

Federal Compliance Audit

**City of Bath, Maine**

June 30, 2020



*Proven Expertise & Integrity*

**CITY OF BATH, MAINE**  
**Annual Financial Report**  
**June 30, 2020**

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## INDEPENDENT AUDITORS' REPORT

City Council  
City of Bath  
Bath, Maine

### Report on the Financial Statements

We have audited the accompanying 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, 2020 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.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

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

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress retiree healthcare plan and pension related information on pages 4 through 11 and 55 through 60 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.

#### *Other 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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The combining and individual fund statements, schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to 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, schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bath, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
December 9, 2020

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**(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, 2020. 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, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pension, a Schedule of Changes in Net OPEB Liability, a Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of Contributions - OPEB.

### **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 \$2,100,936 from \$37.30 million to \$39.40 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 \$5,297,421 for governmental activities to a balance of \$13.75 million at the end of this year.

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

	<b>2020</b>	<b>2019 (Restated)</b>
<b>Assets:</b>		
Current Assets	\$ 33,480,892	\$ 32,793,491
Noncurrent Assets - Capital Assets	41,545,288	40,880,935
Total Assets	<u>75,026,180</u>	<u>73,674,426</u>
<b>Deferred Outflows of Resources</b>	<u>1,877,413</u>	<u>1,568,403</u>
<b>Liabilities:</b>		
Current Liabilities	4,444,238	9,592,111
Noncurrent Liabilities	31,372,792	27,226,339
Total Liabilities	<u>35,817,030</u>	<u>36,818,450</u>
<b>Deferred Inflows of Resources</b>	<u>1,684,858</u>	<u>1,123,610</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	17,346,399	20,828,512
Restricted	8,305,501	8,019,874
Unrestricted	13,749,804	8,452,383
Total Net Position	<u>\$ 39,401,705</u>	<u>\$ 37,300,769</u>

### Revenues and Expenses

Revenues for the City's governmental activities decreased by .4%, while the total expenses increased by 11.7%. The largest decrease in revenues was in taxes. The largest increase in expenses was in general government.

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

	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
<i>Program revenues:</i>		
Charges for services	\$ 4,387,823	\$ 4,655,801
Operating grants and contributions	505,070	151,097
Capital grants and contributions	91,239	358,218
<i>General revenues:</i>		
Taxes	28,062,285	28,339,164
Grants and contributions not restricted to specific programs	2,933,230	2,264,911
Miscellaneous	2,203,251	2,563,408
Total Revenues	<u>38,182,898</u>	<u>38,332,599</u>
<b>Expenses</b>		
General government	3,158,493	1,413,546
Public works and wastewater treatment	4,551,316	4,458,374
Public safety	4,475,102	4,322,879
Parks and recreation	843,403	770,034
Health, welfare, and transportation	288,235	264,282
Education	10,724,684	10,428,909
Intergovernmental	1,824,448	1,730,283
Unclassified	8,854,490	8,080,237
Interest on debt	716,843	660,707
Capital outlay	644,949	184,246
Total Expenses	<u>36,081,963</u>	<u>32,313,497</u>
Excess (deficiency) before special items	2,100,936	6,019,102
Special item: (loss) sale of land/gain sale of school building	-	9,817
Change in Net Position	2,100,936	6,028,919
Net Position - July 1, Restated	<u>37,300,769</u>	<u>31,271,850</u>
Net Position - June 30	<u>\$ 39,401,705</u>	<u>\$ 37,300,769</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>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 26,267	\$ 33,686	\$ (7,419)
Committed	13,182,421	12,005,085	1,177,336
Assigned	223,561	223,561	-
Unassigned	2,658,237	3,538,155	(879,918)
Total General Fund	<u>\$ 16,090,486</u>	<u>\$ 15,800,487</u>	<u>\$ 289,999</u>
Sewer Utility Fund:			
Committed	\$ 2,195,956	\$ 2,221,911	\$ (25,955)
Total Sewer Utility Fund	<u>\$ 2,195,956</u>	<u>\$ 2,221,911</u>	<u>\$ (25,955)</u>
TIF Funds:			
Restricted	\$ 3,689,720	\$ 3,644,035	\$ 45,685
Total TIF Funds	<u>\$ 3,689,720</u>	<u>\$ 3,644,035</u>	<u>\$ 45,685</u>
Landfill Fund:			
Committed	\$ 1,395,746	\$ 1,207,820	\$ 187,926
Total Landfill Fund	<u>\$ 1,395,746</u>	<u>\$ 1,207,820</u>	<u>\$ 187,926</u>
Capital Projects Funds:			
Committed	\$ 3,107,923	\$ 3,281,093	\$ (173,170)
Total Capital Projects Funds	<u>\$ 3,107,923</u>	<u>\$ 3,281,093</u>	<u>\$ (173,170)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 729,288	\$ 744,616	\$ (15,328)
Restricted	200,344	150,875	49,469
Committed	159,300	158,309	991
Assigned	463,612	442,839	20,773
Unassigned	(541,229)	(464,119)	(77,110)
Permanent Funds:			
Nonspendable	3,686,150	3,480,348	205,802
Total Nonmajor Funds	<u>\$ 4,697,465</u>	<u>\$ 4,512,868</u>	<u>\$ 184,597</u>

