ 535,398</u>

City of Belfast, Maine
 Statement of Fiduciary Net Positions
 Fiduciary Funds
 June 30, 2022

<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	\$ 1,899,993	\$ 2,332,471	\$ 2,094,991	\$ 64,330	\$ 5,773	\$ 479	\$ 6,398,037
Total Assets	<u>1,899,993</u>	<u>2,332,471</u>	<u>2,094,991</u>	<u>64,330</u>	<u>5,773</u>	<u>479</u>	<u>6,398,037</u>
Net Positions - Held in Trust for Specific Programs	<u>\$ 1,899,993</u>	<u>\$ 2,332,471</u>	<u>\$ 2,094,991</u>	<u>\$ 64,330</u>	<u>\$ 5,773</u>	<u>\$ 479</u>	<u>\$ 6,398,037</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, 2022

	<u>Cemeteries</u>	<u>Library</u>	<u>Special</u>	<u>Charity</u>	<u>Recreation</u>	<u>Health</u>	<u>Totals</u>
<u>Principal</u>							
Additions:							
Investment Income							
Interest & Dividends	\$ 20,213	\$ 34,629	\$ 23,238	\$ 330	\$ 30	\$ 3	\$ 78,443
Net increase (Decrease) in Fair Value of Investments	123,087	121,071	(26,224)	(278)	2	-	217,658
Total Additions	143,300	155,700	(2,986)	52	32	3	296,101
Deductions:							
Cemetery	(120,000)	-	-	-	-	-	(120,000)
Library	-	(150,000)	-	-	-	-	(150,000)
Unclassified	-	-	-	-	-	-	-
Total Deductions	(120,000)	(150,000)	-	-	-	-	(270,000)
Change in Net Position	23,300	5,700	(2,986)	52	32	3	26,101
Net Position, Beginning of Year	\$ 1,876,693	\$ 2,326,771	\$ 2,097,977	\$ 64,278	\$ 5,741	\$ 476	\$ 6,371,936
Net Position, End of Year	\$ 1,899,993	\$ 2,332,471	\$ 2,094,991	\$ 64,330	\$ 5,773	\$ 479	\$ 6,398,037

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, 2022

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:

Custodial Funds are custodial in nature and do not present results of operations or have a measurement focus. Custodial 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 \$438,135, as of June 30, 2022.

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, 2022 amounted to \$2,181,005 of which general receivables are \$641,850 and ambulance receivables are \$1,539,155. 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, 2022, is as follows:

General Fund:	
Ambulance	\$774,888
Taxes	73,167
Proprietary:	
Sewer Fund	<u>2,500</u>
Total Allowances for Uncollectible	<u>\$850,555</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.

13. Implementation of New Accounting Standards

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

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>\$1,217,867</u>
Deficiency of revenues and other financing sources over expenditures and other uses (GAAP)	<u>\$1,217,867</u>

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2022, the following account exceeded appropriations by general government, \$33,912 and social services \$122,241. 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, 2022 consist of the following:

Deposits	
Cash on Hand	\$ 808
Cash and Cash Equivalents	6,994,423
Investments	
Various Certificates of Deposits, Federal Nat'l Mtg. Notes, and Mutual Funds and Equity Securities	8,314,659
Total Cash and Investments	\$15,309,890

Deposits:

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, 2022, \$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.

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.

Investments

Custodial Credit Risk

Custodial risk for investments is that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the City does not have a policy for custodial credit risk for investments. The City's investments of \$8,314,659 are not exposed to custodial credit risk because those securities are registered in the City's name and are held by the City's brokerage firm.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair

value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions of \$512,733 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2022, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>			
		<u>N/A</u>	<u>< 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>
Mutual Funds:					
Fixed Income	\$1,022,052	\$1,022,052	\$ -	\$ -	\$ -
Debt Securities:					
Certificates of Deposits	512,733	-	512,733	-	-
Equity Securities:					
Common Stock	<u>6,799,874</u>	<u>6,799,874</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$8,314,659</u>	<u>\$7,821,926</u>	<u>\$512,733</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2022:

	<u>June 30, 2022</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level I)</u>	<u>Significant Other Observable Inputs (Level II)</u>	<u>Significant Unobservable Inputs (Level III)</u>
Debt Securities:				
Certificate of Deposit	\$ 512,733	\$ -	\$ 512,733	\$ -
Equity Securities:				
Common Stock	\$6,799,874	\$6,799,874	\$ -	\$ -
Mutual Funds and Exchange Traded Funds	<u>1,022,052</u>	<u>1,022,052</u>	<u>-</u>	<u>-</u>
Total Equity Securities	<u>7,821,926</u>	<u>7,821,926</u>	<u>-</u>	<u>-</u>
Total Investments at Fair Value	<u>8,314,659</u>	<u>\$7,821,926</u>	<u>\$ 512,733</u>	<u>\$ -</u>
Cash Equivalents measured at Net Asset Value (NAV):				
Money Market Mutual Funds	<u>644,454</u>			
Total cash equivalents measured at NAV	<u>644,454</u>			
Total Investments and Cash Equivalents measured at Fair Value	<u>\$8,959,113</u>			

B. Property Tax

The City's property tax was levied September 22, 2021, on the assessed value listed as of April 1, 2021, for all real and personal property located in the City. The assessed value for the list of April 1, 2021, upon which the 2022 levy base was \$845,805,200. Taxes were due and payable on November 15, 2021, and March 1, 2022, with interest at the rate of 6% 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, 2022, was as follows:

	Balances at June 30, 2021	Additions	Retirements and Transfers	Balances at June 30, 2022
<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	7,560	—	19,158,918
Equipment	7,398,321	318,341	(103,845)	7,612,817
Infrastructure	<u>31,003,372</u>	<u>—</u>	<u>—</u>	<u>31,003,372</u>
Total Capital Assets being Depreciated	<u>57,553,051</u>	<u>325,901</u>	<u>(103,845)</u>	<u>57,775,107</u>
Less Accumulated Depreciation for:				
Buildings	(5,106,839)	(365,140)	—	(5,471,979)
Equipment	(4,870,945)	(197,575)	—	(5,020,520)
Infrastructures	<u>(9,454,475)</u>	<u>(488,972)</u>	<u>—</u>	<u>(9,943,447)</u>
Total Accum. Depreciation Governmental Activities	<u>(19,432,259)</u>	<u>(1,051,687)</u>	<u>48,000</u>	<u>(20,435,946)</u>
Capital Assets - Net	<u>\$48,296,253</u>	<u>\$ (725,786)</u>	<u>\$ (55,845)</u>	<u>\$47,514,622</u>
	=====	=====	=====	=====
	Beginning Balance	Increase	Decrease	Ending Balance
<u>Business-Type Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 1,485,000	\$ —	\$ —	\$ 1,485,000
Total Capital Assets not being Depreciated	<u>1,485,000</u>	<u>—</u>	<u>—</u>	<u>1,485,000</u>
Other Capital Assets:				
Buildings & Improvements	713,156	—	—	713,156
Vehicles & Equipment	455,448	—	—	455,448
Infrastructure	<u>28,671,490</u>	<u>1,290,875</u>	<u>—</u>	<u>29,962,365</u>
Total Other Capital Assets	<u>29,840,094</u>	<u>1,290,875</u>	<u>—</u>	<u>31,130,969</u>

