

Federal/State Compliance Audit

City of Bath, Maine

June 30, 2023



Proven Expertise & Integrity

CITY OF BATH, MAINE
Annual Financial Report
June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Bath
Bath, Maine

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Bath, Maine, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the City of Bath, Maine's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of City of Bath, Maine as of June 30, 2023 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 (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Maine Uniform Accounting and Auditing Practices for Community Agencies. 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 Bath, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control

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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 Bath, 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 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements 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 controls 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 Bath, 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 doubt about the City of Bath, 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, schedule of funding progress retiree healthcare plan and pension related information on pages 5 through 12 and 60 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it 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 Bath, Maine's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. The accompanying schedule of expenditures of department agreements are presented for purposes of additional analysis as required by *Maine Uniform Accounting and Auditing Practices for Community Agencies* 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 combining and individual fund

statements and schedules, the schedule of expenditures of federal awards and the schedule of expenditures of department agreements are 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 statistical section 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 January 11, 2024, on our consideration of the City of Bath, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Bath, 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 the City of Bath, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
January 11, 2024

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(UNAUDITED)

The following management's discussion and analysis of City of Bath, Maine's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the City's financial statements.

Financial Statement Overview

The City of Bath's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information, which consists of the schedules of funding progress, proportionate share of the net pension liability, contributions and notes to required supplementary information and other supplementary information that includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the City's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the City's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have one column for the City's activities. The type of activity presented for the City of Bath is:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the City's basic services are reported in governmental activities, which include general government, public works and wastewater treatment, public safety, parks and recreation, health, welfare and transportation, education, intergovernmental, debt service and unclassified.

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 of Bath, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the City of Bath can be classified as governmental funds.

Governmental funds: All of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the City's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the City.

Because the focus of governmental funds is narrower than that of 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 funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The City of Bath presents six columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The City's major governmental funds are the general fund, the sewer utility fund, TIF funds, the landfill fund and capital projects funds. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund and the sewer utility fund are the only funds for which the City legally adopted a budget. The Statement of Revenues, Expenditures and Changes in Fund Balances - All Budgeted Governmental Funds - Budget and Actual - Budgetary Basis provides a comparison of the original and final budget and the actual expenditures for the current year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Revenues, Expenditures and Changes in Fund Balances - All Budgeted Governmental Funds - Budget and Actual - Budgetary Basis.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Schedule of Funding Progress for the Retiree Healthcare Plan, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to the general fund, nonmajor funds, capital asset and long-term debt activity.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the City's governmental activities. The City's total net position for governmental activities increased by \$6,832,923 from \$50.11 million to \$56.94 million.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased by \$2,040,485 for governmental activities to a balance of \$22.84 million at the end of this year.

Table 1
City of Bath, Maine
Net Position
June 30,

	<u>2023</u>	<u>2022</u>
Assets:		
Current Assets	\$ 43,786,153	\$ 39,644,347
Noncurrent Assets - Capital Assets	<u>45,248,731</u>	<u>44,208,902</u>
Total Assets	<u>89,034,884</u>	<u>83,853,249</u>
Deferred Outflows of Resources	<u>2,323,033</u>	<u>2,701,356</u>
Liabilities:		
Current Liabilities	4,832,641	4,819,964
Noncurrent Liabilities	<u>27,752,127</u>	<u>26,271,085</u>
Total Liabilities	<u>32,584,768</u>	<u>31,091,049</u>
Deferred Inflows of Resources	<u>1,831,312</u>	<u>5,354,642</u>
Net Position:		
Net Investment in Capital Assets	24,419,961	21,327,809
Restricted	9,684,429	7,984,143
Unrestricted	<u>22,837,447</u>	<u>20,796,962</u>
Total Net Position	<u>\$ 56,941,837</u>	<u>\$ 50,108,914</u>

Revenues and Expenses

Revenues for the City's governmental activities increased by 13.11%, while the total expenses increased by 3.01%. The largest increase in revenues was miscellaneous – investment income. The largest increases in expenses were in general government and public works and wastewater treatment.

Table 2
City of Bath, Maine
Changes in Net Position
For the Years Ended June 30,

	<u>2023</u>	<u>2022</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 5,113,618	\$ 5,108,375
Operating grants and contributions	732,542	2,197,867
Capital grants and contributions	120,182	347,593
<i>General revenues:</i>		
Taxes	27,031,628	26,625,569
Grants and contributions not restricted to specific programs	6,395,706	4,573,604
Miscellaneous	2,840,138	(1,513,577)
Total Revenues	<u>42,233,814</u>	<u>37,339,431</u>
Expenses		
General government	3,288,167	2,328,259
Public works and wastewater treatment	5,075,261	4,516,519
Public safety	4,981,936	4,680,457
Parks and recreation	725,307	770,637
Health, welfare, and transportation	297,499	250,774
Education	11,416,679	11,109,814
Intergovernmental	1,952,613	1,906,494
Unclassified	6,628,270	7,564,425
Interest on debt	535,033	556,512
Capital outlay	500,126	682,626
Total Expenses	<u>35,400,891</u>	<u>34,366,517</u>
Change in Net Position	6,832,923	2,972,914
Net Position - July 1	<u>50,108,914</u>	<u>47,136,000</u>
Net Position - June 30	<u>\$ 56,941,837</u>	<u>\$ 50,108,914</u>

Financial Analysis of the City's Fund Statements

Governmental funds: The financial reporting focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the City's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
City of Bath, Maine
Fund Balances - Governmental Funds
June 30,

	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 73,689	\$ 22,464	\$ 51,225
Committed	14,168,776	14,246,321	(77,545)
Assigned	899,539	1,121,180	(221,641)
Unassigned	6,837,972	4,045,973	2,791,999
Total General Fund	<u>\$ 21,979,976</u>	<u>\$ 19,435,938</u>	<u>\$ 2,544,038</u>
Sewer Utility Fund:			
Committed	\$ 2,804,227	\$ 3,047,803	\$ (243,576)
Total Sewer Utility Fund	<u>\$ 2,804,227</u>	<u>\$ 3,047,803</u>	<u>\$ (243,576)</u>
TIF Funds:			
Restricted	\$ 4,434,273	\$ 3,014,179	\$ 1,420,094
Total TIF Funds	<u>\$ 4,434,273</u>	<u>\$ 3,014,179</u>	<u>\$ 1,420,094</u>
Landfill Fund:			
Committed	\$ 2,360,877	\$ 1,973,826	\$ 387,051
Total Landfill Fund	<u>\$ 2,360,877</u>	<u>\$ 1,973,826</u>	<u>\$ 387,051</u>
Capital Projects Funds:			
Committed	\$ 2,764,669	\$ 3,240,625	\$ (475,956)
Total Capital Projects Funds	<u>\$ 2,764,669</u>	<u>\$ 3,240,625</u>	<u>\$ (475,956)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 453,656	\$ 746,223	\$ (292,567)
Restricted	414,134	235,898	178,236
Committed	288,581	163,707	124,874
Assigned	1,302,798	1,417,776	(114,978)
Unassigned	(319,045)	(590,560)	271,515
Permanent Funds:			
Nonspendable	4,382,366	3,987,843	394,523
Total Nonmajor Funds	<u>\$ 6,522,490</u>	<u>\$ 5,960,887</u>	<u>\$ 561,603</u>

The changes to total fund balances for the general fund, sewer utility fund, TIF funds, landfill fund and nonmajor funds occurred due to the regular activity of operations.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund.

The general fund actual revenues were over budget by \$3,118,979. This can be accounted for from unrealized gain on investment increase in market value coupled with more than expected revenue in excise taxes and State revenue sharing.

The general fund actual expenditures were under budget by \$490,045. This is attributable to expenses being under budget in each government activities category, the largest being unclassified - insurances.

The sewer utility fund actual revenues were over budget by \$669,200 due to intergovernmental - grants.

The sewer utility fund actual expenditures exceeded budget by \$928,840. This is attributable to large capital project being funded by grants.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the City increased by \$1,039,829 from the prior year. The increase is the result of current year capital additions of \$3,271,983 less net disposals of \$0 and depreciation of \$2,232,154.

Table 4
City of Bath, Maine
Capital Assets (Net of Depreciation)
June 30,

	<u>2023</u>	<u>2022</u>
Land	\$ 1,902,870	\$ 1,902,870
Construction in progress	959,430	1,393,693
Buildings and improvements	9,544,391	9,721,896
Machinery, furniture and equipment	1,437,314	1,427,679
Vehicles	28,766,129	26,978,318
Infrastructure	1,846,334	1,992,183
Total	<u>\$ 44,456,468</u>	<u>\$ 43,416,639</u>

Debt

At June 30, 2023, the City had \$20,828,770 in bonds payable versus \$22,881,093 outstanding last year, a decrease of 9.0% as shown in the notes to the financial statements.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The City has been building a sufficient unassigned fund balance to sustain government operations for a period of approximately two months, while also maintaining reserve accounts for future capital and program needs.

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 financial information, contact the Finance Director's Office at 55 Front Street, Bath, Maine 04530.

BASIC FINANCIAL STATEMENTS

CITY OF BATH, MAINE
Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 22,094,790
Investments	18,654,966
Receivables:	
Taxes receivable	594,336
Tax liens	170,592
Accounts receivable, net of allowance of \$60,270	1,204,507
Notes receivable	486,156
Due from other governments	507,117
Inventory	39,876
Prepaid	33,813
Capital assets, not being depreciated	2,862,300
Capital assets, net of depreciation	42,386,431
Total assets	89,034,884
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,896,235
Deferred outflows related to OPEB	426,798
Total deferred outflows of resources	2,323,033
LIABILITIES	
Accounts payable	1,116,928
Accrued expenses	400,916
Accrued Tax Abatement	921,797
Accrued interest	187,491
Noncurrent liabilities:	
Due within one year	2,205,509
Due in more than one year	27,752,127
Total liabilities	32,584,768
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,225,519
Deferred inflows related to OPEB	605,793
Total deferred inflows of resources	1,831,312
NET POSITION	
Net investment in capital assets	24,419,961
Restricted for:	
Permanent funds:	
Nonexpendable	4,382,366
Community development	453,656
Grants	414,134
TIF Districts	4,434,273
Unrestricted	22,837,447
Total net position	\$ 56,941,837

See accompanying independent auditor's report and notes to financial statements.

CITY OF BATH, MAINE
Statement of Activities
For the Year Ended June 30, 2023

Functions/programs	Expenses	Program Revenues		Net (expense) revenue and changes in net position	
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Governmental activities
Primary government:					
Governmental activities:					
General government	\$ 3,288,167	\$ 175,693	\$ 388,834	\$ -	\$ (2,723,640)
Public works and wastewater treatment	5,075,261	3,429,315	-	61,498	(1,584,448)
Public safety	4,981,936	949,753	156,300	-	(3,875,883)
Parks and recreation	725,307	516,278	-	-	(209,029)
Health, welfare, and transportation	297,499	42,579	164,712	-	(90,208)
Education	11,416,679	-	-	-	(11,416,679)
Intergovernmental	1,952,613	-	-	-	(1,952,613)
Unclassified	6,628,270	-	22,696	-	(6,605,574)
Interest on debt	535,033	-	-	-	(535,033)
Capital outlay	500,126	-	-	58,684	(441,442)
Total governmental activities	35,400,891	5,113,618	732,542	120,182	(29,434,549)
Total primary government	\$ 35,400,891	\$ 5,113,618	\$ 732,542	\$ 120,182	(29,434,549)
General revenues:					
Property taxes, levied for general purposes					25,611,354
Contributions in lieu of taxes					35,000
Motor vehicle excise taxes					1,385,274
Grants and contributions not restricted to specific programs:					
Homestead and BETE exemption					3,091,165
Other State/Federal aid					886,812
State Revenue Sharing					2,417,729
Unrestricted investment earnings (loss), net					2,566,764
Other					273,374
Total general revenues and special items					36,267,472
					Change in net position 6,832,923
					Net position - beginning 50,108,914
					Net position - ending \$ 56,941,837

See accompanying independent auditor's report and notes to financial statements.

CITY OF BATH, MAINE
Balance Sheet
Governmental Funds
June 30, 2023

	General	Sewer Utility Fund	TIF Funds	Landfill	Capital Projects	Other Governmental Funds	Total
ASSETS							
Cash and cash equivalents	\$ 21,834,887	\$ 437	\$ -	\$ 400	\$ 76,145	\$ 182,921	\$ 22,094,790
Investments	12,709,281	-	-	1,139,594	-	4,806,091	18,654,966
Receivables:							
Taxes receivable	594,336	-	-	-	-	-	594,336
Tax liens	170,592	-	-	-	-	-	170,592
Accounts receivable, net of allowance of \$60,270	526,982	568,194	-	77,369	-	31,962	1,204,507
Notes receivable	-	-	-	-	-	486,156	486,156
Due from other governments	-	507,117	-	-	-	-	507,117
Interfund loans receivable	-	1,742,639	4,434,969	1,149,889	2,688,523	1,035,324	11,051,344
Inventory	39,876	-	-	-	-	-	39,876
Prepaid items	33,813	-	-	-	-	-	33,813
Total assets	\$ 35,909,767	\$ 2,818,387	\$ 4,434,969	\$ 2,367,252	\$ 2,764,668	\$ 6,542,454	\$ 54,837,497
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 1,116,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,116,928
Accrued expenditures	359,722	14,160	696	6,375	-	19,963	400,916
Accrued Tax Abatement	921,797	-	-	-	-	-	921,797
Interfund loans payable	11,051,344	-	-	-	-	-	11,051,344
Total liabilities	13,449,791	14,160	696	6,375	-	19,963	13,490,985
Deferred Inflows of Resources:							
Deferred tax revenue	480,000	-	-	-	-	-	480,000
Total deferred inflows of resources	480,000	-	-	-	-	-	480,000
Fund Balances:							
Nonspendable	73,689	-	-	-	-	4,836,022	4,909,711
Restricted	-	-	4,434,273	-	-	414,134	4,848,407
Committed	14,168,776	2,804,227	-	2,360,877	2,764,669	288,581	22,387,130
Assigned	899,539	-	-	-	-	1,302,798	2,202,337
Unassigned	6,837,972	-	-	-	-	(319,045)	6,518,927
Total fund balances	21,979,976	2,804,227	4,434,273	2,360,877	2,764,669	6,522,490	40,866,512
Total liabilities, deferred inflows of resources and fund balances	\$ 35,909,767	\$ 2,818,387	\$ 4,434,969	\$ 2,367,252	\$ 2,764,669	\$ 6,542,453	\$ 54,837,497

See accompanying independent auditor's report and notes to financial statements.