The general fund total fund balance increased by \$289,999 from the prior fiscal year primarily due to unrealized gain on investment market value, additional revenues over budget and expenses under budget. The sewer utility fund decreased by \$25,955 from the prior year due to capital expenditures on the wastewater treatment plant. The TIF funds increased by \$45,685 from the prior year primarily due to revenues that exceeded expenditures. The landfill fund increased by \$187,926 from the prior year and the capital projects funds decreased by \$173,169 from the prior year, due to the spending of previously received road bond money. The nonmajor fund balances increased by \$184,599 from the prior fiscal year.

## 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 \$638,700. This can be accounted for from unrealized gain investment increase in market value coupled with more than expected revenue in sale of city property.

The general fund actual expenditures were over budget by \$126,556. This is attributable to expenses being over budget in general government.

The sewer utility fund actual revenues were over budget by \$412,398. This is attributable to charges for services.

The sewer utility fund actual expenditures exceeded budget by \$1,704,520. This is attributable to large capital project being funded by debt service.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2020, the net book value of capital assets recorded by the City increased by \$664,353 from the prior year. The increase is the result of current year capital additions of \$2,661,040 less depreciation of \$1,996,687.

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

	<u>2020</u>	<u>2019</u>
Land	\$ 1,902,870	\$ 1,902,870
Construction in progress	687,429	5,446,696
Buildings and improvements	10,507,728	4,233,825
Machinery, furniture and equipment	1,435,688	1,386,719
Vehicles	24,681,868	25,286,982
Infrastructure	2,329,705	2,623,843
Total	<u>\$ 41,545,288</u>	<u>\$ 40,880,935</u>

## **Debt**

At June 30, 2020, the City had \$24,676,330 in bonds payable versus \$20,780,892 outstanding last year, an increase of 18.7% 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.

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the City. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the City.

#### **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, 2020**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 12,600,176
Investments	17,075,718
Receivables:	
Taxes receivable	755,317
Tax liens	466,494
Accounts receivable, net of allowance of \$65,211	1,349,385
Notes receivable	729,288
Inventory	26,267
Long-term receivable from RSU #1	478,247
Capital assets, not being depreciated	2,590,299
Capital assets, net of depreciation	38,954,989
Total assets	75,026,180
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	1,312,669
Deferred outflows related to OPEB	564,744
Total deferred outflows of resources	1,877,413
<b>LIABILITIES</b>	
Accounts payable	525,381
Accrued expenses	389,968
Accrued interest	220,978
Noncurrent liabilities:	
Due within one year	3,307,911
Due in more than one year	31,372,792
Total liabilities	35,817,030
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	956,923
Deferred inflows related to OPEB	727,935
Total deferred inflows of resources	1,684,858
<b>NET POSITION</b>	
Net investment in capital assets	17,346,399
Restricted for:	
Permanent funds:	
Nonexpendable	3,686,150
Community development	729,288
Grants	200,344
TIF Districts	3,689,720
Unrestricted	13,749,804
<b>Total net position</b>	<b>\$ 39,401,705</b>