Less Accumulated Depreciation:				
Building & Improvements	(648,168)	(7,852)	—	(656,020)
Vehicles & Equipment	(190,191)	(16,289)	—	(206,480)
Infrastructure	<u>(9,361,316)</u>	<u>(350,265)</u>	—	<u>(9,711,581)</u>
Total Accumulated Deprec.	<u>(10,199,675)</u>	<u>(374,406)</u>	—	<u>(10,574,081)</u>
Other Capital Assets, Net	<u>19,640,419</u>	<u>916,469</u>	—	<u>20,556,888</u>
Business-Type Capital, Net	<u>\$21,125,419</u>	<u>\$ 916,469</u>	<u>\$ —</u>	<u>\$22,041,888</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	\$ 8,741	\$ 31,164	\$ 83,791
Protection	37,473	74,142	—	111,615
Public Works	202,159	55,580	335,957	593,696
Parks & Recreation	1,398	9,422	11,619	22,439
Library	66,094	—	—	66,094
Cemeteries	84	3,837	—	3,921
Unclassified	<u>14,046</u>	<u>999</u>	<u>110,232</u>	<u>125,277</u>
Total Depreciation for Governmental Activities	<u>\$365,140</u>	<u>\$152,721</u>	<u>\$488,972</u>	<u>\$1,006,833</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, 2022, the balances were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 3,115	\$2,778,430
Capital Projects	2,012,486	—
Trust Fund	—	3,115
Sewer Fund	<u>765,944</u>	<u>—</u>
	<u>\$2,781,545</u>	<u>\$2,781,545</u>

Individual fund transfers to and from other funds for the fiscal year ended June 30, 2022 are comprised primarily of transfers of fund balances to fund capital projects.

	<u>Transfers To</u>	<u>Transfers From</u>
General Fund	\$1,115,942	\$ 389,542
Capital Projects Fund	<u>389,542</u>	<u>1,115,942</u>
	<u>\$1,505,484</u>	<u>\$1,505,484</u>

E. Long-term Debt

General Obligation Bonds

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

The original amount of general obligation bonds issued is \$24,613,441. The following is a summary of general obligation bond and note transactions of the City for the fiscal year ended June 30, 2022:

Bonds and notes payable at June 30, 2021	\$12,589,154
Add: Principal additions	35,700
Less: Principal repayments	<u>(906,869)</u>
Bonds and notes payable at June 30, 2022	<u>\$11,717,985</u>

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

Long-term Debt	Fiscal Year Of Maturity	Interest Rate	Governmental	Business-type	Total June 30, 2022
			Activities City	Activities	
Footbridge Bond	2022	2.085%-5.085%	\$ 148,826	\$ -	\$ 148,826
Walkway Project	2032	1.480%-3.706%	440,000	-	440,000
Front St. Recon. Bond	2036	0.91%-3.50%	1,612,500	-	1,612,500
Pub Works/ Bldg/Solar Compactor Equipment	2047 2026	1.720%-4.215% .0050%	8,178,715 28,559	-	8,178,715 28,559
Pierce/Bridge Street Bond	2023	2.250%	-	76,465	76,465
Swan Avenue Bond	2024	1.870%	-	73,674	73,674
Waste Water Refinance Bond	2024	1.450%	-	347,394	347,394
Replacement Project Bond	2025	1.490%	-	560,838	560,838
ARRA CWSRF	2029	0.000%	-	<u>251,014</u>	<u>251,014</u>
Total Bonds and Notes			<u>\$10,408,600</u>	<u>\$ 1,309,385</u>	<u>\$ 11,717,985</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
2023	\$ 520,054	\$ 323,218	\$ 359,197	\$ 29,120
2024	375,428	311,876	363,468	23,974
2025	379,855	303,959	292,775	11,308
2026	384,486	295,760	176,803	15,192
2027	382,190	287,326	33,468	-
2028-2032	1,996,199	1,295,381	83,674	-
2033-2037	2,037,677	1,011,468	-	-
2038-2042	1,743,486	691,783	-	-
2043-2047	2,112,225	323,043	-	-
2048-2053	<u>477,000</u>	<u>10,053</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,408,600</u>	<u>\$4,853,867</u>	<u>\$ 1,309,385</u>	<u>\$ 79,594</u>

Other Long-term Obligations

Accrued Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacations and sick pay benefits. Vested or accumulated vacation and sick leave are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

Compensated Balances at June 30, 2022	\$438,135
Compensated Balances at June 30, 2021	<u>(457,730)</u>
Increase (Decrease) during fiscal year 2022	<u>\$ (19,595)</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, 2022, the statutory limit for the City was \$138,877,500. The City's outstanding long-term debt of \$11,689,426, at June 30, 2022 was within the statutory limit.

F. Fund Balance By Purpose

Following is more detailed information on the governmental fund balances:

	General Fund	Capital Projects	Total
Nonspendable for:	\$ -	\$ -	\$ -
Capital Projects	-	3,002,443	3,002,443
Special Purpose Funds	1,991,530	-	1,991,530
Assigned to:			
Designated Carried	364,881	-	364,881
Unassigned	<u>3,498,281</u>	<u>-</u>	<u>3,498,281</u>
Total Fund Balances	<u>\$5,854,692</u>	<u>\$3,002,443</u>	<u>\$ 8,857,135</u>

G. Fund Balances

As of June 30, 2022, the following funds were unexpended and were carried forward into the operations of the 2022/2023 fiscal year.

Designated for Subsequent Years' Expenditures

110-511	Vehicle & School Exp.	\$ 3,500
130-631	Records Restoration	2,500
130-674	Codification	7,605
140-524	City Bldg. Cleaning Contract	9,989
140-837	City Bldg. IT Services	4,337
190-520	Boathouse Maint. Repairs & Misc.	329
210-520	Fire Bldg. Maint. & Repairs.	1,860
210-535	Fire Purchase & Equip	7,595
220-501	Police Salaries and Wages	50,000
220-535	Police Purchase of Equip	7,000
220-540	Police Firearms/Training	3,000
220-843	Police K-9 Exp	3,425
270-504	Ambulance Supplies & Exp	1,500
410-535	PW Purchase of Equip	88,000
410-572	PW Culverts/Sign	3,756
420-902	Sidewalk Reserve	38,693
440-520	TS Bldg Maint	6,187
440-574	TS Land Closing Costs	11,509
460-578	Tree Program	5,850
460-678	Tree Planting	13,124
580-501	Econ. Dev. Salaries & Wages	57,162
580-511	Econ, Dev. Vehicle & School Exp.	309
610-588	P & R Programming	3,500
630-592	Cemetery Tree Planning	1,700
660-709	Harbor Footbridge Maint.	546
670-602	Planning GIS Support	1,500
680-604	Eng/Professional Sources	<u>30,405</u>
	Total	<u>\$ 364,881</u>

H. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consist of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

I. Subsequent Events

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure. City of Belfast did not have any subsequent events or transactions requiring recording or disclosure in the financial statements through April 12, 2023, the date that the financial statements were available to be issued.