CITY OF BATH, MAINE
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balances	\$ 40,866,512
Amounts reported for governmental activities in the statement of net position are different because:	
Capital position used in governmental activities are not financial resources and therefore are not reported in the funds.	
More specifically, non-depreciable & depreciable capital position as reported on Statement 1	45,248,731
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
	480,000
Noncurrent liabilities that are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(426,766)
Other post-employment benefits	(1,702,671)
Net pension liability, including related deferred outflows and inflows	(2,047,708)
Accrued interest	(187,491)
Landfill closure	(4,460,000)
Bonds payable	(20,828,770)
Net position of governmental activities	\$ 56,941,837

See accompanying independent auditor's report and notes to financial statements.

CITY OF BATH, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General	Sewer Utility Fund	TIF Funds	Landfill	Capital Projects	Other Governmental Funds	Total
Revenues:							
Taxes	\$ 18,496,707	\$ -	\$ 6,829,530	\$ 1,076,537	\$ 1,156,034	\$ -	\$ 27,558,808
Licenses and permits	175,693	-	-	-	-	-	175,693
Intergovernmental	5,561,434	684,079	-	61,498	58,684	882,735	7,248,430
Charges for services	996,526	2,571,721	-	810,821	-	558,857	4,937,925
Investment income (loss), net	1,873,771	-	-	140,320	-	552,673	2,566,764
Other revenues	205,626	-	-	-	18,642	49,105	273,373
Total revenues	27,309,757	3,255,800	6,829,530	2,089,176	1,233,360	2,043,370	42,760,993
Expenditures:							
Current:							
General government	1,513,980	-	515,876	1,090,616	-	169,618	3,290,090
Public works and wastewater treatment	1,721,040	1,540,487	-	-	-	-	3,261,527
Public safety	4,509,164	-	-	-	-	185,198	4,694,362
Parks and recreation	-	-	-	-	-	651,994	651,994
Health, welfare and transportation	61,262	-	-	-	-	236,237	297,499
Education	11,416,679	-	-	-	-	-	11,416,679
Intergovernmental	1,952,613	-	-	-	-	-	1,952,613
Unclassified	2,850,329	-	3,282,763	-	-	495,178	6,628,270
Debt service	595,542	756,693	670,584	577,866	602,912	-	3,203,597
Capital outlays	-	1,202,196	729,213	33,643	1,807,057	-	3,772,109
Total expenditures	24,620,609	3,499,376	5,198,436	1,702,125	2,409,969	1,738,225	39,168,740
Excess (deficiency) of revenues over (under) expenditures	2,689,148	(243,576)	1,631,094	387,051	(1,176,609)	305,145	3,592,253
Other financing sources (uses):							
Transfers in	129,788	-	-	-	99,653	321,245	550,686
Transfers out	(274,898)	-	(211,000)	-	-	(64,788)	(550,686)
Sale of City property	-	-	-	-	-	-	-
Proceeds from bonds and notes	-	-	-	-	601,000	-	601,000
Total other financing sources (uses)	(145,110)	-	(211,000)	-	700,653	256,457	601,000
Net change in fund balances	2,544,038	(243,576)	1,420,094	387,051	(475,956)	561,602	4,193,253
Fund balances, beginning of year	19,435,938	3,047,803	3,014,179	1,973,826	3,240,625	5,960,887	36,673,258
Fund balances, end of year	\$ 21,979,976	\$ 2,804,227	\$ 4,434,273	\$ 2,360,877	\$ 2,764,669	\$ 6,522,489	\$ 40,866,511

See accompanying independent auditor's report and notes to financial statements.

CITY OF BATH, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds (from Statement 5) \$ 4,193,253

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those position is allocated over their estimated useful lives as depreciation expense. This is the amount by which net capital outlays (\$3,271,983) were more than depreciation expense (\$2,232,154) and capital asset disposals (\$0). 1,039,829

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in deferred revenue. (527,180)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the decrease in accrued interest (\$15,241), a decrease in net pension liability with related deferred inflows and outflows (\$179,987) combined with an increase in other post-employment benefits (\$8,245) and an increase in accrued compensated absences (\$48,776). 154,697

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments (\$2,653,323) were more than debt proceeds (\$601,000). 2,052,323

Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the funds. This represents the increase in landfill liability. (80,000)

Change in net position of governmental activities (see Statement 2) \$ 6,832,922

See accompanying independent auditor's report and notes to financial statements.

**Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Budgeted Governmental Funds - Budget and Actual - Budgetary Basis
For the Year Ended June 30, 2023**

	General Fund				Sewer Utility Fund			
	Budget		Actual	Variance with final budget positive (negative)	Budget		Actual	Variance with final budget positive (negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ 17,558,197	\$ 17,558,197	\$ 18,496,707	\$ 938,510	\$ -	\$ -	\$ -	\$ -
Licenses and permits	119,205	119,205	175,693	56,488	-	-	-	-
Intergovernmental	4,751,880	4,751,880	5,561,434	809,554	-	-	684,079	684,079
Charges for services	947,000	947,000	996,526	49,526	2,586,600	2,586,600	2,571,721	(14,879)
Investment income (loss), net	620,000	620,000	1,873,771	1,253,771	-	-	-	-
Other revenues	168,000	168,000	179,130	11,130	-	-	-	-
Total revenues	24,164,282	24,164,282	27,283,261	3,118,979	2,586,600	2,586,600	3,255,800	669,200
Expenditures:								
Current:								
General government	1,608,866	1,608,866	1,513,980	94,886	-	-	-	-
Public works	1,730,068	1,730,068	1,721,040	9,028	-	-	-	-
Public safety	4,544,947	4,544,947	4,509,164	35,783	-	-	-	-
Health and welfare	71,300	71,300	61,262	10,038	-	-	-	-
Education	11,416,679	11,416,679	11,416,679	-	-	-	-	-
Intergovernmental	1,952,613	1,952,613	1,952,613	-	-	-	-	-
Administration	-	-	-	-	110,000	110,000	111,631	(1,631)
Treatment plant	-	-	-	-	1,053,638	1,053,638	1,016,927	36,711
Maintenance	-	-	-	-	425,613	425,613	411,929	13,684
Unclassified	3,191,063	3,191,063	2,850,329	340,734	-	-	-	-
Debt service	595,118	595,118	595,542	(424)	756,448	756,448	756,693	(245)
Capital	-	-	-	-	224,837	224,837	1,202,196	(977,359)
Total expenditures	25,110,654	25,110,654	24,620,609	490,045	2,570,536	2,570,536	3,499,376	(928,840)
Excess (deficiency) of revenues over (under) expenditures	(946,372)	(946,372)	2,662,652	3,609,024	16,064	16,064	(243,576)	(259,640)
Other financing sources (uses):								
Transfers in	90,000	90,000	129,788	39,788	-	-	-	-
Transfers out	(299,898)	(299,898)	(274,898)	25,000	-	-	-	-
Total other financing sources (uses)	(209,898)	(209,898)	(145,110)	64,788	-	-	-	-
Net change in fund balances - budgetary basis	(1,156,270)	(1,156,270)	2,517,542	3,673,812	16,064	16,064	(243,576)	(259,640)
Reconciliation to GAAP basis:								
Fuel revenues for fuel tank reserve			26,496					-
Net change in fund balances			2,544,038				(243,576)	
Fund balances, beginning of year			19,435,938				3,047,803	
Fund balances, end of year			\$ 21,979,976				\$ 2,804,227	

See accompanying independent auditor's report and notes to financial statements.

CITY OF BATH, MAINE
Notes to Basic Financial Statements
June 30, 2023

THE REPORTING ENTITY

The City of Bath, Maine was incorporated in 1847 under the laws of the State of Maine. The City operates under a Council-Manager form of government with an elected nine-member City Council. The City provides the following services as authorized by its charter: public safety, public works, recreation and community development.

This report includes all funds of the City. An analysis of certain criteria was made to determine if other governmental units should be included in this report. In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the City and/or its members or whether the activity is conducted within the geographic boundaries of the City and is generally available to its members.

Bath Local Development Corporation (Bath LDC)

The City has elected to report the Bath Local Development Corporation as a blended Component Unit in the special revenue funds. The Bath LDC was established by the City Council to assist and promote economic development for companies located or attempting to locate in the City of Bath, Maine. The Board of the Directors for the Bath LDC includes the City Manager, Planning Director, two members of the City Council, one member of the Bath Planning Board and at least two but not more than ten representatives of the Bath business community.

It is the City's judgment, based on all pertinent facts derived from the analysis of these criteria, that there are no other entities that would be considered potential component units within the City that should be included as part of these financial statements. The City has, however, identified the following related organizations:

Related Organizations - The City of Bath, Maine appoints a voting majority of the following governing boards of each of the entities described below. However, The City is not financially accountable for these organizations and therefore, they are not component units.

The Bath Water District was established by the State of Maine in 1915 as a quasi-municipal water district to provide safe and affordable water to the citizens of the City of Bath, Maine. The District is managed by a five-member board of trustees, four chosen by the Bath City Council.

The Bath Housing Authority was established in 1970 pursuant to Maine Law. It is governed by a seven-member board of commissioners appointed by the Bath City Council.

The accounting policies of the City of Bath, Maine conform to accounting principles generally accepted in the United States of America as applicable to governmental units, except as otherwise noted. The following is a summary of the more significant policies:

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 non-fiduciary 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 revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City has elected not to allocate indirect costs among the programs, 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 the 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The City currently does not have fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

B. 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. 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 the qualifying expenditures have been incurred and all other grant requirements have been met.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

B. Measurement Focus, Basis of Accounting and Basis of Presentation, continued

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 Sewer Utility Fund accounts for the revenues generated from sewer billings and the costs of operating and maintaining the sewer treatment plant and related equipment.

The TIF Fund accounts for development programs in the City of Bath, Maine. Taxes are remitted to the TIF districts over the lives of the districts to assist in financing the development projects.

The Landfill Fund accounts for the fees charged to use the landfill and the operating and maintenance costs of the landfill.

Capital Projects account for financial resources to be used for the acquisition or construction of major capital assets.

C. Budget

The City's policy is to adopt an annual budget for General Fund and Sewer Utility Fund operations. The budgets are presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the first half of the year, the City prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the City Council was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the City Council.
4. The City does not adopt budgets for Special Revenue Funds.

D. Cash, Cash Equivalents and Investments

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

It is the City's policy to value investments at fair value. None of the City's investments is reported at amortized cost. The City Treasurer is authorized by State Statutes to invest all excess funds in the following:

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Cash, Cash Equivalents and Investments, continued

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Commercial paper
- Money market mutual funds
- Time certificates of deposit

The City of Bath has a formal investment policy that closely follows the State of Maine Statutes.

E. Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption and are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). Inventories consist of vehicle fuel for consumption by the City and other regional governmental organizations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

F. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

G. Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

H. Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$40,270 for the general fund accounts receivable and \$20,000 for the sewer utility fund accounts receivable (which are both part of other receivables on the balance sheet) as of June 30, 2023.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and the following minimum capitalization thresholds for capitalizing capital assets:

Land	\$ 25,000	N/A
Building and building improvements	50,000	15-40
Machinery, equipment, vehicles	5,000	3-20
Infrastructure	150,000	30-100

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the assets' estimated useful lives, which are determined by the Finance Director. Assets' lives will be adjusted as necessary, depending on the present condition and use of the asset and based on how long the assets are expected to meet current service demands.

J. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. 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. Bond issuance costs, if material, are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

K. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

L. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two types of this item, deferred outflows related to pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item, deferred tax revenue, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Deferred inflows related to pensions and deferred inflows related to OPEB also qualify for reporting in this category. However, deferred inflows related to pensions and deferred inflows related to OPEB are only reported in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. Fund Balances

Governmental Fund balances are reported in five classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources that are subject to limitations the government imposes on itself at its highest level of decision-making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The City Council has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Likewise, management or City Council may assign unspent budgeted amounts to specific purposes at year end based on Department requests.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the government's intent to use committed or assigned resources first, and then unassigned resources, as they are needed.

N. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations. All encumbrances, if any, are reserved at year end.

O. Pensions

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.

P. OPEB

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 by the Maine Municipal Employees Health Trust (MMEHT), which determined the City'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.

For purposes of measuring the District's 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.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Q. Use of Estimates

Preparation of the City’s financial statements requires management to make estimates and assumptions that affect the reported 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.

R. Net Investment in Capital Assets

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. The City’s net investment in capital assets was calculated as follows at June 30, 2023:

Capital assets	\$ 86,982,520
Accumulated depreciation	(41,733,789)
<u>Bonds payable</u>	<u>(20,828,770)</u>
<u>Total net investment in capital assets</u>	<u>\$ 24,419,961</u>

S. Implementation of New Accounting Standards

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 96 “Subscription-Based Information Technology Arrangements”. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 “Omnibus 2022”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

PROPERTY TAX

Property taxes for the current year were committed on September 1, 2023, on the assessed value listed as of the prior April 1 for all real and personal property located in the City. Assessed values are periodically established by the City's Assessor at 100% of assumed market value.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$209,455 for the year ended June 30, 2023.