*See accompanying independent auditors' report and notes to financial statements.*

**CITY OF BATH, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

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 Government Governmental activities
Primary government:					
Governmental activities:					
General government	\$ 3,158,493	\$ 111,712	\$ 366,794	\$ -	\$ (2,679,987)
Public works and wastewater treatment	4,551,316	3,099,963	-	91,239	(1,360,114)
Public safety	4,475,102	736,608	17,899	-	(3,720,595)
Parks and recreation	843,403	402,297	-	-	(441,106)
Health, welfare, and transportation	288,235	37,243	102,421	-	(148,571)
Education	10,724,684	-	-	-	(10,724,684)
Intergovernmental	1,824,448	-	-	-	(1,824,448)
Unclassified	8,854,490	-	17,956	-	(8,836,534)
Interest on debt	716,843	-	-	-	(716,843)
Capital outlay	644,949	-	-	-	(644,949)
<b>Total governmental activities</b>	<b>36,081,963</b>	<b>4,387,823</b>	<b>505,070</b>	<b>91,239</b>	<b>(31,097,831)</b>
<b>Total primary government</b>	<b>\$ 36,081,963</b>	<b>\$ 4,387,823</b>	<b>\$ 505,070</b>	<b>\$ 91,239</b>	<b>(31,097,831)</b>
General revenues:					
Property taxes, levied for general purposes					26,762,540
Contributions in lieu of taxes					62,597
Motor vehicle excise taxes					1,237,148
Grants and contributions not restricted to specific programs:					
Homestead and BETE exemption					1,643,222
Other State/Federal aid					391,552
State Revenue Sharing					898,456
Unrestricted investment earnings (loss), net					1,503,380
Other					699,872
Special item - Loss on Sale of City Property (Intergovernmental)					-
<b>Total general revenues and special items</b>					<b>33,198,766</b>
					Change in net position
					2,100,936
					Net position - beginning, restated
					37,300,769
					<b>Net position - ending</b>
					<b>\$ 39,401,705</b>

*See accompanying independent auditors' report and notes to financial statements.*

CITY OF BATH, MAINE  
Balance Sheet  
Governmental Funds  
June 30, 2020

	General	Sewer Utility Fund	TIF Funds	Landfill	Capital Projects	Other Governmental Funds	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 12,265,836	\$ 3,093	\$ -	\$ 400	\$ -	\$ 330,847	\$ 12,600,176
Investments	12,798,371		-	747,652	-	3,529,695	17,075,718
Receivables:							
Taxes receivable	755,317	-	-	-	-	-	755,317
Tax liens	466,494	-	-	-	-	-	466,494
Accounts receivable, net of allowance of \$55,000	709,216	583,505	-	24,535	-	32,129	1,349,385
Notes receivable	-	-	-	-	-	729,288	729,288
Interfund loans receivable	-	1,624,585	3,689,720	630,505	3,107,923	118,600	9,171,333
Inventory	26,267	-	-	-	-	-	26,267
Receivable from RSU #1 for debt service payment	477,441	-	-	-	-	-	477,441
<b>Total assets</b>	<b>\$ 27,498,942</b>	<b>\$ 2,211,183</b>	<b>\$ 3,689,720</b>	<b>\$ 1,403,092</b>	<b>\$ 3,107,923</b>	<b>\$ 4,740,559</b>	<b>\$ 42,651,419</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 525,381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 525,381
Accrued expenditures	335,231	15,227	-	7,346	-	32,164	389,968
Interfund loans payable	9,160,403	-	-	-	-	10,930	9,171,333
<b>Total liabilities</b>	<b>10,021,015</b>	<b>15,227</b>	<b>-</b>	<b>7,346</b>	<b>-</b>	<b>43,094</b>	<b>10,086,682</b>
Deferred Inflows of Resources:							
Deferred tax revenue	910,000	-	-	-	-	-	910,000
Deferred debt service payments from RSU #1	477,441	-	-	-	-	-	477,441
<b>Total deferred inflows of resources</b>	<b>1,387,441</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,387,441</b>
Fund Balances:							
Nonspendable	26,267	-	-	-	-	4,415,438	4,441,705
Restricted	-	-	3,689,720	-	-	200,344	3,890,064
Committed	13,182,421	2,195,956	-	1,395,746	3,107,923	159,300	20,041,346
Assigned	223,561	-	-	-	-	463,612	687,173
Unassigned	2,658,237	-	-	-	-	(541,229)	2,117,008
<b>Total fund balances</b>	<b>16,090,486</b>	<b>2,195,956</b>	<b>3,689,720</b>	<b>1,395,746</b>	<b>3,107,923</b>	<b>4,697,465</b>	<b>31,177,296</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 27,498,942</b>	<b>\$ 2,211,183</b>	<b>\$ 3,689,720</b>	<b>\$ 1,403,092</b>	<b>\$ 3,107,923</b>	<b>\$ 4,740,559</b>	<b>\$ 42,651,419</b>