J. Tax Increment Financing

Significant amounts of both taxable real property and taxable personal property within Belfast are located and sheltered within five existing TIF districts, which are: 1) the Northport Avenue Omnibus Municipal Development and TIF District (established in 2006 and amended in 2014); 2) the Downtown Waterfront Omnibus Municipal Development and TIF District (established in 2007 and amended in 2014); 3) the Wight Street Affordable Housing Development and TIF District (established in 2019); 4) the Congress Street Affordable Housing Development and TIF District (established in 2020); and 5) the School Street Affordable Housing Development and TIF District (established in 2021).

Within the Northport Avenue TIF District, the assessed value of taxable real property increased slightly from April 1st, 2021 to April 1st, 2022, going from \$9,497,500 to \$9,633,680, while the assessed value of taxable personal property decreased during that same period, going from \$851,600 to \$805,800. Taken together, the entire assessed value of the district increased marginally (by 0.9%) from \$10,349,100 as of April 1st, 2021 to \$10,439,480 as of April 1st, 2022. The difference between the current total assessed value of the Northport Avenue TIF District (\$10,439,480) and the original amended assessed value of the district (\$10,126,400), also known as the *increment*, is now \$313,080; at the City's September 21st, 2021 mill rate of 22.0, this increment would be expected to generate \$6,887.76 in TIF revenue per year.

The assessed value of taxable real property within the Downtown Waterfront TIF District experienced a decrease, going from \$64,181,700 as of April 1st, 2021 to \$63,887,400 as of April 1st, 2022. The assessed value of taxable personal property within that district also decreased during that same period of time, going from \$2,204,900 as of April 1st, 2021 to \$1,598,800 as of April 1st, 2022. Combined, the total assessed value of the district decreased by 1.4%, going from \$66,386,600 as of April 1st, 2021 to \$65,486,200. A notable reason for this decrease was the aforementioned destruction of the Penobscot McCrum potato processing facility which occurred in March 2022 due to fire. The district's current increment is now \$18,078,920; at the City's September 21st, 2021 mill rate of 22.0, this increment would be expected to generate \$397,736.24 in annual TIF revenue. It should be noted that \$2,179,300 of this increment (and its associated annual TIF revenue of \$47,944.60) 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.

While the Congress Street TIF District has not yet generated any increment (and therefore has not generated any TIF revenue); as of April 1st, 2022 the Wight Street TIF District has generated an increment of \$4,843,500 and the School Street TIF District has generated an increment of \$13,554; at the City's September 21st, 2022 mill rate of 22.0, these increments would be expected to generate \$106,557.00 and \$298.19 in annual TIF revenue, respectively; however, the City will return 50% of this revenue to the owners/managers of the senior affordable rental housing facilities located in the district each year for 30 years, per the terms of their Credit Enhancement Agreements with the City.

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, 2022, 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.maineopers.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 10.29% employee's annual pay for the regular plans AC-60 and AC-65 and 13.39% for the special 3C plan. The employee's contractually required contribution rate for the regular plan was 7.34% of their annual plan and 9.70% for the special 3C plan. Contributions to the pension plan from the City were \$440,424 for the year ended June 30, 2022.

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, 2021, 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, 2021, the City reported an asset of \$152,233 for governmental activities and \$5,456 for business-type activities for its proportionate share of the net pension liability. At June 30, 2021, the City's proportion of the PLD Plan was .490688%.

For the year ended June 30, 2022, the City recognized pension expense \$30,335 for governmental activities and \$1,087 for business-type activities for the PLD Plan. At June 30, 2022, 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	\$ 98,476	\$ 10,347	\$ 3,529	\$ 371
Changes of assumptions	511,184	-	18,321	-
Net difference between projected and actual earnings on pension plan investments	-	2,074,984	-	74,368
Changes in proportion and differences between City contributions and proportionate share of contributions	83,732	-	3,001	-
City contribution subsequent to the measurement date	<u>425,185</u>	<u>-</u>	<u>15,239</u>	<u>-</u>
Total	<u>\$1,118,577</u>	<u>\$2,085,331</u>	<u>\$40,090</u>	<u>\$74,739</u>

An amount of \$425,185 for governmental activities and \$15,239 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, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense follows:

Year Ending June 30,	Governmental <u>Activities</u>	Business-type <u>Activities</u>
2023	\$(180,566)	\$ (6,471)
2024	(162,436)	(5,822)
2025	(472,340)	(16,929)
2026	(576,597)	(20,665)

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 11.48%
Investment return, per annum, compounded annually	6.50%
Cost of living benefit increases, per annum	1.91%

Mortality rates were based on the 2010 Public Plan General Benefits – Weighted Healthy Retiree Mortality table, for males and females, projected generationally using RPEC_2020 Model.

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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Lon-term Expected Real Rate of Return</u>
Public equities	6.0%
US Government	2.3%
Private equity	7.6%
Real estate	5.2%
Infrastructure	5.3%
Natural resources	5.0%
Traditional credit	3.0%
Alternatives credit	7.2%
Diversifiers	5.9%

Discount Rate – The discount rate used to measure the total pension liability was 6.50% 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 6.50% 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 (5.50% for PLD Plan) or 1 percentage-point higher (7.50% for PLD Plan) than the current year rate:

<u>PLD Plan</u>	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
City proportionate share of the net pension liability	\$2,243,999	\$(157,689)	\$(2,144,200)

Changes in Net Pension Liability

Each employer’s share of the collective net pension liability/(asset) is equal to the collective net pension liability/(asset) multiplied by the employer’s proportionate share as of June 30, 2021 as shown in the schedules or employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2021 with the following exceptions.

Difference between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension 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. For 2021 and 2020, this was three years for the PLD Consolidated Plan. For 2019, this was four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years; prior to 2017, this was four years for the PLD Consolidated Plan.

Difference between Projected and Actual Investment Earnings

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

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2021 valuation were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of

resources or deferred inflows of resources. Please refer to the Actuarial Methods and Assumptions section for information relating to the use of assumptions.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in pension 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 pension expense and the remaining years are shown as either deferred outflows or resources or deferred inflows of resources. Differences between total employer has a contribution requirement for an employer specific liability.

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, 2021.

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. Contributions for fiscal year 2022 were \$6,786.

Other

Additionally, the City participates in the Social Security Retirement Program. The City's contribution to Social Security was \$392,820 for the year ended June 30, 2022.

C. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

General Information about the OPEB Plan

Plan Description – The City sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The City has authority to establish and amend benefits terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided – MMEHT provides healthcare benefits for retirees and their dependents. City employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. All eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage excepts certain public safety employees who may be eligible to share their premium costs with the State. For those City employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

Employees Covered by Benefit Terms – At January 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>56</u>
Total	<u>56</u>

Total OPEB Liability

The City’s total OPEB liability of \$404,234 was measured as of January 1, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Methods – The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2022, using the following methods to all periods included in the measurement.

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

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

Amortization – the total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level of dollar amortization method.