Tax liens are 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 liens and associated costs remain unpaid.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

PROPERTY TAX, CONTINUED

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

The following summarizes the levy:

	<u>2023</u>	<u>2022</u>
Assessed value (excluding Homestead exemption)	\$ 1,245,908,300	\$ 1,219,067,400
Tax rate (per \$1,000)	20.40	20.30
Commitment	25,416,529	24,747,068
Supplemental taxes assessed	-	-
	25,416,529	24,747,068
Less:		
Abatements	22,669	50,016
Collections	24,794,458	24,091,483
	<u>\$ 599,402</u>	<u>\$ 605,569</u>
Due date - current year	October 16, 2022	October 15, 2021
Interest rate on delinquent taxes	4%	6%
Collection rate	97.6%	97.6%
Taxes and liens receivable - current year	\$ 599,402	\$ 605,569
Taxes and liens receivable - prior years	165,526	348,984
	<u>\$ 764,928</u>	<u>\$ 954,553</u>

DEPOSITS AND INVESTMENTS

The City's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all City funds.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

DEPOSITS AND INVESTMENTS, CONTINUED

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the City will not be able to recover its deposits. The City does not have a policy covering custodial credit risk for deposits. However, the City maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2023, the City's cash balance amounting to \$12,193,262 and cash equivalents of \$9,901,528 were comprised of bank deposits of \$22,148,443. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the City's cash balance. Of these bank deposits, \$4,289,953 was covered by federal depository insurance and \$17,858,490 was collateralized with securities held by the financial institution's agent but not in the City's name.

Account Type	Bank Balance
Checking accounts	\$ 321,256
Savings accounts	8,257,050
Money market accounts	1,630,565
Certificates of deposit	9,901,528
ICS accounts	2,038,044
	\$ 22,148,443

Investments:

Custodial credit 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 \$18,654,966 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 – 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 for \$9,901,528 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

DEPOSITS AND INVESTMENTS, CONTINUED

At June 30, 2023, the City had the following investments:

Investment Type	Fair Value	Maturity			
		N/A	<1 Year	1-5 Years	5-10 Years
Mutual funds:					
Fixed income	\$ 103,260	\$ 103,260	\$ -	\$ -	\$ -
Debt securities:					
Corporate bonds	3,595,251	-	839,180	2,756,071	-
Brokered certificates of deposit	321,739	-	99,770	221,969	-
Equity securities:					
Common stock - domestic	14,464,997	14,464,997	-	-	-
Common stock - foreign	169,719	169,719	-	-	-
	<u>\$ 18,654,966</u>	<u>\$ 14,737,976</u>	<u>\$ 938,950</u>	<u>\$ 2,978,040</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 June 30, 2023:

	June 30, 2023 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
Investments by fair value level				
Debt securities				
Corporate bonds	\$ 3,595,251	\$ -	\$ 3,595,251	\$ -
Brokered certificates of deposit	321,739	-	321,739	-
Total debt securities	<u>3,916,990</u>	<u>-</u>	<u>3,916,990</u>	<u>-</u>
Equity securities				
Common stock	14,634,716	14,634,716	-	-
Mutual funds and exchange-traded funds	103,260	103,260	-	-
Total equity securities	<u>14,737,976</u>	<u>14,737,976</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>18,654,966</u>	<u>\$ 14,737,976</u>	<u>\$ 3,916,990</u>	<u>\$ -</u>
Cash equivalents measured at the net asset value (NAV)				
Money market mutual funds	1,630,565			
Total cash equivalents measured at the NAV	<u>1,630,565</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 20,285,531</u>			

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

DEPOSITS AND INVESTMENTS, CONTINUED

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The City has no Level III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2023 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

Credit risk – Statutes for the State of Maine authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. As of June 30, 2023, the City's investments in corporate bonds and negotiable certificates of deposit were rated AA+ (\$187,779), A (\$553,309), A1 (\$740,854), A- (\$583,777), BBB+ (\$614,129), BBB (\$411,103), BBB- (\$427,128) and bonds not rated of (\$398,911) by Moody's Investors Service.

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

Governmental Activities	Balance June 30, 2022	Increases	Decreases/ Adjustments	Balance June 30, 2023
Capital Assets, not being depreciated				
Land	\$ 1,902,870	\$ -	\$ -	\$ 1,902,870
Construction in Progress	2,185,956	2,849,305	3,283,568	1,751,693
Total capital assets not being depreciated	4,088,826	2,849,305	3,283,568	3,654,563
Capital Assets, being depreciated				
Building & Improvements	19,581,531	209,190	-	19,790,721
Machinery, Furniture & Equipment	4,698,225	301,156	-	4,999,381
Infrastructure	49,705,279	2,919,568	-	52,624,847
Vehicles	5,734,391	276,332	97,715	5,913,008
Total capital assets being depreciated	79,719,426	3,706,246	97,715	83,327,957
Less accumulated depreciation for:				
Building & Improvements	9,859,635	386,695	-	10,246,330
Machinery, Furniture & Equipment	3,270,546	291,521	-	3,562,067
Infrastructure	22,726,961	1,131,757	-	23,858,718
Vehicles	3,742,208	422,181	97,715	4,066,674
Total accumulated depreciation	39,599,350	2,232,154	97,715	41,733,789
Total capital assets being depreciated, net	40,120,076	1,474,092	-	41,594,168
Governmental activities capital assets, net	\$ 44,208,902	\$ 4,323,397	\$ 3,283,568	\$ 45,248,731

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

CAPITAL ASSETS, CONTINUED

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

Governmental activities:	
General government	\$ 120,488
Public works and wastewater treatment	1,717,026
Parks and recreation	56,935
Public safety	<u>337,705</u>
<u>Total depreciation expense – governmental activities</u>	<u>\$ 2,232,154</u>

INTERFUND BALANCES, ADVANCES AND TRANSFERS

Individual interfund loans receivable and payable and interfund transfers at June 30, 2023 were as follows:

	Interfund Loans Receivable	Interfund Loans Payable	Transfers In (Out)
General Fund	\$ -	\$ 11,051,344	\$ (145,110)
Sewer Utility Fund	1,742,639	-	-
TIF Fund	4,434,969	-	(211,000)
Capital Projects Fund	2,688,523	-	99,653
Landfill Fund	1,149,889	-	-
Nonmajor governmental funds:			
City Special Purpose	779,953	-	274,898
Community Development	188,564	-	-
Transportation Programs	41,428	-	(53,653)
Bath Local Development Corp.	6,547	-	100,000
Nonmajor permanents funds	<u>18,832</u>	-	<u>(64,788)</u>
Total interfund balances and transfers	<u>\$ 11,051,344</u>	<u>\$ 11,051,344</u>	<u>\$ -</u>

With the exception of certain special revenue, Rural Development BAN proceeds and permanent funds, all cash of the City is co-mingled in centralized cash accounts maintained within the General Fund, the practice of which results in the interfund balances listed above.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023, was as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental activities:				
General obligation bonds	\$ 22,881,093	\$ 601,000	\$ (2,653,323)	\$ 20,828,770

LONG-TERM DEBT

Long-term debt payable at June 30, 2023 is comprised of the following:

	<u>Date of</u> <u>Issue</u>	<u>Original</u> <u>Amount</u> <u>Issued</u>	<u>Date of</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>June 30,</u> <u>2023</u>
Governmental activities:					
Wastewater revolving loan fund	6/30/06	350,000	6/30/26	1.78%	52,500
2011 General Obligation Bond	5/1/11	3,950,000	5/1/31	3.25%	580,000
2011 GOB Series B	3/1/11	2,392,271	11/1/30	2.00%	244,999
2011 SRF GOB	3/1/11	1,883,600	11/1/31	1.00%	847,620
2014 SRF Clean Water Revolving Loan	10/1/13	651,500	2033	0.22%	325,750
2014 GOB Road Bond and Refin	5/1/14	4,456,000	2029	2.00%	990,000
2014 GOB Equipment	10/17/14	665,265	2024	3.09%	28,132
2015 GOB Bath Savings	3/25/15	1,205,000	2025	2.84%	268,722
2015 GOB Bath Savings	11/10/15	715,500	2025	3.31%	143,652
2017 GOB Bath Savings	4/27/17	6,475,500	2025	3.00%	3,830,000
2018 GOB Equipment	1/15/18	621,000	2028	2.99%	175,500
2018 GOB Series A Fire Tk, Rds, Refin	9/13/18	4,203,000	2038	5.00%	2,905,000
2018 GOB Series B Refin	9/13/18	940,000	2028	3.50%	515,000
2019 Rural Development	12/18/19	6,500,000	2041	2.38%	5,798,368
2020 Equipment Loan	2/18/20	380,500	2030	2.30%	176,044
2021 Equipment Loan BSB	11/25/20	545,400	2035	2.68%	348,652
2021 Equipment Loan ANDR	11/25/20	681,750	2030	2.30%	557,503
2021 SRF GOB	3/8/21	3,067,000	2039	1.00%	1,886,055
2021 GOB Bath Savings	3/21/22	720,000	2037	2.73%	554,273
2022 GOB Bath Savings	3/22/23	601,000	2037	2.51%	601,000
Total governmental activities					<u>\$ 20,828,770</u>

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

LONG-TERM DEBT, CONTINUED

The annual principal and interest requirements to amortize general long-term debt outstanding as of June 30, 2023 are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 2,205,509	\$ 559,095	\$ 2,764,604
2025	2,192,155	497,602	2,689,757
2026	2,028,829	430,776	2,459,605
2027	1,871,547	368,810	2,240,357
2028	1,821,511	313,356	2,134,867
2029-2033	5,847,180	959,844	6,807,024
2034-2038	3,196,661	434,405	3,631,066
2039-2043	1,665,378	100,103	1,765,481
	<u>\$ 20,828,770</u>	<u>\$ 3,663,991</u>	<u>\$ 24,492,761</u>

OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Governmental activities:				
Other post-employment benefits	\$ 1,628,543	\$ 920,670	\$ (1,025,537)	\$ 1,523,676
Net pension liability/(asset)	(343,218)	3,346,705	(285,063)	2,718,424
Accrued compensated absences	377,990	48,776	-	426,766
Landfill closure and postclosure care costs	<u>4,380,000</u>	<u>80,000</u>	<u>-</u>	<u>4,460,000</u>
Total governmental activity				
other long-term obligations	<u>\$ 6,043,315</u>	<u>\$ 4,396,151</u>	<u>\$ (1,310,600)</u>	<u>\$ 9,128,866</u>

Please see the notes for detailed information on other long-term obligations.

ACCRUED COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation 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 resignations and retirements.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

LANDFILL CLOSURE AND POSTCLOSURE COSTS

The City of Bath is currently operating a landfill for residential and commercial sanitary waste, demolition debris and other materials. In 1991, the City entered into a consent decree with the State of Maine for the development and implementation of a corrective action plan and application to re-license with a proposed vertical expansion. The City met all terms of the consent decree and received approval from the State on the new license and vertical expansion. As part of the corrective action plan, the City closed certain sections of the landfill and prepared to make improvements that would extend the useful life of the facility. On November 6, 2001, voters approved the City Council's authorization of \$8,140,000 in general obligation bonds. Of this bond issuance, \$3,000,000 was to provide funds for landfill improvements, otherwise referred to as the Landfill Project. In September 2002 (the "2002 Bonds"), \$1,200,000 was issued to finance the Landfill Project. An additional amount of \$600,000 was financed through the State Revolving Loan Program (SRF) jointly through the Maine Municipal Bond Bank and the Maine Department of Environmental Protection. Another bond issuance in June 2004 (the "2004 Bonds") provided the remaining \$1,200,000 previously authorized for the Landfill Project. On January 30, 2008, the City issued \$4,500,000 in voter-approved debt for construction of a new cell and gas mitigation system. At June 30, 2023, the landfill had reached approximately 75.33% capacity of the current configuration (post Landfill project expansion). In November of 2016 the voters approved a \$3,800,000 bond for the construction and equipping of the last cell. The estimated cost for closure after it reaches existing capacity is approximately \$3,500,000. Post closure costs, such as monitoring and maintenance for 30 years is estimated to be \$2,300,000. As such, the City has recognized a liability based on the percentage used as of June 30, 2023, of \$2,720,000 for closure, and an estimate for post closure costs of \$1,740,000. This results in a total of \$4,460,000 estimated liability of closure and post closure costs in the government-wide financial statements. The actual closure and post closure costs may vary from this estimate due to inflation, changes in technology, recycling, engineering estimates, expansion of the existing landfill, or changes in landfill laws. Currently \$1,139,594 is reflected as a cash equivalent and investment in the City's Landfill Fund. It is the intent of the City Council to earmark additional funding for landfill closure costs on an annual basis.

OVERLAPPING DEBT

The City of Bath, Maine is situated in Sagadahoc County and is therefore subject to annual assessment of its proportional share of county expenses. Long-term debt outstanding in Sagadahoc County, for which the City of Bath would be proportionally responsible in the event the County defaulted, amounted to \$401,783 at June 30, 2023, which is 20.31% of the County's total debt of \$1,978,250.

The City of Bath, Maine is also a member of Regional School Unit 1 and is therefore subject to annual assessment of its proportional share of education expenses. Long-term debt outstanding at RSU #1, for which the City of Bath would be proportionally responsible in the event the RSU defaulted, amounted to \$3,141,849 at June 30, 2023, which is 56.25% of the RSU's total debt of \$5,585,883 not funded by the State of Maine.

LIMITATION ON MUNICIPAL SPENDING

The City's charter provides for a limitation on expenditures each year based upon the annual increase in the National Consumer Price Index ("CPI") as determined by the United States Department of Labor. Exceptions to the limitations are made for proceeds of new bond issues approved by public referendum, debt service required to support new bonded indebtedness, expenditures of Federal and State grants, expenditures for programs mandated and funded by the Federal and State governments, expenditures of insurance proceeds for replacement

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

LIMITATION ON MUNICIPAL SPENDING, CONTINUED

of covered assets, and emergency appropriations by the City Council in accordance with the City's charter. The expenditures of the City of Bath, Maine for the year ended June 30, 2023 were made in accordance with the above charter limitations.