See accompanying independent auditors' 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, 2020**

Total Fund Balances	\$ 31,177,296
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	41,545,288
Long-term receivable from RSU #1 for bonds held in the City's name.	478,247
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	910,000
Noncurrent liabilities that are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(440,495)
Other post-employment benefits	(1,671,734)
Net pension liability, including related deferred outflows and inflows	(2,904,113)
Accrued interest	(220,978)
Landfill closure	(4,260,000)
Bonds payable	(25,211,806)
<b>Net position of governmental activities</b>	<b>\$ 39,401,705</b>

*See accompanying independent auditors' 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, 2020**

	General	Sewer Utility Fund	TIF Funds	Landfill	Capital Projects	Other Governmental Funds	Total
<b>Revenues:</b>							
Taxes	\$ 19,032,748	\$ -	\$ 7,032,589	\$ 966,204	\$ 905,744	\$ -	\$ 27,937,285
Licenses and permits	111,712	-	-	-	-	-	111,712
Intergovernmental	2,604,361	359,701	-	91,239	-	474,238	3,529,539
Charges for services	779,306	2,429,157	-	628,108	-	439,540	4,276,111
Investment income (loss), net	1,129,930	-	-	69,026	-	304,424	1,503,380
Other revenues	220,336	-	28,970	-	190,160	45,406	484,872
<b>Total revenues</b>	<b>23,878,393</b>	<b>2,788,858</b>	<b>7,061,559</b>	<b>1,754,577</b>	<b>1,095,904</b>	<b>1,263,608</b>	<b>37,842,899</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	1,606,430	-	159,361	924,525	-	168,865	2,859,181
Public works and wastewater treatment	1,494,017	1,452,758	85,000	-	-	-	3,031,775
Public safety	4,075,035	-	-	-	-	48,350	4,123,385
Parks and recreation	-	-	-	-	-	677,330	677,330
Health, welfare and transportation	79,937	-	-	-	-	208,298	288,235
Education	10,724,684	-	-	-	-	-	10,724,684
Intergovernmental	1,824,448	-	-	-	-	-	1,824,448
Unclassified	2,999,329	-	5,425,801	-	-	429,360	8,854,490
Debt service	672,348	339,936	966,284	611,411	739,123	53,100	3,382,202
Capital outlays	-	2,213,850	180,302	30,715	930,451	-	3,355,318
<b>Total expenditures</b>	<b>23,476,228</b>	<b>4,006,544</b>	<b>6,816,748</b>	<b>1,566,651</b>	<b>1,669,574</b>	<b>1,585,303</b>	<b>39,121,048</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>402,165</b>	<b>(1,217,686)</b>	<b>244,811</b>	<b>187,926</b>	<b>(573,670)</b>	<b>(321,695)</b>	<b>(1,278,149)</b>
<b>Other financing sources (uses):</b>							
Transfers in	30,265	-	-	-	20,000	556,556	606,821
Transfers out	(357,431)	-	(199,126)	-	-	(50,264)	(606,821)
Sale of City property	215,000	-	-	-	-	-	215,000
Proceeds from bonds and notes	-	1,191,731	-	-	380,500	-	1,572,231
<b>Total other financing sources (uses)</b>	<b>(112,166)</b>	<b>1,191,731</b>	<b>(199,126)</b>	<b>-</b>	<b>400,500</b>	<b>506,292</b>	<b>1,787,231</b>
<b>Net change in fund balances</b>	<b>289,999</b>	<b>(25,955)</b>	<b>45,685</b>	<b>187,926</b>	<b>(173,170)</b>	<b>184,597</b>	<b>509,082</b>
<b>Fund balances, beginning of year</b>	<b>15,800,487</b>	<b>2,221,911</b>	<b>3,644,035</b>	<b>1,207,820</b>	<b>3,281,093</b>	<b>4,512,868</b>	<b>30,668,214</b>
<b>Fund balances, end of year</b>	<b>\$ 16,090,486</b>	<b>\$ 2,195,956</b>	<b>\$ 3,689,720</b>	<b>\$ 1,395,746</b>	<b>\$ 3,107,923</b>	<b>\$ 4,697,465</b>	<b>\$ 31,177,296</b>