Actuarial Assumptions - Actuarial assumptions used in the January 1, 2021 actuarial valuation was based on economic, demographic, and claim expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

The actuarial assumptions used in the January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of

June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. As of January 1, 2022, they are as follows:

Medical trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007, and version 2022_f4 was used for this valuation. The following were inputs into this model:

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

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

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

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

Administrative and claims expense: 3% per annum.

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

Retirement Contribution Increases – Retiree medical contributions are assumed to increase at the same rate as plan incurred claims. We assume a constant cost sharing in plan design between employer and retirees.

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

Marriage Assumptions – A husband is assumed to be 3 years older than his wife.

Administrative Expense – Included in the per-capita claims cost.

Rates of Turnover – Termination rates were taken from the assumption for the Maine

State Retirement Consolidated Plan for Participating Local Districts at June 30, 2022.
Disability Incidence - Disabled lives will be considered active employees and will not be valued separately for postretirement benefit purposes.

Salary Increase Rate – For the level percentage of pay entry age method, total payroll is assumed to grow at 2.75% per year.

Dates of Hire – Dates of hire may need to be assumed for some members. Assumed dates of hire will be based on average age at hire for similar employees.

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

Changes in Economic Assumptions since last valuation – The discount rate was updated to reflect the December 31, 2020 Bond Buyer 2—Bon GO Index. The ultimate trend assumption was reduced to reflect the reduction in the Bond Buyer 20-Bond GO Index.

Retirement Continuation Percentage – Retirees who are currently Medicare participants: we assumed 100% will continue in the plan elected. Retirees who are currently in a Pre-Medicare plan and active participants: 75% of them will continue coverage once Medicare eligible. Spouses who are currently in Pre-Medicare plan and spouses of actives: 50% of them will continue coverage once Medicare eligible.

Rate of Mortality:

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

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

Discount Rate – The used to measure the OPEB liability was 2.06% based on a measurement date of January 1, 2021. This rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2022	\$ -
Changes for the year:	
Service Cost	-
Interest	-
Changes of benefit terms	-
Difference between expected and actual	421,422
Changes in assumptions or other inputs	(17,188)
Benefit payments	-
Net Change	<u>404,234</u>
Balance at December 31, 2022	<u>\$ 404,234</u>

	Total Fiduciary Net Position
Balance at January 1, 2022	\$ -
Contributions	-
Benefit payments	-
Net Change	<u>-</u>
Balance at December 31, 2020	<u>\$ -</u>

At June 30, 2022, the City reported a liability of \$404,234 for governmental activities for its proportionate share of the OPEB liability.

Change in assumptions reflects a change in the discount rate from 2.12% to 2.06%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the Town’s total OPEB liability calculated using the discount rate of 2.06%, as well as the Town’s total liability would be if it were calculated using a discount rate that 1 percentage-point lower (1.06%) or 1 percentage-point higher (3.06%) than the current rate:

	1% Decrease <u>(1.06%)</u>	Discount Rate <u>(2.06%)</u>	1% Increase <u>(3.06%)</u>
Total OPEB liability	\$481,619	\$404,234	\$341,719

Sensitivity of the Total Health Plan OPEB Liability to Changes in Healthcare Cost Trends Rates – The following presents the Town’s total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Higher
Total OPEB liability	\$334,173	\$404,234	\$495,612

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the Town recognized OPEB expense of \$2,192. At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$374,597	\$ -
Changes of assumptions	-	15,278
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>-</u>
Total	<u>\$374,597</u>	<u>\$ 15,278</u>

The 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:	
2023	\$ 44,915
2024	44,915
2025	44,915
2026	44,915
2027	44,915
Thereafter	134,744

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.

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 \$23,881 for the year ended Jun 30, 2022.

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, 2021, 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, 2022, the City reported a liability of \$107,384 for its proportionate share of the net OPEB liability. At June 30, 2021, the City’s proportion was 1.040139%.

For the year ended June 30, 2022, the City recognized OPEB gain of \$13,019 for the PLD Plan. At June 30, 2022, 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	\$ 12,134	\$ -
Changes of assumptions	18,116	72,414
Net difference between projected and actual earnings on OPEB plan investments	-	32,959
Changes in proportion and differences between City contributions and proportionate share of contributions	17,317	9,310
City contributions subsequent to the measurement date	<u>23,881</u>	<u>-</u>
Total	<u>\$ 71,448</u>	<u>\$ 114,683</u>

An amount of \$23,881 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, 2023. 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,	
2022	\$(24,877)
2023	(13,117)
2024	(18,284)
2025	(19,303)
2026	4,233
Thereafter	4,233

Actuarial Assumptions – The net OPEB liability in the June 30, 2021 actuarial valuations was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>PLB OPEB Plan</u>
Inflation	2.75%
Salary increases	2.75%-11.48%
Investment rate of return	6.50%

Mortality rates for PLD Plan was based on the 2010 Public Plan General Benefits – Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using RPEC_2020 Model.

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>Long-term Expected Real Rate of Return</u>
Public equities	6.0%
Real estate	5.2%
Traditional credit	3.0%
US government securities	2.3%

Discount Rate – The discount rate used to measure the collective total OPEB liability was 6.50% for 2021 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, 2021, the discount rate used for the PLD Consolidated Plan was decreased from 6.75% to 6.50%

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 6.50%, 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 (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

	1% Decrease (<u>5.50%</u>)	Discount Rate (<u>6.50%</u>)	1% Increase (<u>7.50%</u>)
Net OPEB liability	\$159,406	\$107,384	\$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, 2022

<u>Resources</u>	<u>Original Budget W/Carried</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance from Amended Positive (Negative)</u>
Property Taxes	\$ 17,470,625	\$ 17,470,625	\$ 17,929,724	\$ 459,099
Excise Taxes	1,288,283	1,288,283	1,253,238	(35,045)
Intergovernmental	2,058,622	2,058,622	2,047,035	(11,587)
Charges for Services	2,010,379	2,010,379	2,106,645	96,266
Investment Income	10,292	10,292	9,612	(680)
Interest on Taxes	87,174	87,174	55,469	(31,705)
Miscellaneous	634,067	634,067	742,949	108,882
Special Purpose Accounts	-	-	1,577,921	1,577,921
Amounts Available for Appropriation	23,559,442	23,559,442	25,722,593	2,163,151
<u>Charges to Appropriations (Outlays)</u>				
General Government	3,242,081	3,313,078	3,346,990	(33,912)
Protection	3,499,435	3,683,974	3,159,210	524,764
Public Works	2,449,781	2,460,581	2,388,285	72,296
Social Services	294,155	294,155	416,396	(122,241)
Parks & Recreation	292,167	302,096	290,042	12,054
Library	448,034	448,034	443,900	4,134
Cemeteries	159,163	159,163	137,216	21,947
Education	10,491,318	10,491,318	10,491,318	-
County Tax	1,562,687	1,562,687	1,552,687	10,000
Debt Service	656,881	656,881	656,881	-
Unclassified	464,730	489,003	401,459	87,544
Reserve for Uncollectibles	-	-	200,000	(200,000)
Special Purpose Accounts	-	-	695,316	(695,316)
Total Charges to Appropriations	23,560,432	23,860,970	24,179,700	(318,730)
Excess (Deficiency) of Resources Over Charges to Appropriations	(990)	(301,528)	1,542,893	1,844,421
<u>Other Financial Sources and Uses:</u>				
Transfers In	-	300,538	405,973	105,435
Transfers (Out)	(98,013)	(98,013)	(730,999)	(632,986)
Carried Balances	99,003	99,003	-	(99,003)
Total Other Financial Sources (Uses)	990	301,528	(325,026)	(626,554)
Net Change in Fund Balance - General Fund	\$ -	\$ -	\$ 1,217,867	\$ 1,217,867