ECONOMIC DEPENDENCY

For the year ended June 30, 2023, the City of Bath received \$7,452,796 in real estate and personal property tax revenue from Bath Iron Works. This amount represents 27.22% of total property taxes assessed. Of the taxes received from Bath Iron Works for the year ended June 30, 2023, a significant portion (\$3,296,595) were funds collected as part of a Credit Enhancement Agreement in a Tax Increment Financing (TIF) District.

TAX INCREMENT FINANCING DISTRICT

The City has established 5 tax increment financing districts in accordance with Maine statutes to finance economic development and housing programs located in the City of Bath, Maine. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured assessed value." A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness, to fund the expenditures of the development program and to finance future expansion.

The Bath Iron Works Municipal Development and Tax Increment Financing District #1 & #2

On September 9, 1997 the Bath City Council, as well as the Maine Department of Economic and Community Development, approved a Tax Increment Financing District to expand and diversify the City's tax base and improve its economy. The area of the District is approximately 68 Acres, divided into two separate subdistricts: District #1, consisting of approximately 14.07 acres of land; and the District #2, consisting of approximately 58.02 acres of land. The projects implemented under this Development Program include: improvements to buildings and structures, machinery and equipment and economic development planning and administrative expenses associated with the development effort. The original assessed value of the property is \$128,011,800. The Development Program provides for 100% of the increase in assessed value of the District to be captured and designated as captured assessed value for 25 years. The tax increment revenues will be deposited by the City into the Development Program Fund for a period of 25 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5801.

The TIF Districts will remain in place for a period of 25 years beginning April 1, 1999. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, will commence by agreement between the City and the owner/developer and will continue for a period not to exceed 25 years or the remainder of the term of the District designation, whichever is less. In District 1, percentages from 50% on personal property to 100% on real property of the property taxes to be generated on the improvements within the District will be returned to the developer, until \$85,000,000 is reached, when the percentage reduces to 35%. In District 2, fifty percent of real and personal property increment, if any, is returned to the developer. The remaining amount will be retained by the City and used to fund the development plan of the District. The City reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

TAX INCREMENT FINANCING DISTRICT, CONTINUED

The Wing Farm Enterprise Municipal Development Tax Increment Financing District

On February 6, 2008 the Bath City Council, as well as the Maine Department of Economic and Community Development, approved a Tax Increment Financing District to support economic development projects. The area of the District is approximately 62.56 Acres, consisting of two non-contiguous parcels of land, The Bath Iron Works Tract and the Wing Farm Tract. The projects implemented under this Development Program include development of a business park and the building of a new \$40,000,000 facility. The original assessed value of the property is \$9,327,200. The Development Program provides for 75% of the increase in assessed value of new real property and 100% of personal property of the District to be captured and designated as captured assessed value for 30 years. The tax increment revenues will be deposited by the City into the Development Program Fund for a period of 30 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5801.

On November 20, 2013 the first amendment to the TIF added the Credit Enhancement Agreement, and included 100% of the increase in assessed value of new real and personal property in the Development Program. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, will commence tax year 2014 by agreement between the City and the owner/developer and will continue for a period not to exceed 15 years. 50% on real property for the first 10 years and 40% of real property for the next 5 years of the property taxes to be generated on the improvements within [the Bath Iron Works Tract portion of or the specified portion of] the District will be returned to the developer. The remaining amount will be retained by the City and used to fund the development plan of the District. The City reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program. Any projects financed through municipal bonded indebtedness must be completed within five years of the approval of the District. On August 1, 2018 the second amendment to the TIF reduced the acreage from 62.56 to 37.66. As a result of the reduced area of the District, the original assessed value of \$9,327,200 of the District has been changed to \$8,684,900.

Downtown Improvement Tax Increment Financing District

On February 6, 2008 the Bath City Council, as well as the Maine Department of Economic and Community Development (MDECD), approved a Tax Increment Financing District to support economic development projects. The area of the District at this time is approximately 68.03 acres. The original assessed value of the property is \$72,327,400. The Development Program provides for 100% of the increase in assessed real estate value of the District to be captured and designated as captured assessed value for 30 years. The tax increment revenues will be deposited by the City into the Development Program Fund for a period of 30 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5801.

The Downtown Improvement Tax Increment Financing District has been amended three times. The first amendment, approved June 29, 2009 by the Bath City Council as well as the MDECD, added 2.41 acres to the original district boundaries. The second amendment, approved by the Bath City Council on July 1, 2021 as well as by the MDECD, removed 0.98 acres from the district and designated this area as the Uptown Affordable Housing Tax Increment Financing District. The third amendment approved March 2, 2023 added the Credit Enhancement Agreement. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

TAX INCREMENT FINANCING DISTRICT, CONTINUED

owners/developers of specified property, will commence tax year 2023 by agreement between the City and the owner/developer and will continue for a period not to exceed 10 years. 75% on real property for the first 10 years the District will be returned to the developer. The remaining amount will be retained by the City and used to fund the development plan of the District.

Huse School Apartments Affordable Housing Tax Increment Financing District

On August 5, 2015, the Bath City Council, as well as the Maine State Housing Authority, approved a Tax Increment Financing District to support affordable housing units. The area of the District is approximately 2.5 acres. The original assessed value of the property is \$0. The Development Program provides for 100% of the increase in assessed real property value in the District to be captured and designated as captured assessed value for 15 years. The tax increment revenues will be deposited by the City into the Development Program Fund for a period of 15 years, beginning April 1, 2018. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5801.

The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, by agreement between the City and the owner/developer and will continue for a period not to exceed 15 years. 50% of the real property increment of the property taxes to be generated on the improvements within the District will be returned to the developer. The remaining amount will be retained by the City and used to fund the development plan of the District. The City reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program.

Uptown Affordable Housing Tax Increment Financing District

On July 1, 2021, the Bath City Council, as well as the Maine State Housing Authority, approved a Tax Increment Financing District through March 31, 2043 to support affordable housing units. The area of the District is approximately .98 acres. The original assessed value of the property is \$1,334,500. The Development Program provides for 100% of the increase in assessed value of the District to be captured and designated as captured assessed value for 20 years. The tax increment revenues will be deposited by the City into the Development Program Fund for a period of 20 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5801.

The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, by agreement between the City and the owner/developer and will continue for a period not to exceed 20 years. 50% of the real property increment of the property taxes to be generated on the improvements within the District will be returned to the developer. The remaining amount will be retained by the City and used to fund the development plan of the District. The City reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

FUND BALANCE COMPONENTS

As of June 30, 2023, fund balances components consisted of the following:

	General Fund	Other Governmental Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Nonspendable:			
Inventory	\$ 73,689	\$ -	\$ 73,689
Notes receivable and interfund advances	-	453,656	453,656
Principal for permanent funds	-	4,382,366	4,382,366
Total nonspendable	<u>73,689</u>	<u>4,836,022</u>	<u>4,909,711</u>
Restricted:			
TIF Districts	-	4,434,273	4,434,273
Grants and other purposes	-	414,134	414,134
Total restricted	<u>-</u>	<u>4,848,407</u>	<u>4,848,407</u>
Committed:			
Capital Reserves	14,168,776	-	14,168,776
Sewer utility	-	2,804,227	2,804,227
Landfill - operations	-	2,360,877	2,360,877
Capital projects	-	2,764,669	2,764,669
Transportation programs	-	40,128	40,128
Bath Local Development Corporation	-	248,453	248,453
Total committed	<u>14,168,776</u>	<u>8,218,354</u>	<u>22,387,130</u>
Assigned:			
Subsequent budget	800,000	-	800,000
Fuel tank reserves	99,539	-	99,539
Grants and other purposes	-	1,302,798	1,302,798
Total assigned	<u>899,539</u>	<u>1,302,798</u>	<u>2,202,337</u>
Unassigned	<u>6,837,972</u>	<u>(319,045)</u>	<u>6,518,927</u>
Total fund balances	<u>\$ 21,979,976</u>	<u>\$ 18,886,536</u>	<u>\$ 40,866,512</u>

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

DEFICIT FUND BALANCES

Several City Special Revenue Funds had deficit fund balances at June 30, 2023. The City's deficit fund balances are as follows:

Recreation Programs	\$ 227,225
Skate Park Committee	53,366
Bath Youth Meeting House	<u>227,018</u>
	<u>\$ 507,609</u>

All of these deficits will be funded by future operations and future grants.

DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

City employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60, 62 or 65. 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. The System also provides disability and death benefits, which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2022, there were 311 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 1.52%.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

DEFINED BENEFIT PENSION PLAN, CONTINUED

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The City's 2C plan members and 3C plan members are required to contribute 8.1% and 9.5% respectively of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 10.8% for the 2C plan and 12.9% for the 3C plan of covered payroll. The contribution rates of plan members and the City are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The City's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2023 was \$833,350.

Pension Liabilities

At June 30, 2023, the City reported a liability of \$2,718,424 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2022, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The City's proportion of the net pension liabilities were based on a projection of the City's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2022, the City's proportion was 1.022597%, which was a decrease of 0.045412% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized total pension revenue of \$179,987. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 505,202	\$ -
Changes of assumptions	551,746	-
Net difference between projected and actual earnings on pension plan investments	-	1,140,938
Changes in proportion and differences between contributions and proportionate share of contributions	5,937	84,581
Contributions subsequent to the measurement date	833,350	-
Total	\$ 1,896,235	\$ 1,225,519

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

DEFINED BENEFIT PENSION PLAN, CONTINUED

\$833,350 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/(asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

		PLD Plan	
Plan year ended June 30:			
2023	\$	306,411	
2024		(296,114)	
2025		(708,814)	
2026		535,885	
2027		-	
Thereafter		-	

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2022, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

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

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

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

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

DEFINED BENEFIT PENSION PLAN, CONTINUED

Actuarial Methods and Assumptions (Continued)

Amortization

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2022 are as follows:

Investment Rate of Return – 6.50% per annum for the years ended June 30, 2022 and 2021, compounded annually

Salary Increases, Merit and Inflation - 2.75% to 11.48% per year

Mortality Rates - For the plan, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

Cost of Living Benefit Increases - 1.91%

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2022 are summarized in the following table:

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.2%
Alternative credit	5.0%	7.4%
Diversifiers	10.0%	5.9%

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

DEFINED BENEFIT PENSION PLAN, CONTINUED

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2022. 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 pension plan's 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2022 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
City's proportionate share of the net pension liability/(asset)	\$ 8,030,999	\$ 2,718,424	\$ (1,672,608)

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2022 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2022 with the following exceptions.

Differences 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 2022 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.

Differences between Expected 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.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

DEFINED BENEFIT PENSION PLAN, CONTINUED

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, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 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 of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2022 Annual Comprehensive Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (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.

The City amended the plan in accordance with the provisions of IRS Section 457(g). Assets of the plan were placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of that IRS Section prescribe that the City no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on their plan assets, are not included in the City's financial statements.

Investments are managed by the plans' trustees under several investment options. The choice of investment options is made by the participants.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the City either carries commercial insurance or participates in a public entity risk pool. Currently, the City participates in public entity risk pools sponsored by the Maine Municipal Association for Property and Casualty and Workers' Compensation coverage.

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchases, the City is not aware of any material actual or potential claims that should be recorded at June 30, 2021. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

OTHER POST-EMPLOYMENT BENEFITS - GROUP HEALTH INSURANCE

MAINE MUNICIPAL EMPLOYEES' HEALTH TRUST

Plan Description

The City and City retirees contribute to the City's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the City and/or the City retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the City concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

Employees Covered by Benefit Terms

At January 1, 2023, the following employees were covered by the benefit terms:

Active members	80
Retirees and spouses	<u>12</u>
Total	<u><u>92</u></u>

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS - GROUP HEALTH INSURANCE, CONTINUED

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

Retiree Premium Amounts:

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS C	\$921.95	\$2,067.89
PPO 500	\$849.30	\$1,904.96
<u>Medicare</u>		
Medicare-Eligible Retirees	\$600.50	\$1201.00

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the City reported a liability of \$1,414,569 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2023 and was determined by an actuarial valuation as of that date. The City's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2023, the City recognized OPEB expense of \$15,503. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 34,207	\$ 341,650
Changes of assumptions	334,322	213,336
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	24,831	-
Total	<u>\$ 393,360</u>	<u>\$ 554,986</u>

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS - GROUP HEALTH INSURANCE, CONTINUED

\$24,831 were 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

		MMEHT
Plan year ended June 30:		
2023	\$	(19,199)
2024		(19,198)
2025		(58,385)
2026		(38,536)
2027		(3,771)
Thereafter		(47,368)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2023. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.72% per annum for June 30, 2023 was based upon a measurement date of December 29, 2022. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	2.72%	3.72%	4.72%
Total OPEB liability	\$ 1,643,151	\$ 1,414,569	\$ 1,229,326
Plan fiduciary net position	-	-	-
Net OPEB liability	\$ 1,643,151	\$ 1,414,569	\$ 1,229,326
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS - GROUP HEALTH INSURANCE, CONTINUED

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 1,204,860	\$ 1,414,569	\$ 1,681,052
Plan fiduciary net position	-	-	-
Net OPEB liability	\$ 1,204,860	\$ 1,414,569	\$ 1,681,052
 Plan fiduciary net position as a percentage of the total OPEB liability	 0.00%	 0.00%	 0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2023, using the following methods and assumptions applied 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 cost rate is determined as a level percent of pay for each active Plan member and then summed to 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 and pharmacy, historical claims and census records were assembled and provided through June 30, 2022. 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 the 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.

Assumptions

The actuarial assumptions used in the January 1, 2023 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2022 and based on the experience study covering the period from June 30, 2016 through June 30, 2021. As of January 1, 2023, they are as follows:

Discount Rate -3.72% per annum for year end 2023 reporting. 2.06% per annum for year end 2022 reporting.