*See accompanying independent auditors' 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, 2020**

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Net change in fund balances - total governmental funds (from Statement 5)	\$	509,082
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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 (\$2,710,369) were more than depreciation expense (\$2,046,016) and capital asset disposals (\$0).		664,353
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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.		125,000
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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 increase in accrued interest (\$68,411), a decrease in net pension liability with related deferred inflows and outflows (\$169,325) combined with an increase in other post-employment benefits (\$251,013) and a increase in accrued compensated absences (\$70,077).		(309,038)
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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 (\$9,485,064) were more than debt proceeds (\$8,072,231).		1,412,833
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The City has bonds that were originally issued for School purposes. These amounts will be funded by Regional School Unit #1 when the debt service payments are due. The City has recorded a long-term receivable for the amount that will be paid by the School Unit for these bonds. The amount of the receivable at year end was (\$477,441) with principal amounts paid off during the year totaling (\$251,028) with a net change in accrued interest of (\$266).		(251,294)
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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.		(50,000)
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<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>2,100,936</b>
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*See accompanying independent auditors' report and notes to financial statements.*

**CITY OF BATH, MAINE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**All Budgeted Governmental Funds - Budget and Actual - Budgetary Basis**  
For the Year Ended June 30, 2020

	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	\$ 19,154,807	\$ 19,154,807	\$ 19,032,748	\$ (122,059)	\$ -	\$ -	\$ -	\$ -
Licenses and permits	86,750	86,750	111,712	24,962	-	-	-	-
Intergovernmental	2,631,656	2,631,656	2,604,361	(27,295)	-	-	359,701	359,701
Charges for services	827,000	827,000	779,306	(47,694)	2,376,460	2,376,460	2,429,157	52,697
Investment income (loss), net	550,500	550,500	1,129,930	579,430	-	-	-	-
Other revenues	173,050	173,050	404,406	231,356	-	-	-	-
<b>Total revenues</b>	<b>23,423,763</b>	<b>23,423,763</b>	<b>24,062,463</b>	<b>638,700</b>	<b>2,376,460</b>	<b>2,376,460</b>	<b>2,788,858</b>	<b>412,398</b>
Expenditures:								
Current:								
General government	1,451,152	1,451,152	1,606,430	(155,278)	-	-	-	-
Public works	1,538,053	1,538,053	1,494,017	44,036	-	-	-	-
Public safety	4,115,718	4,115,718	4,075,035	40,683	-	-	-	-
Health and welfare	64,150	64,150	79,937	(15,787)	-	-	-	-
Education	10,724,684	10,724,684	10,724,684	-	-	-	-	-
Intergovernmental	1,824,448	1,824,448	1,824,448	-	-	-	-	-
Administration	-	-	-	-	114,730	114,730	100,199	14,531
Treatment plant	-	-	-	-	1,014,826	1,014,826	968,562	46,264
Maintenance	-	-	-	-	352,075	352,075	383,997	(31,922)
Unclassified	2,959,872	2,959,872	2,999,329	(39,457)	-	-	-	-
Debt service	671,595	671,595	672,348	(753)	695,393	695,393	339,936	355,457
Capital	-	-	-	-	125,000	125,000	2,213,850	(2,088,850)
<b>Total expenditures</b>	<b>23,349,672</b>	<b>23,349,672</b>	<b>23,476,228</b>	<b>(126,556)</b>	<b>2,302,024</b>	<b>2,302,024</b>	<b>4,006,544</b>	<b>(1,704,520)</b>
Excess (deficiency) of revenues over (under) expenditures	74,091	74,091	586,235	512,144	74,436	74,436	(1,217,686)	(1,292,122)
Other financing sources (uses):								
Transfers in	25,000	25,000	30,265	5,265	-	-	-	-
Transfers out	(299,091)	(299,091)	(357,431)	(58,340)	-	-	-	-
Proceeds from bonds/notes/ capital leases	-	-	-	-	-	-	1,191,731	1,191,731