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	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion on the net liability	0.490688%	0.461077%	0.447207%	0.444570%	0.441246%	0.436786%	0.420879%	0.419423%	0.421134%
City's proportionate share of the net pension liability	\$ (152,233)	\$ 1,831,919	\$ 1,366,949	\$ 1,216,685	\$ 1,806,625	\$ 2,320,778	\$ 1,342,804	\$ 645,413	\$ 1,298,185
City's covered payroll	3,951,140	3,653,310	3,413,730	3,034,700	3,065,386	2,414,011	2,273,366	2,136,818	2,029,977
City's proportionate share of the net pension liability as a percentage of its covered payroll	-3.85%	50.14%	40.04%	40.09%	58.93%	96.13%	59.06%	30.20%	63.95%
Plan fiduciary net position as a percentage of the pension liability	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%	87.50%

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

** Only nine 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	\$ 440,424	\$ 297,832	\$ 273,565	\$ 246,791	\$ 226,158	\$ 204,960	\$ 172,041	\$ 145,399
Contributions in relation to the contractually required contribution	(440,424)	(297,832)	(273,565)	(246,791)	(226,158)	(204,960)	(172,041)	(145,399)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,951,140	\$ 3,413,750	\$ 3,034,700	\$ 3,065,386	\$ 2,414,011	\$ 2,273,366	\$ 2,136,818	\$ 2,132,426
Contributions as a percentage of covered payroll	11.14%	8.72%	9.01%	8.05%	9.36%	9.01%	8.05%	6.44%

* Only nine 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	2022	2021	2021	2021	2020	2019	2018
City's proportion of the net OPEB Liability	0.522086%	0.938725%	0.938725%	0.938725%	0.964462%	0.997359%	1.011497%
City's proportionate share of the net OPEB liability	\$ 107,384	\$ 123,838	\$ 123,838	\$ 123,838	\$ 206,371	\$ 201,476	\$ 169,137
City's covered payroll		3,653,310	3,653,310	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%	3.38%	3.38%	6.04%	6.63%	5.51%
Plan fiduciary net position as a percentage of the total OPEB liability	67.26%	55.39%	55.39%	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	2022	2021	2020	2019	2018
Contractually required contribution	\$ 23,881	\$ 22,032	\$ 19,816	\$ 19,538	\$ 19,372
Contributions in relation to the contractually required contribution	(23,881)	(22,032)	(19,816)	(19,538)	(19,372)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 3,951,140	\$ 3,653,310	\$ 3,413,730	\$ 3,034,700	\$ 3,065,386
Contributions as a percentage of covered-employee payroll	0.60%	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
 Required Supplementary Information
 Schedule of Changes in Net OPEB Liability - Health Plan
 For the Fiscal Year Ended June 30, 2022

	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
MMEHT OPEB Plan			
Balances at 1/1/21 (Reporting June 30, 2021)	\$ -	\$ -	\$ -
Service cost	-	-	-
Intrest	-	-	-
Changes of benefits	-	-	-
Differences between expected and actual experience	421,422	-	421,422
Changes in assumptions	(17,188)	-	(17,188)
Contributions - employer	-	-	-
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expense	-	-	-
Net changes	<u>404,234</u>	<u>-</u>	<u>404,234</u>
Balances at 1/1/22 (Reporting June 30, 2022)	<u>\$ 404,234</u>	<u>\$ -</u>	<u>\$ 404,234</u>

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

Statement 7

City of Belfast, Maine
 Required Supplementary Information
 Schedule of Changes in the Total Town Health Plan OPEB Liability and Related Ratios
 For the Fiscal Year Ended June 30, 2022

Total OPEB Liability	2022
Changes for the year:	
Service Cost	\$ -
Interest	-
Changes of benefit terms	-
Difference between expected and actual	421,422
Changes in assumptions or other inputs	(17,188)
Benefit Payments	-
Net Change	404,234
 Total OPEB - Beginning	 -
Total OPEB - Ending	\$ 404,234
 Total Fiduciary Net Position	 2022
Contributions - employer	\$ -
Contributions - member	-
Net investment income	-
Benefit payments, including refunds of member contributions	-
Administrative expense	-
Net Change	-
 Total Fiduciary Net Position - Beginning	 -
Total Fiduciary Net Position - Ending	\$ -
 Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
 Covered employee payroll	\$ 3,003,610
Net OPEB liability as a percentage of covered employee payroll	13.50%

Amounts have a measurement date of January 1st.

* Only one year 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 OPEB Contributions
 Last 10 Fiscal Years*

	2022
<u>MMEHT OPEB Plan</u>	
Contractually required contribution	-
Contributions in relation to the contractually required contribution	-
Contribution deficiency (excess)	-
City's covered-employee payroll	3,003,610
Contributions as a percentage of covered-employee payroll	0.00%

* Only one year 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
For the Year Ended June 30, 2022

Changes of Assumptions

PLD Pension Plan:

The discount rate was reduced from 6.75% to 6.50%. In addition, the salary increases for the plan increased from 2.75% to 2.75 – 11.48% per year.

PLD OPEB:

The discount rate was reduced from 6.75% to 6.50%.

The investment rate of return changed from 6.75% to 6.50%.

The annual salary increases, including inflation changed from 2.75% plus merit component based on each employee's years of service to 2.75% - 11.48%.

Mortality Rates

2021 Valuation: Based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

2020 Valuation: for active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

MMEHT OPEB Plan

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

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

Mortality, termination, retirement and salary rates.