Trend Assumptions:

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 2023_fl was used for this valuation. The following assumptions were input into this model:

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS - GROUP HEALTH INSURANCE, CONTINUED

Actuarial Methods and Assumptions (Continued)

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	3.00%
Rate of Growth in Real Income/GDP per capital 2032+	1.50%
Extra Trend due to Taste/Technology 2032+	0.80%
Expected Health Share of GDP 2032	19.80%
Health Share of GDP Resistance Point	19.00%
Year for Limiting Cost Growth to GDP Growth	2043

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 judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group.

The trends selected from 2023 to 2026 were based on plan design, population weighting, renewal projections, and market analysis. For years 2027 to 2031, these are interpolated from 2026 to 2032 (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 capital GDP growth.

Administrative and claims expense - 3% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

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 District at June 30, 2021.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims. A constant cost sharing in plan design between employer and employees is assumed.

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.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS - GROUP HEALTH INSURANCE, CONTINUED

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality:

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

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected.

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2023 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience 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. The difference between expected and actual experience as of January 1, 2023 was (\$307,443).

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS - GROUP HEALTH INSURANCE, CONTINUED

to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the January 1, 2023 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. 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.

Differences between Projected and Actual Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. 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.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the City office at 55 Front Street, Bath, Maine 04530.

OTHER POST-EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

City employees contribute to the Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan of the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. As of June 30, 2022, there were 139 employers participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Group Life Insurance Plan (the Plan) 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 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's 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.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE, CONTINUED

Contributions

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employees, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period. The City's contribution to the Plan for the year ended June 30, 2023 was \$9,625.

Proportionate Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the City reported a liability of \$109,107 for its proportionate share of the net OPEB liabilities for the Plan. The net OPEB liabilities were measured as of June 30, 2022, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation 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 Plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2022, the City's proportion was 0.753339%, which was a decrease of 0.01818% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2021, the City recognized net OPEB revenue of \$111,504. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	PLD Life Insurance	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,307	\$ 965
Changes of assumptions	9,072	34,070
Net difference between projected and actual earnings on pension plan investments	9,433	-
Changes in proportion and differences between contributions and proportionate share of contributions	1	15,772
Contributions subsequent to the measurement date	9,625	-
Total	\$ 33,438	\$ 50,807

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE, CONTINUED

\$9,625 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>PLD Life Insurance</u>
Plan year ended June 30:	
2023	\$ (8,977)
2024	(11,797)
2025	(11,887)
2026	6,468
2027	(185)
Thereafter	(617)

Actuarial Methods and Assumptions

The collective total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2022, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

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

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

Investments are reported at fair value.

Amortization

The net OPEB liability of the Plan is amortized on a level percentage of payroll over a thirty-year period on a closed basis. As of June 30, 2022, there were 8 years remaining for the Plan.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE, CONTINUED

The actuarial assumptions used in the June 30, 2022 actuarial valuation was based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2022 are as follows:

Investment Rate of Return - For the PLD Plan, 6.50% per annum, compounded annually.

Inflation Rate - 2.75%

Annual Salary Increases including Inflation - For the PLD Plan, 2.75% to 11.48% per year.

Mortality Rates - For active members and non-disabled retirees of the Plan, the 2010 Public Plan General Benefits - Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model is used.

Participation Rate for Future Retirees - 100% of those currently enrolled.

Conversion Charges - Apply to the cost of active group life insurance, not retiree group life insurance.

Form of Benefit Payment - Lump sum

The long-term expected rate of return on the Plan’s investments was determined using a building-block method in which best-estimate 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 the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.00%	6.00%
Real estate	5.00%	5.20%
Traditional credit	15.00%	3.00%
US Government securities	10.00%	2.30%
Total	<u>100.00%</u>	

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE, CONTINUED

Discount Rate

The discount rate used to measure the collective total OPEB liability was 6.50% for 2022. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The following table shows how the collective net OPEB liability as of June 30, 2022 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for the PLD Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance: Discount rate	5.50%	6.50%	7.50%
City's proportionate share of the net OPEB benefits liability	\$ 148,084	\$ 109,107	\$ 77,813

Changes in Net OPEB Liability

Each employer's share of the collective net OPEB liability is equal to the collective net OPEB liability multiplied by the employer's proportionate share as of June 30, 2022 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2022 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors 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. There were no differences between expected and actual experience as of June 30, 2021.

Differences between Projected and Actual Investment Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. 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.

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

CITY OF BATH, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE, CONTINUED

expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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 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. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2022.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2022 Annual Comprehensive Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the City's financial position.

The City participates in various intergovernmental grant programs that may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations. In addition, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

CITY OF BATH, MAINE
Required Supplementary Information
June 30, 2023

**SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY/(ASSET)**

LAST 10 FISCAL YEARS*

<u>PLD Plan:</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset)	1.02%	1.07%	1.06%	1.07%	1.13%	1.07%	1.13%	1.21%	1.37%	1.57%
Proportionate share of the net pension liability/(asset)	\$ 2,718,424	\$ (343,218)	\$ 4,223,235	\$ 3,259,859	\$ 3,090,534	\$ 4,396,474	\$ 3,871,912	\$ 3,871,912	\$ 2,109,700	\$ 4,831,637
Covered payroll	\$ 6,487,375	\$ 6,234,377	\$ 5,950,049	\$ 5,716,077	\$ 5,717,958	\$ 5,491,363	\$ 5,756,941	\$ 5,583,092	\$ 5,421,904	\$ 5,267,709
Proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	41.90%	-5.51%	70.98%	57.03%	54.05%	80.06%	67.26%	69.35%	38.91%	91.72%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.60%	88.30%	94.10%	87.50%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

CITY OF BATH, MAINE
Required Supplementary Information
June 30, 2023

SCHEDULE OF CONTRIBUTIONS

LAST 10 FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>										
Contractually required contribution	\$ 833,350	\$ 794,908	\$ 730,693	\$ 686,610	\$ 653,784	\$ 626,880	\$ 550,362	\$ 532,505	\$ 496,072	\$ 475,274
Contributions in relation to the contractually required contribution	<u>(833,350)</u>	<u>(794,908)</u>	<u>(730,693)</u>	<u>(686,610)</u>	<u>(653,784)</u>	<u>(626,880)</u>	<u>(550,362)</u>	<u>(532,505)</u>	<u>(496,072)</u>	<u>(475,274)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$6,792,713	\$6,487,375	\$6,234,377	\$5,950,049	\$5,716,077	\$5,717,958	\$5,491,363	\$5,756,941	\$5,583,092	\$5,421,904
Contributions as a percentage of covered payroll	12.27%	12.25%	11.72%	11.54%	11.44%	10.96%	10.02%	9.25%	8.89%	8.77%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

CITY OF BATH, MAINE
Required Supplementary Information
June 30, 2023

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at 1/1/22 (Reporting June 30, 2022)	\$ 1,548,892	\$ -	\$ 1,548,892
Changes for the year:			
Service cost	47,882	-	47,882
Interest	32,467	-	32,467
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(173,040)	-	(173,040)
Contributions - employer	-	41,632	(41,632)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(41,632)	(41,632)	-
Administrative expense	-	-	-
Net changes	<u>(134,323)</u>	<u>-</u>	<u>(134,323)</u>
Balances at 1/1/23 (Reporting June 30, 2023)	<u>\$ 1,414,569</u>	<u>\$ -</u>	<u>\$ 1,414,569</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF BATH, MAINE
Required Supplementary Information
June 30, 2023

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost (BOY)	\$ 47,882	\$ 51,652	\$ 44,342	\$ 36,591	\$ 41,713	\$ 31,950
Interest (includes interest on service cost)	32,467	31,577	37,113	65,240	58,681	50,996
Changes of benefit terms	-	-	-	(24,180)	-	-
Differences between expected and actual experience	-	(28,673)	-	(638,701)	-	136,819
Changes of assumptions	(173,040)	75,061	82,402	360,555	(158,723)	176,646
Benefit payments, including refunds of member contributions	(41,632)	(36,873)	(35,455)	(52,244)	(50,235)	(48,580)
Net change in total OPEB liability	<u>\$ (134,323)</u>	<u>\$ 92,744</u>	<u>\$ 128,402</u>	<u>\$ (252,739)</u>	<u>\$ (108,564)</u>	<u>\$ 347,831</u>
Total OPEB liability - beginning	\$ 1,548,892	\$ 1,456,148	\$ 1,327,746	\$ 1,580,485	\$ 1,689,049	\$ 1,341,218
Total OPEB liability - ending	<u>\$ 1,414,569</u>	<u>\$ 1,548,892</u>	<u>\$ 1,456,148</u>	<u>\$ 1,327,746</u>	<u>\$ 1,580,485</u>	<u>\$ 1,689,049</u>
Plan fiduciary net position						
Contributions - employer	41,632	36,873	35,455	52,244	50,235	48,580
Contributions - member	-	-	-	-	-	-
Net investment income	-	-	-	-	-	1
Benefit payments, including refunds of member contributions	(41,632)	(36,873)	(35,455)	(52,244)	(50,235)	(48,580)
Administrative expense	-	-	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 1,414,569</u>	<u>\$ 1,548,892</u>	<u>\$ 1,456,148</u>	<u>\$ 1,327,746</u>	<u>\$ 1,580,485</u>	<u>\$ 1,689,049</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-	-	-
Covered payroll	4,449,858	4,449,858	4,508,658	4,373,268	\$ 4,373,268	\$ 4,373,268
Net OPEB liability as a percentage of covered payroll	31.8%	34.8%	32.3%	30.4%	36.1%	38.6%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

CITY OF BATH, MAINE
Required Supplementary Information
June 30, 2023

SCHEDULE OF CONTRIBUTIONS

LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018
<u>MMEHT:</u>						
Employer contributions	\$ 41,632	\$ 36,873	\$ 35,455	\$ 52,244	\$ 50,235	\$ 48,580
Benefit payments	<u>(41,632)</u>	<u>(36,873)</u>	<u>(35,455)</u>	<u>(52,244)</u>	<u>(50,235)</u>	<u>(48,580)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,449,858	\$ 4,449,858	\$ 4,508,658	\$ 4,373,268	\$ 4,373,268	\$ 4,373,268
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

CITY OF BATH, MAINE
Required Supplementary Information
June 30, 2023

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY

LAST 10 FISCAL YEARS*

<u>PLD Plan:</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the net pension liability (asset)	0.75%	0.77%	0.79%	0.84%	0.89%	0.92%	0.22%
Proportionate share of the net pension liability (asset)	\$ 109,107	\$ 79,651	\$ 104,300	\$ 180,797	\$ 179,071	\$ 154,112	\$ 219,452
Covered payroll	\$ 6,487,375	\$ 6,234,377	\$ 5,950,049	\$ 5,716,077	\$ 5,717,958	\$ 5,491,363	\$ 5,756,941
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.68%	1.28%	1.75%	3.16%	3.13%	2.81%	3.81%
Plan fiduciary net position as a percentage of the total pension liability	56.15%	48.68%	55.40%	43.18%	43.92%	47.42%	81.60%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

CITY OF BATH, MAINE
Required Supplementary Information
June 30, 2023

SCHEDULE OF CONTRIBUTIONS

LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017
<u>PLD Life Insurance:</u>							
Contractually required contribution	\$ 9,625	\$ 5,382	\$ 8,910	\$ 9,299	\$ 9,482	\$ 9,559	\$ 9,724
Contributions in relation to the contractually required contribution	<u>(9,625)</u>	<u>(5,382)</u>	<u>(8,910)</u>	<u>(9,299)</u>	<u>(9,482)</u>	<u>(9,559)</u>	<u>(9,724)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,792,713	\$ 6,487,375	\$ 6,234,377	\$ 5,950,049	\$ 5,716,077	\$ 5,717,958	\$ 5,491,363
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

CITY OF BATH, MAINE
Notes to Required Supplementary Information
For the Year Ended June 30, 2023

Changes of Assumptions

PLD Pension:

There were no changes of assumptions.

PLD OPEB:

There were no changes to assumptions.

MMEHT OPEB Plan

There was a change in the discount rate from 2.06% to 3.72% per GASB 75 discount rate selection. Ultimate medical trends were aligned to the higher inflation environment for the roll forward as of this measurement date.

GENERAL FUND

The General Fund is the general operating fund of the City. All general assessments and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The fund pays general operating expenditures, fixed charges and capital improvements that are not paid through other funds.

CITY OF BATH, MAINE
General Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 21,834,887	\$ 17,069,333
Investments	12,709,281	13,761,793
Receivables:		
Taxes receivable	594,336	599,539
Tax liens	170,592	355,014
Accounts receivable, net of allowance of \$44,520	526,982	564,444
Inventory	39,876	10,152
Prepaid	33,813	12,312
Total assets	\$ 35,909,767	\$ 32,372,587
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 1,116,928	\$ 714,062
Accrued expenditures	359,722	299,855
Accrued tax abatement	921,797	921,797
Interfund loans payable	11,051,344	9,993,755
Total liabilities	13,449,791	11,929,469
Deferred inflows of resources:		
Deferred tax revenue	480,000	1,007,180
Total deferred inflows of resources	480,000	1,007,180
Fund balances:		
Nonspendable - inventory and prepaids	73,689	22,464
Committed	14,168,776	13,761,793
Assigned	899,539	1,121,180
Unassigned	6,837,972	4,530,501
Total fund balances	21,979,976	19,435,938
Total liabilities, deferred inflows of resources and fund balances	\$ 35,909,767	\$ 32,372,587

CITY OF BATH, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual--Budgetary Basis, Continued
For the year ended June 30, 2023
(with comparative actual amounts for the year ended June 30, 2022)

	2023		Variance positive (negative)	2022 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 16,135,697	\$ 16,905,049	\$ 769,352	\$ 17,602,016
Excise taxes	1,282,500	1,385,274	102,774	1,372,821
Interest and costs on taxes	80,000	171,384	91,384	102,295
Contributions in lieu of taxes	60,000	35,000	(25,000)	61,553
Total taxes	17,558,197	18,496,707	938,510	19,138,685
Licenses, permits and fees:				
Non-business licenses	7,100	7,760	660	6,686
Health, building, plumbing and electrical permits	61,605	117,174	55,569	135,965
Vehicle, boat and recreation vehicle registrations	25,500	30,743	5,243	30,812
Other	25,000	20,016	(4,984)	16,657
Total licenses, permits and fees	119,205	175,693	56,488	190,120
Intergovernmental:				
State revenue sharing	1,620,715	2,417,729	797,014	1,757,452
State homestead exemption	620,624	620,624	-	610,675
State BETE exemption	2,470,541	2,470,541	-	2,129,740
Other state revenue	40,000	52,540	12,540	27,819
Total intergovernmental	4,751,880	5,561,434	809,554	4,525,686
Investment income (loss), net	620,000	1,873,771	1,253,771	(1,208,229)
Charges for services:				
Ambulance service	695,000	752,847	57,847	724,853
Cemetery sales	76,500	46,773	(29,727)	45,813
Parking City lots	175,000	178,927	3,927	147,127
Police duty and fees	500	17,979	17,479	114
Total charges for services	947,000	996,526	49,526	917,907
Other revenues:				
Parking and traffic violations	45,000	35,744	(9,256)	51,906
Cable television franchise	108,000	106,429	(1,571)	107,804
Rents and leases	-	7,195	7,195	19,316
Sale of property	-	-	-	5,174
Miscellaneous	15,000	29,762	14,762	12,998
Total other revenues	168,000	179,130	11,130	197,198
Total revenues	24,164,282	27,283,261	3,118,979	23,761,367

CITY OF BATH, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual--Budgetary Basis, Continued
For the year ended June 30, 2023
(with comparative actual amounts for the year ended June 30, 2022)

	Budget	Actual	Variance positive (negative)	2022 Actual
Expenditures:				
Current:				
General government:				
Administration	178,646	173,594	5,052	164,724
Professional services	205,000	117,050	87,950	171,380
City council	74,544	67,656	6,888	73,636
City clerk	115,886	119,745	(3,859)	103,211
Elections	20,800	20,024	776	16,356
Central services	172,550	175,133	(2,583)	176,347
City Hall management and utilities	158,825	163,471	(4,646)	168,435
Finance	341,428	332,369	9,059	310,437
Assessor	155,740	153,081	2,659	141,882
Public education government cable	110,967	117,410	(6,443)	96,103
Planning and community development	74,480	74,447	33	47,465
Total general government	1,608,866	1,513,980	94,886	1,469,976
Public works:				
General	1,192,683	1,221,610	(28,927)	880,009
Forestry	96,100	86,802	9,298	60,213
Cemetery and parks	441,285	412,628	28,657	390,738
Total public works	1,730,068	1,721,040	9,028	1,330,960
Public safety:				
Fire and ambulance	1,984,423	1,963,399	21,024	1,906,653
Police	1,735,968	1,719,874	16,094	1,586,782
Other public safety	123,632	124,518	(886)	113,420
Codes enforcement	151,759	151,729	30	104,585
Street lights	125,000	125,029	(29)	123,648
Fire hydrant rental	424,165	424,615	(450)	424,165
Total public safety	4,544,947	4,509,164	35,783	4,259,253
Health and welfare:				
General assistance	71,300	61,262	10,038	46,219
Total health and welfare	71,300	61,262	10,038	46,219

CITY OF BATH, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual--Budgetary Basis, Continued
For the year ended June 30, 2023
(with comparative actual amounts for the year ended June 30, 2022)

	2023		Variance positive (negative)	2022 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Education	11,416,679	11,416,679	-	11,109,814
Intergovernmental--county tax	1,952,613	1,952,613	-	1,906,494
Unclassified:				
Employee benefits	2,455,643	2,231,206	224,437	2,258,863
Insurances	533,500	399,530	133,970	552,230
Special events and support	201,920	196,924	4,996	192,453
Overlay/abatements and write-offs		22,669	(22,669)	50,016
Total unclassified	3,191,063	2,850,329	340,734	3,053,562
Debt service:				
Principal	595,118	595,542	(424)	495,198
Interest and fees	-	-	-	156,985
Total debt service	595,118	595,542	(424)	652,183
Total expenditures	25,110,654	24,620,609	490,045	23,828,461
Excess (deficiency) of revenues over (under) expenditures	(946,372)	2,662,652	3,609,024	(67,094)
Other financing sources (uses):				
Utilization of prior year fund balance	-	-	-	-
Transfers in	90,000	129,788	39,788	39,559
Transfers out	(299,898)	(274,898)	25,000	(299,266)
Total other financing sources (uses)	(209,898)	(145,110)	64,788	(259,707)
Net change in fund balance - budgetary basis	(1,156,270)	2,517,542	3,673,812	(326,801)
Reconciliation to GAAP basis:				
Fuel revenues for fuel tank reserve		26,496		20,067
Net change in fund balances - GAAP basis		2,544,038		(306,734)
Fund balance, beginning of year		19,435,938		19,742,672
Fund balance, end of year		\$ 21,979,976		\$ 19,435,938

See accompanying independent auditor's report and notes to financial statements.

CAPITAL PROJECTS FUNDS

Capital projects funds are established to account for resources obtained and expended for the acquisition of major capital facilities other than those that would be employed in the delivery of services accounted for in enterprise funds.

CITY OF BATH, MAINE
Capital Projects
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	Fund Balance, Beginning of Year	Revenues				Capital Outlay	Debt Service	Capital Lease & Bond Proceeds	Transfers In (Out)	Fund Balance, End of Year
		Property Taxes	Intergovern- mental	Investment Earnings	Other					
City capital projects:										
Capital fund - City	\$ 413,581	\$ 232,046	\$ -	\$ -	\$ 1,492	\$ 88,778	\$ 52,046	\$ 358,000	\$ 74,653	\$ 938,948
Cemetery and parks capital	48,599	105,738	-	-	150	169,119	20,738	75,000	25,000	64,630
Commercial/Front pump station	12,355	-	-	-	-	-	-	-	-	12,355
Fire and ambulance capital projects	12,352	249,937	-	-	-	95,715	204,924	46,000	-	7,650
Police capital improvements	27,904	61,092	-	-	-	70,547	31,091	40,000	-	27,358
Public works capital improvements	2,083,735	371,045	58,684	-	-	1,265,679	178,945	25,000	-	1,093,840
Recreation capital improvements	642,099	136,176	-	-	17,000	117,219	115,168	57,000	-	619,888
Total capital projects	\$ 3,240,625	\$ 1,156,034	\$ 58,684	\$ -	\$ 18,642	\$ 1,807,057	\$ 602,912	\$ 601,000	\$ 99,653	\$ 2,764,669

See accompanying independent auditor's report and notes to financial statements.

ALL OTHER GOVERNMENTAL FUNDS

CITY OF BATH, MAINE
Other Governmental Funds
Combining Balance Sheet
June 30, 2023

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total
ASSETS			
Cash and cash equivalents	\$ 69,536	\$ 113,385	\$ 182,921
Investments	555,941	4,250,150	4,806,091
Accounts receivable	31,962	-	31,962
Notes receivable	486,156	-	486,156
Interfund loans receivable	1,016,492	18,832	1,035,324
Total assets	\$ 2,160,087	\$ 4,382,367	\$ 6,542,454
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued expenditures	\$ 19,963	\$ -	\$ 19,963
Total liabilities	19,963	-	19,963
Fund balances:			
Nonspendable	453,656	4,382,366	4,836,022
Restricted	414,134	-	414,134
Committed	288,581	-	288,581
Assigned	1,302,798	-	1,302,798
Unassigned	(319,045)	-	(319,045)
Total fund balances	2,140,124	4,382,366	6,522,490
Total liabilities and fund balances	\$ 2,160,087	\$ 4,382,366	\$ 6,542,453

See accompanying independent auditor's report and notes to financial statements.

CITY OF BATH, MAINE
Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total
Revenues:			
Intergovernmental	\$ 882,735	\$ -	\$ 882,735
Charges for services	558,857	-	558,857
Investment income	61,647	115,349	176,996
Realized/unrealized gain (loss) on investments	-	375,677	375,677
Other revenue	30,273	18,832	49,105
Total revenues	1,533,512	509,858	2,043,370
Expenditures:			
General government	169,618	-	169,618
Public safety	185,198	-	185,198
Parks and recreation	651,994	-	651,994
Health, welfare and transportation	236,237	-	236,237
Unclassified	444,630	50,547	495,177
Total expenditures	1,687,677	50,547	1,738,224
Excess (deficiency) of revenues over (under) expenditures	(154,165)	459,311	305,146
Other financing sources (uses):			
Transfers in	321,245	-	321,245
Transfers out	-	(64,788)	(64,788)
Total other financing sources (uses)	321,245	(64,788)	256,457
Net change in fund balances	167,080	394,523	561,603
Fund balances, beginning	1,973,044	3,987,843	5,960,887
Fund balances, ending	\$ 2,140,124	\$ 4,382,366	\$ 6,522,490

See accompanying independent auditor's report and notes to financial statements.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific resources obtained and expended for specified purposes that are restricted by law or administrative action.

CITY OF BATH, MAINE
Nonmajor Special Revenues Funds
Combining Balance Sheet
June 30, 2023

		City Special Purpose	Community Development Funds	Transportation Programs	Bath Local Development Corporation	Total
ASSETS						
Cash and cash equivalents	\$	19,457		\$ -	\$ 50,079	\$ 69,536
Investments		396,614		-	159,327	\$ 555,941
Accounts receivable		31,962		-	-	31,962
Notes receivable		-	453,656	-	32,500	486,156
Interfund loans receivable		779,953	188,564	41,428	6,547	1,016,492
Total assets	\$	1,227,986	\$ 642,220	\$ 41,428	\$ 248,453	\$ 2,160,087
LIABILITIES AND FUND BALANCES (DEFICITS)						
Liabilities:						
Accounts payable	\$	-	\$ -		\$ -	\$ -
Accrued expenditures		18,663	-	1,300	-	19,963
Escrow		-	-	-	-	-
Interfund loans payable			-		-	-
Total liabilities		18,663	-	1,300	-	19,963
Fund balances (deficits):						
Nonspendable - long-term receivables		-	453,656	-	-	453,656
Restricted		414,134	-	-	-	414,134
Committed		-	-	40,128	248,453	288,581
Assigned		1,302,798	-	-	-	1,302,798
Unassigned		(507,609)	188,564	-	-	(319,045)
Total fund balances (deficits)		1,209,323	642,220	40,128	248,453	2,140,124
Total liabilities and fund balances	\$	1,227,986	\$ 642,220	\$ 41,428	\$ 248,453	\$ 2,160,087

CITY OF BATH, MAINE
Nonmajor Special Revenues Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	City Special Purpose	Community Development Funds	Transportation Programs	Bath Local Development Corporation	Total
Revenues:					
Intergovernmental	\$ 329,189	\$ 388,834	\$ 164,712	\$ -	\$ 882,735
Charges for services	516,278		42,579	-	558,857
Investment income	58,569	-	-	3,078	61,647
Other revenue	23,196	6,566	511	-	30,273
Total revenues	927,232	395,400	207,802	3,078	1,533,512
Expenditures:					
General government	169,618	-	-	-	169,618
Public safety	185,198	-	-	-	185,198
Parks and recreation	651,994	-	-	-	651,994
Health, welfare and transportation	9,749	-	226,488	-	236,237
Unclassified	12,305	431,601	-	724	444,630
Debt service	-	-	-	-	-
Total expenditures	1,028,864	431,601	226,488	724	1,687,677
Excess (deficiency) of revenues over (under) expenditures	(101,632)	(36,201)	(18,686)	2,354	(154,165)
Other financing sources (uses):					
Transfers in (out)	274,898	-	(53,653)	100,000	321,245
Total other financing sources (uses)	274,898	-	(53,653)	100,000	321,245
Net change in fund balances	173,266	(36,201)	(72,339)	102,354	167,080
Fund balances (deficits), beginning	1,036,057	678,421	112,467	146,099	1,973,044
Fund balances (deficits), ending	\$ 1,209,323	\$ 642,220	\$ 40,128	\$ 248,453	\$ 2,140,124

CITY OF BATH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds
For the Year Ended June 30, 2023

	Fund Balances (Deficits)				Revenues Over (Under)	Transfers	Fund Balances (Deficits)
	June 30, 2022	Revenues	Expenditures	Expenditures	In (Out)	June 30, 2023	
City Special Purpose Funds:							
Cemetery and Parks	\$ 25,323	3,184	\$ 526	\$ 2,658	\$ -	\$ 27,981	
Forestry Trust	13,347	1,965	-	1,965	-	15,312	
DARE	4,528	500	2,392	(1,892)	-	2,636	
Fire Department	1,843	-	-	-	-	1,843	
Forestry Grants	986	-	20	(20)	-	966	
General Assistance - Almoner Fund	85,925	12,502	9,749	2,753	-	88,678	
Lambert Park Community Center	74,940	28,868	12,305	16,563	-	91,503	
Planning Grants	6,495	180,000	96,645	83,355	-	89,850	
Police Grants	11,991	187,592	182,806	4,786	-	16,777	
McMann Field Replacement	154,298	7,557	-	7,557	17,730	179,585	
Recreation - Other	51,503	39,624	17,595	22,029	(17,730)	55,802	
Other City programs	1,099,428	93,485	72,973	20,512	-	1,119,940	
Recreation (Fund 12)	(242,374)	344,752	604,501	(259,749)	274,898	(227,225)	
Skate park committee	(53,366)	-	-	-	-	(53,366)	
Bath Youth Meeting House (Fund 13)	(227,018)	-	-	-	-	(227,018)	
Armory Building (Fund 13)	4,927	26,552	29,352	(2,800)	-	2,127	
Swimming Pool Fund	23,281	651	-	651	-	23,932	
Total City Special Purpose	\$ 1,036,057	\$ 927,232	\$ 1,028,864	\$ (101,632)	\$ 274,898	\$ 1,209,323	
Transportation Programs:							
Bath City Bus	\$ 94,859	\$ 177,119	\$ 175,453	\$ 1,666	\$ (96,525)	\$ -	
Trolley and Train Station	17,608	30,683	51,035	(20,352)	42,872	40,128	
Total Transportation Programs	\$ 104,434	\$ 207,802	\$ 226,488	\$ (18,686)	\$ (53,653)	\$ 40,128	

See accompanying independent auditor's report and notes to financial statements.