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

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

City of Belfast, Maine
Schedule of Department Operations - General Fund
For the Year Ended June 30, 2022

	Balance 7/1/21	Approp.	Transfers	Total Available	Expended	(Over) Under Expended	
						Lapsed To Surplus	Carried
<u>General Government</u>							
City Manager's Department	\$ 2,500	\$ 292,723	\$ 1,596	\$ 296,819	\$ 382,495	\$ (89,176)	\$ 3,500
Finance Department	-	176,054	7,830	183,884	183,966	(82)	-
Assessing Department	-	166,040	-	166,040	155,436	10,604	-
City Clerk's Department	13,647	220,099	-	233,746	217,665	5,976	10,105
City Building Maintenance	-	214,555	-	214,555	208,715	(8,486)	14,326
Elections and Registrations	-	19,179	-	19,179	11,144	8,035	-
Agency Transactions	-	1,848,100	58,365	1,906,465	1,880,328	26,137	-
Boathouse	810	7,950	1,044	9,804	8,661	814	329
Planning Department	-	280,424	2,162	282,586	304,075	(22,989)	1,500
Total General Government	16,957	3,225,124	70,997	3,313,078	3,352,485	(69,167)	29,760
<u>Protection</u>							
Fire Department	-	348,425	-	348,425	347,840	(8,870)	9,455
Police Department	6,806	1,379,293	24,790	1,410,889	1,327,352	20,112	63,425
Street Lighting	-	57,000	-	57,000	35,491	21,509	-
Hydrants	-	499,170	-	499,170	423,848	75,322	-
Animal Control	-	7,500	-	7,500	6,398	1,102	-
Municipal Insurance	-	340,989	-	340,989	291,020	49,969	-
Ambulance Department	-	796,856	159,749	956,605	848,347	106,758	1,500
Crossing Guards	-	18,826	-	18,826	12,730	6,096	-
Cable Television	470	44,100	-	44,570	33,005	11,565	-
Total Protection	7,276	3,492,159	184,539	3,683,974	3,326,031	283,563	74,380
<u>Public Works</u>							
Highway Department	-	1,463,186	-	1,463,186	1,422,011	(50,581)	91,756
Sidewalk Maintenance	12,101	79,000	-	91,101	56,769	(4,361)	38,693
Recycling/Transfer Station	-	464,146	-	464,146	494,095	(47,645)	17,696
Road Construction/Paving	15,441	380,000	-	395,441	398,237	(2,796)	-
Tree Program	18,907	17,000	10,800	46,707	27,733	-	18,974
Total Public Works	46,449	2,403,332	10,800	2,460,581	2,398,845	(105,383)	167,119

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, 2022

	Balance 7/1/21	Approp.	Transfers	Total Available	Expended	(Over) Under Expended	
						Lapsed To Surplus	Carried
<u>Social Services</u>							
General Assistance	-	70,000	-	70,000	196,301	(126,301)	-
Welfare Director	-	42,079	-	42,079	38,019	4,060	-
Outside Agencies	-	182,076	-	182,076	182,076	-	-
Total Social Services	-	294,155	-	294,155	416,396	(122,241)	-
<u>Parks and Recreation</u>	6,628	285,539	9,929	302,096	300,042	(1,446)	3,500
<u>Library</u>	-	448,034	-	448,034	443,900	4,134	-
<u>Cemeteries</u>	-	159,163	-	159,163	143,216	14,247	1,700
<u>Education - MSAD 34</u>	-	10,491,318	-	10,491,318	10,491,318	-	-
<u>Special Assessments</u>							
County Tax	-	1,562,687	-	1,562,687	1,562,687	-	-
<u>Debt Service</u>							
Notes and Interest	-	656,881	-	656,881	656,881	-	-
<u>Unclassified</u>							
Airport	-	28,200	6,066	34,266	31,017	3,249	-
Promotional Activities	-	34,275	-	34,275	31,310	2,965	-
State Law Enforcement Agency	-	74,952	-	74,952	79,917	(4,965)	-
Harbor	7,692	165,686	18,207	191,585	202,698	(11,659)	546
Planning and Zoning	13,450	20,500	-	33,950	4,620	(1,074)	30,404
MMA Dues	-	7,548	-	7,548	7,869	(321)	-
Economic Dev. Director	550	109,776	-	110,326	54,105	(1,250)	57,471
EMA Director	-	2,000	-	2,000	1,923	77	-
Contingency Operating	-	100	-	100	-	100	-
Total Unclassified	21,692	443,037	24,273	489,002	413,459	(12,878)	88,421

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, 2022

	Balance 7/1/21	Approp.	Transfers	Total Available	Expended	(Over) Under Expended	
						To Surplus	Carried
Reserves - Capital	-	98,013	-	98,013	98,013	-	-
Capital Projects	-	98,013	-	98,013	98,013	-	-
Total Reserves - Capital	\$ 99,002	\$ 23,559,442	\$ 300,538	\$ 23,958,982	\$ 23,603,273	\$ (9,171)	\$ 364,880

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, 2022

	Balance 07/01/21	A		D		D		TRANSFERS		D		E		U		C		T		Balance 6/30/22
		Investment Income	Other Receipts	In	Out	In	Out	In	Out	Expenditures										
<u>Capital Reserves</u>																				
Communication Equipment	\$ 3,824	\$ 24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,848
Ambulance	192,601	791	-	-	-	-	-	81,512	108,749	-	-	-	-	-	-	-	-	-	-	166,155
Assessment	944	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	950
Cemeteries - Land Development	8,403	52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,455
- Equipment	40,600	288	-	-	-	-	-	6,000	-	-	-	-	-	-	-	-	-	-	-	46,888
- Maintenance	8,175	53	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,228
Personnel Reserve	34,325	143	-	-	-	-	-	-	34,065	-	-	-	-	-	-	-	-	-	-	403
Downtown Development	80	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81
Fire Equipment	230,533	1,747	-	-	-	-	-	80,000	-	-	-	-	-	-	-	-	-	-	-	312,280
Harbor Improvement	5,308	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,315
Highway - Highway Equipment	40,999	302	-	-	-	-	-	10,560	-	-	-	-	-	-	-	-	-	-	-	51,861
- Road Construction	7,178	42	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,220
- Culvert	40,511	270	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,781
Police Equipment	39,132	226	-	-	-	-	-	5,309	18,790	-	-	-	-	-	-	-	-	-	-	25,877
Recreation - City Park	10,146	64	-	-	-	-	-	10,000	10,000	-	-	-	-	-	-	-	-	-	-	10,210
- George Black	4,361	26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,387
Ruth Greenlaw	396	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	398
Footbridge Capital	58,604	446	-	-	-	-	-	-	2,007	-	-	-	-	-	-	-	-	-	-	57,043
Transfer Station Equipment	12,088	76	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,164
Airport Runway	24,947	190	-	-	-	-	-	9,000	-	-	-	-	-	-	-	-	-	-	-	34,137
Airport Maintenance	15,844	114	-	-	-	-	-	3,000	2,300	-	-	-	-	-	-	-	-	-	-	16,658
Planning Equipment	2,082	13	-	-	-	-	-	500	170	-	-	-	-	-	-	-	-	-	-	2,425
Waterfront/Thompson Wharf	3,793	33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,826
Ambulance Train. & Dev.	5,852	27	-	-	-	-	-	348	5,000	-	-	-	-	-	-	-	-	-	-	1,227
Cable TV Equipment	13,708	92	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,800
City Clerk Office Equipment	1,775	14	-	-	-	-	-	1,000	-	-	-	-	-	-	-	-	-	-	-	2,789
Assessing Office Equipment	3,399	23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,422
Finance Office Equipment	2,586	18	-	-	-	-	-	500	-	-	-	-	-	-	-	-	-	-	-	3,104
Energy Savings Cap	85,569	714	-	-	-	-	-	41,753	17,303	-	-	-	-	-	-	-	-	-	-	110,733
City Park Pool Resurf.	15,239	83	-	-	-	-	-	-	15,214	-	-	-	-	-	-	-	-	-	-	108