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

Permanent funds are used to account for assets held by the City of Bath, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Unit or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of cemeteries and scholarships.

CITY OF BATH, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2023

	Bailey Evening School	Beneficiary Trust	Cemetery Trusts	Mausoleum Trusts	Forestry Trust	Old Folks Home	School Trusts	Total
ASSETS								
Cash and cash equivalents	-	112,175	1,210			-	-	113,385
Investments	420,891	566,574	2,990,238	94,843	51,507	82,902	43,195	4,250,150
Interfund loans receivable	-		18,832			-	-	18,832
Total assets	\$ 420,891	\$ 678,749	\$ 3,010,280	\$ 94,843	\$ 51,507	\$ 82,902	\$ 43,195	\$ 4,382,367
LIABILITIES AND FUND BALANCES								
Liabilities:								
Interfund loans payable	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
Total liabilities	-	-	-			-	-	-
Fund balances:								
Nonspendable - principal	420,891	678,749	3,010,280	94,843	51,507	82,902	43,194	4,382,366
Total fund balances	420,891	678,749	3,010,280	94,843	51,507	82,902	43,194	4,382,366
Total liabilities and fund balances	\$ 420,891	\$ 678,749	\$ 3,010,280	\$ 94,843	\$ 51,507	\$ 82,902	\$ 43,194	\$ 4,382,366

CITY OF BATH, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2023

	Bailey Evening School	Beneficiary Trust	Cemetery Trusts	Mausoleum Trusts	Forestry Trust	Old Folks Home	School Trusts	Total
Revenues:								
Investment income	11,213	15,434	81,160	2,138	2,044	2,209	1,151	115,349
Realized gain (loss) on investments	(1,337)	(1,806)	(9,674)	(255)	(244)	(263)	(137)	(13,716)
Unrealized gain (loss) on investments	38,737	52,152	273,395	8,683	4,821	7,630	3,975	389,393
Perpetual care contributions	-	-	18,832			-	-	18,832
Total revenues	48,613	65,780	363,713	10,566	6,621	9,576	4,989	509,858
Expenditures:								
Current:								
Distribution of income	8,722	12,051			1,589	1,718	895	24,975
Other	2,492	3,367	18,035	476	455	491	256	25,572
Total expenditures	11,214	15,418	18,035	476	2,044	2,209	1,151	50,547
Excess of revenues over expenditures	37,399	50,362	345,678	10,090	4,577	7,367	3,838	459,311
Other financing uses:								
Transfers out	-	-	(63,125)	(1,663)		-	-	(64,788)
Total other financing uses	-	-	(63,125)	(1,663)	-	-	-	(64,788)
Net change in fund balances	37,399	50,362	282,553	8,427	4,577	7,367	3,838	394,523
Fund balances, beginning of year	383,492	628,387	2,727,727	86,416	46,930	75,535	39,356	3,987,843
Fund balances, end of year	\$ 420,891	\$ 678,749	\$ 3,010,280	\$ 94,843	\$ 51,507	\$ 82,902	\$ 43,194	\$ 4,382,366

See accompanying independent auditor's report and notes to financial statements.

LONG-TERM DEBT

CITY OF BATH, MAINE
Statement of Changes in Long-term Debt
For the Year Ended June 30, 2023

	Interest Rate	Issue Date	Final Maturity Date	Annual Principal Payments	Balance, Beginning of Year	Current Period		Balance, End of Year
						Issued	Retired	
<u>General Obligation Bonds</u>								
City issues:								
2002 SRF Landfill/Pumping Station Bonds	Var.	2003	2022	\$ 107,500	\$ 63,508	\$ -	63,508.56	\$ (1)
Wastewater Revolving Loan Fund	1.780%	2006	2026	17,500	70,000	-	17,500.00	52,500
2008 General Obligation Bond	Var.	2008	2023	165,000	165,000	-	165,000.00	-
2008 SRF Sewer Bond	1.000%	2008	2023	93,333	93,334	-	93,332.73	1
2011 General Obligation Bond	Var.	2011	2031	Var.	690,000	-	110,000.00	580,000
2011 GOB Series B	Var.	2011	2030	Var.	269,999	-	25,000.00	244,999
2011 SRF GOB	Var.	2011	2031	Var.	941,800	-	94,180.00	847,620
2013 SRF GOB Clean Water Revolving Loan Func	1.000%	2013	2033	Var.	358,325	-	32,575.00	325,750
2014 GOB Road Bond and Refinance	Var.	2014	2028	Var.	1,295,000	-	305,000.00	990,000
2015 Bath Savings Bank	Var.	2015	2025	Var.	397,543	-	128,821.47	268,722
2015 Equipment GOB Bath Savings	Var.	2015	2025	Var.	41,569	-	13,436.73	28,132
2016 Equipment GOB Bath Savings	Var.	2016	2025	Var.	188,504	-	44,852.03	143,652
2017 GOB	Var.	2017	2036	Var.	4,320,000	-	490,000.00	3,830,000
2018 Equipment GOB	Var.	2018	2028	Var.	255,200	-	79,700.00	175,500
2018 GOB Wingfarm/ Fire Truck/ Street Bond	Var.	2019	2038	Var.	3,160,000	-	255,000.00	2,905,000
2018 GOB Wingfarm	Var.	2019	2028	Var.	605,000	-	90,000.00	515,000
2019 Rural Development	2.375%	2020	2041	Var.	6,037,756	-	239,388.04	5,798,368
2020 Equipment GOB	Var.	2020	2030	Var.	244,196	-	68,152.39	176,044
2021 Equipment Bath Savings	Var.	2020	2035	Var.	447,026	-	98,374.00	348,652
2021 Equipment Androscoggin	2.300%	2020	2030	Var.	620,333	-	62,829.92	557,503
2021 SRF Clean Water	1.000%	2021	2039	110,944	1,997,000	-	110,944.52	1,886,055
2021 Equipment Bath Savings	Var.	2021	2036	Var.	620,000	-	65,727.89	554,272
2022 Equipment Bath Savings	Var.	2022	2037	Var.		601,000		601,000
Total long-term debt					\$ 22,881,093	\$ 601,000	\$ 2,653,323	\$ 20,828,770

See accompanying independent auditor's report and notes to financial statements.

STATISTICAL TABLES

Table A

CITY OF BATH, MAINE
Revenues and Expenditures
General Fund
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Taxes	\$ 17,208,440	\$ 17,676,989	\$ 18,207,985	\$ 18,503,440	\$ 18,757,685	\$ 19,385,325	\$ 19,032,748	\$ 19,515,244	\$ 19,138,685	\$ 18,496,707
Licenses and permits	130,212	186,367	164,139	116,757	93,398	146,080	111,712	127,364	190,120	175,693
Intergovernmental revenues	1,186,564	1,244,048	1,653,604	1,822,713	2,142,642	2,292,823	2,604,361	3,287,531	4,525,686	5,561,434
Charges for services	700,922	761,208	870,502	830,700	763,101	853,493	779,306	859,707	917,907	996,526
Investment income	1,516,078	402,468	(302,653)	1,120,214	1,185,200	1,244,011	1,129,930	3,727,887	(1,208,229)	1,873,771
Other revenues (1)	194,007	238,953	294,206	346,972	368,790	235,307	434,671	270,372	236,757	205,626
Total revenues	20,936,223	20,510,033	20,887,783	22,740,796	23,310,816	24,157,039	24,092,728	27,788,105	23,800,926	27,309,757
Expenditures:										
General government	1,452,446	1,350,245	1,296,072	1,329,044	1,345,899	1,356,143	1,606,430	1,607,684	1,469,976	1,513,980
Public safety	3,555,031	3,644,915	3,675,015	3,797,014	3,897,654	3,979,448	4,075,035	4,126,883	4,259,253	4,509,164
Public works	1,545,955	1,617,761	1,472,145	1,435,655	1,605,017	1,481,251	1,494,017	1,393,663	1,330,960	1,721,040
Health and welfare	74,798	54,234	70,562	65,389	86,922	62,302	79,937	61,865	46,219	61,262
Recreation	167,257	166,651	172,107	173,782	187,120	182,960	210,407	220,792	192,453	274,898
Education (3)	8,894,294	9,157,789	9,375,077	9,698,303	10,059,652	10,428,909	10,724,684	10,995,302	11,109,814	11,416,679
Intergovernmental	1,649,188	1,674,864	1,694,380	1,671,485	1,744,231	1,730,283	1,824,448	1,894,551	1,906,494	1,952,613
Unclassified (2)	2,485,381	3,732,106	2,726,666	2,757,216	3,105,443	2,733,623	3,146,353	3,167,780	3,160,375	2,850,329
Debt service	354,395	532,271	628,897	611,373	498,118	620,784	672,348	665,883	652,183	595,542
Total expenditures	20,178,745	21,930,836	21,110,921	21,539,261	22,530,056	22,575,703	23,833,659	24,134,403	24,127,727	24,895,507

(1) Does not include fund balance appropriations

(1) Includes transfers in

(2) Includes transfers out

Table B

CITY OF BATH, MAINE
Property Tax Levies and Collections
Last Ten Fiscal Years

Year	Current Tax Levy	Current Tax Collections	Total Current Year Collections as a Percent of Total Tax Levy	Total All Taxes and Liens Outstanding June 30,	Percent of Delinquent Taxes and Liens to Tax Levy
2014	\$ 23,267,940	\$ 22,581,573	97.05%	\$ 1,062,888	4.57%
2015	23,907,936	23,204,257	97.06%	1,181,476	4.94%
2016	24,986,622	24,323,998	97.35%	1,050,121	4.20%
2017	25,816,730	25,160,779	97.46%	1,056,923	4.09%
2018	27,298,452	26,590,287	97.41%	1,114,760	4.08%
2019	28,294,314	27,586,260	97.50%	1,079,806	3.82%
2020	28,307,074	27,539,239	97.29%	1,221,811	4.32%
2021	28,618,526	27,876,586	97.41%	1,159,583	4.05%
2022	27,381,402	26,775,824	97.79%	954,553	3.49%
2023	25,416,529	24,817,127	97.64%	764,928	3.01%

Table C

CITY OF BATH, MAINE
Assessed and State Value of Taxable Property
Last Ten Fiscal Years

Year	Assessed Value			State Equalized Valuation	Ratio of Total Assessed Value to State Equalized Value
	Real	Personal	Total		
2014	\$ 1,005,205,900	\$ 179,516,100	\$ 1,184,722,000	\$ 882,250,000	134.28%
2015	1,007,323,300	176,237,900	1,183,561,200	888,100,000	133.27%
2016	1,030,689,500	176,393,700	1,207,083,200	897,900,000	134.43%
2017	1,049,932,800	173,608,900	1,223,541,700	933,650,000	131.05%
2018	1,046,423,000	173,402,300	1,219,825,300	947,500,000	128.74%
2019	1,054,618,600	177,164,500	1,231,783,100	981,150,000	125.54%
2020	1,167,630,400	179,037,300	1,346,667,700	1,041,250,000	129.33%
2021	1,166,157,900	174,621,200	1,340,779,100	1,093,400,000	122.62%
2022	1,099,012,800	120,054,600	1,219,067,400	1,106,650,000	110.16%
2023	1,113,645,100	132,263,200	1,245,908,300	1,261,000,000	98.80%

Table D

CITY OF BATH, MAINE
Property Tax Rates - Segments
(Per \$1,000 of Assessed Value)
Last Ten Fiscal Years

Year	Total	City Mil Rate	School Mil Rate	County Mil Rate
2014	\$ 19.64	\$ 8.23	\$ 9.62	\$ 1.78
2015	20.20	8.50	9.89	1.81
2016	20.70	8.93	9.97	1.80
2017	21.10	9.10	10.24	1.76
2018	21.35	8.93	10.59	1.83
2019	21.80	9.17	10.83	1.80
2020*	19.80	8.14	10.01	1.65
2021	20.00	8.15	10.11	1.85
2022	20.30	8.30	10.25	1.75
2023	19.60	8.09	10.47	1.04

*revaluation

CITY OF BATH, MAINE
Ratio of General Bonded Debt to Assessed Value
and General Bonded Debt Per Capita
Last Ten Fiscal Years

	Estimated Population	Assessed Value (In Thousands)	Gross Bonded Debt (1)	Ratio of Gross Bonded Debt to Assessed Value	Gross Bonded Debt per Capita
2014	\$ 8,514	\$ 1,184,722	24,982,892	2.11%	2,934
2015	8,514	1,183,561	23,196,771	1.96%	2,725
2016	8,514	1,207,083	20,129,640	1.67%	2,364
2017	8,514	1,223,542	22,953,260	1.88%	2,696
2018	8,514	1,219,825	20,061,593	1.64%	2,356
2019	8,514	1,231,783	20,780,892	1.69%	2,441
2020	8,358	1,346,668	24,676,330	1.83%	2,952
2021	8,358	1,340,779	25,128,045	1.87%	3,006
2022	8,358	1,219,067	22,881,093	1.88%	2,738
2023	8,788	1,245,908	20,828,770	1.67%	2,370

(1) Includes all general long-term obligation debt excluding capital leases and accrued vacation and sick leave.
 Certain School debt is reimbursed by the State of Maine.

Table F

CITY OF BATH, MAINE
Ratio of Annual Debt Service Expenditures
to Total General Fund Expenditures
Last Ten Fiscal Years

Year	Principal	Interest	Total Debt Service (1)	Total General Fund Expenditures	Ratio of Debt Service to Total General Fund Expenditures
2014	\$ 2,474,912	\$ 636,591	\$ 3,111,503	\$ 19,690,874	15.80%
2015	2,703,838	561,067	3,264,905	21,576,247	15.13%
2016	2,844,465	568,462	3,412,927	20,771,269	16.43%
2017	2,811,858	499,027	3,310,885	21,183,321	15.63%
2018	3,512,667	516,330	4,028,997	21,894,459	18.40%
2019	2,788,309	629,872	3,418,181	22,202,128	15.40%
2020	2,784,380	601,506	3,385,886	23,476,228	14.42%
2021	2,772,435	690,982	3,463,417	23,819,090	14.54%
2022	2,866,952	666,224	3,533,176	23,828,461	14.83%
2023	2,653,323	610,232	3,263,555	24,620,609	13.26%

(1) Includes education and special revenue fund debt service.

Table G

CITY OF BATH, MAINE
Ten Largest Taxpayers
For the Year Ended June 30, 2023

Name	Type of Operation	Assessed Valuation	Amount of Tax	% of Net Tax Levy
BATH IRON WORKS CORP	Shipbuilding	\$ 367,132,800.00	\$ 7,452,796.00	27.22%
MORSE, JOHN G & SONS	Leased to BIW	\$ 44,153,200.00	\$ 896,310.00	3.27%
CENTRAL MAINE POWER	Utility	\$ 25,723,200.00	\$ 522,101.00	1.91%
BATHRES LLC	Hotel	\$ 12,329,900.00	\$ 250,297.00	0.91%
BATH SUPERMARKET IMPROVEMENTS LLC	Shopping center	\$ 11,854,300.00	\$ 240,642.00	0.88%
BATH SAVINGS INSTITUTION	Banking	\$ 10,945,400.00	\$ 222,192.00	0.81%
MAINE NATURAL GAS CORP	Utility	\$ 9,214,100.00	\$ 187,046.00	0.68%
DORKS R US	Hotel	\$ 7,945,000.00	\$ 161,284.00	0.59%
EWT, LLC 7	Rental housing	\$ 7,192,900.00	\$ 146,015.00	0.53%
BATH INLINE IMPROVEMENTS LLC	Shopping center	\$ 6,338,400.00	\$ 128,669.52	0.47%
Totals		\$ 502,829,200.00	\$ 10,207,352.52	37.28%

CITY OF BATH, MAINE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2023

<u>Federal Grantor/ Pass-thru Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-thru Grantor Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Agriculture</u>				
Rural Development	10.760	N/A	\$ 684,079	\$ -
Total U.S. Department of Agriculture			684,079	-
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Maine Department of Economic & Community Development:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	20-2201-5375	254,893	254,893
Total U.S. Department of Housing and Urban Development			254,893	254,893
<u>U.S. Department of Justice</u>				
Passed through Midcoast Council of Governments				
Public Safety Partnership and Community Policing Grants	16.710	N/A	119,603	-
Total U.S. Department of Housing and Urban Development			119,603	-
<u>U.S. Department of Transportation</u>				
Passed through Maine Department of Public Safety:				
State and Community Highway Safety	20.600	Grant--03-0312-8112/321	4,842	-
State and Community Highway Safety	20.600	328	12,331	-
State and Community Highway Safety	20.600	712	3,100	-
State and Community Highway Safety	20.600	Safety--03-0312-8726/326	2,360	-
State and Community Highway Safety	20.600	HVE--03-0312-8731/331	6,954	-
			29,587	-
Passed through Maine Department of Transportation:				
Formula Grants for Rural Areas (Bath City Bus)	20.509	CSN 44100	134,920	-
		CSN 43407	29,792	-
			164,712	-
Total U.S. Department of Transportation			194,299	-
<u>US Department of Treasury</u>				
Coronavirus State and Local Fiscal Recovery Funds	93.498	N/A	57,103	-
EMPG - ARPA			12,750	-
Total U.S. Department of Transportation			69,853	-
<u>Environmental Protection Agency</u>				
Direct Program:				
Revolving Loan Fund	66.818	N/A	219,898	219,898
Brownfields Grant	66.818		133,941	-
			353,839	219,898
Passed through Maine Department of Environmental Protection:				
Clean Water State Revolving Funds	66.458	07-0699-5628	87,250	-
Total Environmental Protection Agency			441,089	219,898
Total Federal Financial Assistance			\$ 1,763,816	\$ 474,791

CITY OF BATH, MAINE

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal awards activity of the City of Bath, Maine under programs of the federal government for the year ended June 30, 2023. The federal awards activity presented in the Schedule includes all federal awards received directly from federal agencies as well as federal awards passed through other government agencies. The information in this Schedule is presented in accordance with the 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). Since the Schedule presents only a selected portion of the operations of the City of Bath, Maine, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Bath, Maine.

2. Summary of Significant Accounting Policies

- a. Expenditures presented on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The City of Bath has not elected to use the 10 percent *de minimus* indirect cost rate as allowed under the Uniform Guidance.

3. Loans Outstanding

- a. In addition to programs reported on the Schedule of Expenditures of Federal Awards, The City of Bath has federal loan programs outstanding as follows.: We have considered these outstanding loan balances in determining programs to be tested under Uniform Guidance.

Loan Programs (Federal loan funds administered by City of Bath)

<u>CFDA</u>	<u>Program Name</u>	<u>Outstanding Balance</u>
<u>Number</u>		<u>June 30,2023</u>
66.818	Brownfields Revolving Loan Fund	\$325,750

4. Major Programs - Federal

The following programs were considered major programs as defined by the Uniform Guidance and also Type A programs as defined by the Uniform Guidance. These programs were tested due to the Agency being classified as low-risk as defined in the Uniform Guidance:

<u>Program</u>	<u>CFDA #</u>
Water and Waste Disposal Systems for Rural Communities	10.760



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

City Council
City of Bath
Bath, 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, each major fund and the aggregate remaining fund information of the City of Bath, Maine as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Bath's basic financial statements and have issued our report thereon dated January 11, 2024.

Internal Control Over Financial Reporting

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bath'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.

RHR Smith & Company

Buxton, Maine
January 11, 2024



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

City Council
City of Bath
Bath, Maine

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Bath, 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 the City of Bath, Maine's major federal programs for the year ended June 30, 2023. The City of Bath, 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, the City of Bath, 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, 2023.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Responsibility section of our report.

We are required to be independent of the City of Bath, 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 the City of Bath, Maine's compliance with the compliance requirements referred to above.

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Management's Responsibility

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 the City of Bath, Maine's federal programs.

Auditor's Responsibility

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 the City of Bath, 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 GAAS, *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 the City of Bath, Maine's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the City of Bath, 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 the City of Bath, 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 the City of Bath, 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 Responsibility 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.

RHR Smith & Company

Buxton, Maine
January 11, 2024

CITY OF BATH, MAINE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a) yes no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None



REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH MAINE UNIFORM ACCOUNTING AND AUDITING PRACTICES FOR COMMUNITY AGENCIES

City Council
City of Bath
Bath, Maine

Compliance

We have audited the City of Bath, Maine’s compliance with the types of compliance requirements described in *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP) and with the requirement in the Contract Compliance Rider(s) of the Agency’s agreements with the Maine Department of Health and Human Services (the department) that could have a direct and material effect on each of the City of Bath, Maine’s major Department agreements for the year ended June 30, 2023. The City of Bath, Maine’s major Department programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of law, regulation, contract and grants applicable to each of its major Department programs is the responsibility of the City of Bath, Maine’s management. Our responsibility is to express an opinion on the City of Bath, Maine’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the MAAP. Those standards and the MAAP require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Department agreement occurred. An audit includes examining, on a test basis, evidence about City of Bath, Maine’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. Our audit does not provide a legal determination of City of Bath, Maine’s compliance with those requirements.

In our opinion, the City of Bath, Maine complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Department agreements for the year ended June 30, 2023.

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Internal Control over Compliance

Management of the City of Bath, Maine is responsible for establishing and maintaining effective internal controls over compliance with the requirements of laws, regulation, contracts and grants applicable to Department agreements. In planning and performing our audit, we consider the City of Bath, Maine's internal control over compliance with the requirements that could have a direct and material effect on a major Department agreement to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with MAAP, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bath, Maine's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a Department agreement on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Department agreement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weakness. We did not identify any deficiencies in internal over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, the State of Maine, Department of Transportation, others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

RHR Smith & Company

Buxton, Maine
January 11, 2024

CITY OF BATH, MAINE

SCHEDULE OF EXPENDITURES OF DEPARTMENT AGREEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Fiscal Year Ended June 30, 2023

Department Office	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expenses	State Expenses	Total Department Expenses	Local Share Expenses	Total Agreement/Match Expenses
DOT:										
OPT	CSN 43407	\$ 175,000	12/1/21-12/31/22	Admin/Oper	Final	\$ 29,791	\$ -	\$ 29,791	\$ -	\$ 29,791
OPT	CSN 44100	\$ 152,000	7/7/22-12/31/23	Admin/Oper	Final	\$ 134,920	\$ -	\$ 134,920	\$ -	\$ 134,920
TOTAL						<u>\$ 164,711</u>	<u>\$ -</u>	<u>\$ 164,711</u>	<u>\$ -</u>	<u>\$ 164,711</u>

NOTES:

CITY OF BATH, MAINE

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes X no
- Significant deficiency(ies) identified? ___yes X no
- Noncompliance material to financial statements noted? ___yes X no

State Agreements

Internal control over major programs:

- Material weakness(es) identified? ___yes X no
- Significant deficiency(ies) identified? ___yes X no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
In accordance with MAAP regulations? ___yes X no

Identification of major programs: CSN 41602

Section II - Financial Statement Findings

None

Section III - State Awards Findings and Questioned Costs

None

Section IV - Status of Prior Year Findings

None



Proven Expertise & Integrity

ACCOUNTANT'S COMPILATION REPORT ON AGREEMENT SETTLEMENT FORMS

City Council
City of Bath
Bath, Maine

We have compiled the accompanying Department of Transportation Services Agreement Settlement Form of the City of Bath, Maine as of June 30, 2023 and for the year then ended, in accordance with Statements for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

RHR Smith & Company

Buxton, Maine
January 11, 2024

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AGREEMENT SETTLEMENT FORM

City of Bath, Maine

Fiscal year Ending: June 30, 2023

CFDA#: 20.509
Project Name/No: ME-2021-005-00
CSN#: 43407
PIN#: 24843.07
Agreement Period: 12/1/21-12/31/22

	Operating	Admin	Capital	Total
Gross Expenditures	\$ 31,380.00	\$ -	\$ -	\$ 31,380.00
Less:				
Contra-Expenditures				\$ -
Operating Revenue	\$ 1,588.00	\$ -		\$ 1,588.00
Excess Unrestricted Fed				\$ -
Total Deductions	\$ 1,588.00	\$ -	\$ -	\$ 1,588.00
Net Expenditures/Deficit	\$ 29,792.00	\$ -	\$ -	\$ 29,792.00
<u>Federal Share</u>				
Maximum %	100.0%	0.0%	0%	
Amount Paid	\$ 29,792.00	\$ -	\$ -	\$ 29,792.00
Maximum Amount	\$ 82,145.00	\$ -	\$ -	\$ 82,145.00
Over (Under) Maximum	\$ (52,353.00)	\$ -	\$ -	\$ (52,353.00)
<u>State Share</u>				
Maximum %	0.0%	0.0%	0%	
Amount Paid	\$ -	\$ -	\$ -	\$ -
Maximum Amount	\$ -	\$ -	\$ -	\$ -
Over (Under) Maximum	\$ -	\$ -	\$ -	\$ -
<u>Local Share</u>				
Minimum %	0.0%	0.0%	0%	
Amount Paid	\$ -	\$ -	\$ -	\$ -
Minimum Amount	\$ -	\$ -	\$ -	\$ -
Over (Under) Minimum	\$ -	\$ -	\$ -	\$ -
<u>Summary:</u>				
Federal Over Paid	\$ -	\$ -	\$ -	\$ -
State Over Paid	\$ -	\$ -	\$ -	\$ -
Total Over Paid	\$ -	\$ -	\$ -	\$ -

AGREEMENT SETTLEMENT FORM

City of Bath, Maine

Fiscal year Ending: June 30, 2023

CFDA#: 20.509
 Project Name/No: ME-2020-005-00
 CSN#: 44100
 PIN#: 24843.08
 Agreement Period: 7/1/2022-12/31/2023

	Operating	Admin	Capital	Total
Gross Expenditures	\$ 145,739.00	_____	\$ -	\$ 145,739.00
Less:				
Contra-Expenditures	_____	_____	_____	\$ -
Operating Revenue	\$ 10,819.00	\$ -	_____	\$ 10,819.00
Excess Unrestricted Fed	_____	_____	_____	\$ -
Total Deductions	\$ 10,819.00	\$ -	\$ -	\$ 10,819.00
Net Expenditures/Deficit	\$ 134,920.00	\$ -	\$ -	\$ 134,920.00
<u>Federal Share</u>				
Maximum %	100.0%	0.0%	0%	
Amount Paid	\$ 134,920.00	_____	\$ -	\$ 134,920.00
Maximum Amount	\$ 152,000.00	_____	\$ -	\$ 152,000.00
Over (Under) Maximum	\$ (17,080.00)	\$ -	\$ -	\$ (17,080.00)
<u>State Share</u>				
Maximum %	0.0%	0.0%	0%	
Amount Paid	_____	_____	\$ -	\$ -
Maximum Amount	_____	_____	\$ -	\$ -
Over (Under) Maximum	\$ -	\$ -	\$ -	\$ -
<u>Local Share</u>				
Minimum %	0.0%	0.0%	0%	
Amount Paid	_____	_____	\$ -	\$ -
Minimum Amount	_____	_____	\$ -	\$ -
Over (Under) Minimum	\$ -	\$ -	\$ -	\$ -
<u>Summary:</u>				
Federal Over Paid	\$ -	\$ -	\$ -	\$ -
State Over Paid	\$ -	\$ -	\$ -	\$ -
Total Over Paid	\$ -	\$ -	\$ -	\$ -