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, 2022

	Balance 7/01/21	A		D		D		D		E		U		C		T		Balance 6/30/22
		Investment Income		Other Receipts		TRANSFERS In		Out		Expenditures								
Capital Reserves (cont'd)																		
City Manager Equipment	1,832	13	-	-	-	500	-	-	-	-	-	-	-	-	-	-	-	2,345
Boathouse Maintenance	5,362	29	-	-	-	-	1,044	-	-	-	-	-	-	-	-	-	-	4,347
Park Equipment	4,553	55	-	-	-	10,000	4,400	-	-	-	-	-	-	-	-	-	-	10,208
Future Land Purchase	389	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	392
Building Maintenance	-	-	-	-	-	2,995	-	-	-	-	-	-	-	-	-	-	-	2,995
Fuel Price	10,795	73	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,868
Sidewalk Capital	4,000	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,025
Total Capital Reserves	939,933	6,085	-	-	-	262,977	219,042	-	-	-	-	-	-	-	-	-	-	989,953
Capital Improvements																		
City Hall - Municipal Building	13,650	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,650
Solid Waste - Landfill Closing	17,046	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,046
EDA PW Grant	297,620	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	297,620
Police Forfeiture	(3)	-	-	728	-	-	-	-	-	-	-	-	-	-	-	-	-	725
Library Energy	7,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500
Comp Plan	(4,669)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(41,733)
Energy Initiatives	12,462	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,462
Fiber Intern	75	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75
Tot Lot Replacement	2,837	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,837
Rangeway Development	21,325	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,325
Police Bike	2,059	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,059
City Fac Fiber Internet	-	-	-	-	-	16,591	-	-	-	-	-	-	-	-	-	-	-	16,591
Swan Lake Ave. Shoulder	-	-	-	-	-	5,172	-	-	-	-	-	-	-	-	-	-	-	4,666
Plan/Code/Per Software	-	-	-	-	-	10,750	-	-	-	-	-	-	-	-	-	-	-	10,750
Nordic 3rd Party Review	-	-	-	-	-	15,000	-	-	-	-	-	-	-	-	-	-	-	15,000
Update Aerial Photo	-	-	-	-	-	22,500	-	-	-	-	-	-	-	-	-	-	-	22,500
Wight St. Redev. Proj.	-	-	-	-	-	20,000	-	-	-	-	-	-	-	-	-	-	-	20,000
Traffic Radar Board	-	-	-	-	-	8,000	-	-	-	-	-	-	-	-	-	-	-	8,000
Assessment Revaluation	-	-	-	-	-	250,000	-	-	-	-	-	-	-	-	-	-	-	250,000

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, 2022

	Balance 7/01/21	A		D		TRANSFERS		D E D U C T			Balance 6/30/22
		Investment Income	Other Receipts	In	Out	In	Out	Expenditures			
Capital Improvements (cont'd)											
Downtown Waterfront TIF	33,394	-	-	369,600	43,013	-	-	271,708	-	-	88,273
Sidewalks	6,023	-	-	-	-	-	-	-	-	-	6,023
Lowe Hanger	1,190	-	5,082	-	-	-	-	2,587	-	-	3,685
PW Site Search Evaluation	153,603	-	-	-	-	-	-	6,197	-	-	147,406
Shore Stability	6,317	-	-	1,064	-	-	-	-	-	-	7,381
Skate Park	6,376	-	-	-	-	-	-	928	-	-	5,448
Park Playground Equipment	3,308	-	-	-	-	-	-	-	-	-	3,308
Parallel Tax	(57,119)	-	113,079	-	-	-	-	-	-	-	55,960
Pool Resurface	(3,200)	-	15,214	-	-	-	-	12,014	-	-	-
Runway 15	(567)	-	-	-	-	-	-	-	-	-	(567)
Land Ordinance	35,000	-	-	-	1,992	-	-	59,760	-	-	(26,752)
Please Be Seated Sign	(186)	-	-	-	-	-	-	-	-	-	(186)
Sofer Buyout	36,453	-	-	-	-	-	-	-	-	-	36,453
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	465	-	-	-	-	-	-	-	-	-	465
Bel Yards Plan & Redev.	24,550	-	-	-	-	-	-	-	-	-	24,550
Downtown Waterfront Cap.	150,675	-	-	-	-	-	-	21,000	-	-	129,675
Housing Gr. Rep.	14,453	-	-	-	-	-	-	-	-	-	14,453
Harbor Restroom	2,308	-	-	-	-	-	-	-	-	-	2,308
CDBG Public Service00	-	-	2,484	-	-	-	-	2,483	-	-	1
Airport Master Plan	(7,544)	-	-	-	-	-	-	-	-	-	(7,544)
CDBG Comm. Ent.	-	-	6,000	-	-	-	-	6,000	-	-	-
Airport Obstruction	5,291	-	-	-	-	-	-	-	-	-	5,291

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, 2022

	Balance 7/01/21	A		D		TRANSFERS		D		E	D	U	C	T	Balance 6/30/22
		Investment Income	Other Receipts	In	Out	In	Out	Expenditures							
Capital Improvements (cont'd)															
WWTFP Infl. Pump	-	-	-	34,000	-	-	-	-	-	-	-	-	-	-	34,000
Broadband Street	76,572	-	-	-	-	-	-	-	-	-	-	-	-	-	76,572
Swan Lake Avenue	24,828	-	-	-	-	-	-	-	-	-	-	-	-	-	24,828
Mayo St. Sewer	-	-	-	-	-	-	-	-	-	-	-	57,133	-	-	(57,133)
Wight St. TIF	-	-	-	22,341	-	-	-	-	-	-	-	18,319	-	-	4,022
Project Plan	8,893	-	-	-	-	-	-	-	-	-	-	-	-	-	8,893
WWTP Energy	(24,288)	-	1,333,916	-	-	-	-	-	-	-	-	1,290,876	-	-	18,752
St. Lgts.Purchase	8,431	-	-	-	-	-	-	8,431	-	-	-	-	-	-	-
Electric Vehicle Charge	-	-	17,303	-	-	-	-	-	-	-	-	17,303	-	-	-
Goose River Sewer Rel	-	-	-	-	-	-	-	-	-	-	-	6,516	-	-	(6,516)
American Res. Plan	-	-	726,228	-	-	-	-	116,000	-	-	-	-	-	-	610,228
Fuel Farm	-	-	108,457	-	-	-	-	-	-	-	-	131,212	-	-	(22,755)
Old DPW Site	(6,406)	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,406)
Climate Change	661	-	700	-	-	-	-	-	-	-	-	1,221	-	-	140
Pump St. Robbins Road	-	-	-	30,000	-	-	-	-	-	-	-	30,000	-	-	-
Breakwater Maintenance	9,999	-	-	1	-	-	-	-	-	-	-	-	-	-	10,000
Doak Road Cemetery Fence	21,414	-	-	-	-	-	-	-	-	-	-	4,411	-	-	17,003
Big 6 Escrow	100,684	-	-	47,944	-	-	-	-	-	-	-	-	-	-	148,628
USEPA Brf Hz	2,728	-	10,662	-	-	-	-	-	-	-	-	11,962	-	-	1,428
USEPA Brn Pt	2,947	-	-	-	-	-	-	1,064	-	-	-	880	-	-	1,003
Maine Bicentennial	198	-	-	-	-	-	-	-	-	-	-	-	-	-	198
Total Capital Improvements	1,058,170	-	2,339,853	852,963	170,500	-	-	2,067,996	-	-	-	-	-	-	2,012,490
Totals	\$ 1,998,103	\$ 6,085	\$ 2,339,853	\$ 1,115,940	\$ 389,542	\$ -	\$ -	\$ 2,067,996	\$ -	\$ 3,002,443					

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, 2022

Valuation	
Real Estate	\$ 821,590,400
Personal Property	24,214,800
Total Valuation	<u>\$ 845,805,200</u>
Assessment	
Valuation x Rate = 845,805,200 X .02200	\$ 18,607,714
Supplements	35,226
Abatements & TIF Financing	<u>(572,292)</u>
Property Tax Revenue Actual	18,070,648
Add Deferred Property Taxes - Prior Year	239,121
Less Deferred Property Taxes - Current Year	<u>(380,045)</u>
Property Tax Revenue Recognized	<u>\$ 17,929,724</u>

City of Belfast, Maine
 Schedule of Activity on Special Purpose Accounts
 For the Year Ended June 30, 2022

Account Name	Balances		Expended	Balances	
	7-01-21	Receipts		6-30-22	
Future Land Acquisition	\$ 22,170	\$ -	\$ -	\$ 22,170	
State Revenue Sharing	479,487	609,142	-	1,088,629	
Former Eckrote Prop	-	204,850	184,012	20,838	
School Stablization	-	268,451	-	268,451	
Deliberation #2	192	10,957	14,550	(3,401)	
Wales Park Comm. Garden	3,593	595	385	3,803	
City Bldg. Rental Maint.	12,618	18,668	15,807	15,479	
Nordic Deliberations	1,723	2,277	2,975	1,025	
Belfast Dev Corp/Econ Dev	196	-	90	106	
Road Opening Account	12,686	7,300	4,000	15,986	
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	40,720	36,659	7,500	69,879	
Thomas Wharf/Paddle Dock	(816)	-	-	(816)	
Parks & Rec. Bus Service	(4,797)	-	-	(4,797)	
Boathouse Key Deposit	5,724	2,975	2,750	5,949	
Jaws of Life	7,324	1,135	451	8,008	
Sale/Industrial Park Prop.	130,998	31,000	38,065	123,933	
Park Pavillian	263	-	-	263	
Harbor Gasoline	70,495	161,644	158,969	73,170	
Harbor Diesel	72,177	116,628	96,582	92,223	
Waterfront Heritage Park	85,617	448	7,560	78,505	
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	17,000	-	-	17,000	
Bridge Plaque	500	-	-	500	
Belfast Area Youth Council	69	-	-	69	
Police Evidence Account	(2,266)	-	-	(2,266)	
Cemetery Donations	1,828	150	-	1,978	
Police Memorial Fund	30	-	-	30	
Rail Trail Trust Account	41,790	-	15,000	26,790	
Worthy Poor	(8,055)	-	-	(8,055)	
Senior Dinner Program	200	-	-	200	
Belfast Comm. Radio	12,115	4,383	14,268	2,230	
McCrum Rail Trail	(4,800)	-	-	(4,800)	
K-9 Donations	494	-	-	494	
Animal Welfare Licensing	4,431	2,145	5,000	1,576	
Keeping Belfast Beautiful	396	6,500	6,984	(88)	
Concealed Weapons Permit	-	225	225	-	
Belfast Daffodil Project	11,712	835	10,125	2,422	
Belfast Keep the Faith Fund	75,766	90,955	110,020	56,701	
Good Cause Program	199	-	-	199	
Totals	\$ 1,108,926	\$ 1,577,922	\$ 695,318	\$ 1,991,530	

City of Belfast, Maine
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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: Wastewater Treatment Plant Energy Project CFDA # 66.458.
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, 2022 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, 2022

<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>				
Wastewater Treatment Plant Energy Project	66.458	N/A	1,290,875	-
Total 66.458			1,290,875	-
Brownfields Year 2019 Hazardous Substances	66.818	N/A	10,662	-
Brownfields Year 2019 Petroleum	66.818	N/A	1,944	-
Total 66.818			12,606	-
Total U.S. Dept. of Environmental Protection			1,303,481	-
<u>Department of Housing and Urban Development</u>				
<u>Pass-through Maine Department of Economic & Community Development</u>				
Community Enterprise Grant-Business Facade	14.228	N/A	6,000	6,000
Maine Downtown Center Assistance	14.228	N/A	340,792	340,792
Public Service Grant	14.228	N/A	2,483	2,483
Total U.S. Department of Economic & Community Development			349,275	349,275
<u>Department of Transportation</u>				
<u>Federal Aviation Administration</u>				
<u>Pass-through Maine Department of Transportation</u>				
Airport Improvement Program	20.106	3-23-0007-020-2021	131,212	-
Total U.S. Department of Transportation			131,212	-

*Major Programs

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, 2022

<u>Department of Homeland Security</u>				
<u>Passed through the Maine Emergency Management Agency</u>				
COVID-19 FEMA Grant	97.306	N/A	20,022	-
Total U.S. Department of Homeland Security			<u>20,022</u>	<u>-</u>
<u>Department of Treasury</u>				
<u>Passed through the ME Dept of Health & Human Ser</u>				
American Rescue Plan Act	20.106	N/A	31,000	-
American Rescue Plan Act	21,027	N/A	116,000	-
Total U.S. Department of Treasury			<u>147,000</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,950,990</u>	<u>\$ 349,275</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, 2022

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, 2022. 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.
- E. Loans Outstanding-In addition to programs reported on the Schedule of Expenditures of Federal Awards, The City of Belfast has a federal loan program outstanding as follows: We have considered this outstanding loan balance in determining programs to be tested under Uniform Guidance.

Loan Programs (Federal loan funds administered by City of Belfast)		Outstanding Balance
<u>CFDA Number</u>	<u>Program Name</u>	<u>June 30, 2022</u>
66.458	Wastewater Treatment Plant	
	Energy Program	\$ 251,014

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**

To the City Council
City of Belfast, Maine

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Belfast, Maine's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Belfast, Maine's major federal programs for the year ended June 30, 2022. 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.

In our opinion, 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Belfast, Maine and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Belfast, Maine's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Belfast, Maine's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Belfast, Maine's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment

made by a reasonable user of the report on compliance about City of Belfast, Maine's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Belfast, Maine's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Belfast, Maine's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City of Belfast, Maine's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that 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 a 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 internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of Internal control over compliance. Accordingly, no such opinion is expressed.

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 based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

C. H. Don + Co

Brewer, Maine
June 13, 2023

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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

To the City Council

City of Belfast, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Belfast, Maine, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Belfast, Maine's basic financial statements, and have issued our report thereon dated June 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Belfast, Maine's internal control over financial reporting (internal control) as a basis for designing 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 City of Belfast, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

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
June 13, 2023