Utilization of prior year fund balance	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(274,091)</b>	<b>(274,091)</b>	<b>(327,166)</b>	<b>(53,075)</b>			<b>1,191,731</b>	<b>1,191,731</b>
Net change in fund balances - budgetary basis	(200,000)	(200,000)	259,069	459,069			(25,955)	(100,391)
Reconciliation to GAAP basis:								
Fuel revenues for fuel tank reserve			30,930				-	
Net change in fund balances			289,999				(25,955)	
Fund balances, beginning of year			15,800,487				2,221,911	
<b>Fund balances, end of year</b>			<b>\$ 16,090,486</b>				<b>\$ 2,195,956</b>	

*See accompanying independent auditors' report and notes to financial statements.*

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

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**THE REPORTING ENTITY**

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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, 2020**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**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, 2020**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**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, 2020**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**D. Cash, Cash Equivalents and Investments, continued**

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences 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 \$35,000 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, 2020.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**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 fair 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, 2020**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**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 one type of item, deferred outflows related to pensions. This item is 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 two items, deferred tax revenues and deferred debt service payments from RSU #1, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, these items are reported in the governmental funds balance sheet. Deferred inflows related to pensions also qualifies for reporting in this category. However, deferred inflows related to pensions is 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.

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.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**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.

**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.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**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, 2020:

Capital assets	\$ 77,243,155
Accumulated depreciation	(35,697,867)
Bonds payable	(24,676,330)
<u>Long-term receivable from RSU #1 for debt service</u>	<u>477,441</u>
<b><u>Total net investment in capital assets</u></b>	<b><u>\$ 17,346,399</u></b>

**S. COVID-19 Outbreak**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. As of the date of this report, the state of emergency was extended to February 15, 2021 and may be further extended if circumstances warrant. While steps toward reopening the State have begun, the speed and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

*Impact on and Results of Operations*

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. Among other measures, this LD gave guidance concerning municipal budgets and the election process during the state of emergency. In accordance with Executive Order 39, issued by the Governor of Maine on April 10, 2020, primary elections (and all applicable dates in coordination with it) were suspended from June 9 to July 14.

In accordance with Executive Order 19, issued by the Governor of Maine on March 24, 2020, City facilities were temporarily closed to the public and all nonessential services to its inhabitants were suspended from March 16, 2020 to June 1, 2020.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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*Tax and excise tax 60-day deferred revenue extended*

Closures and/or reduced hours of City facilities have provided limited ability for some taxpayers to remit payments for excise taxes that generally would have occurred during the current fiscal year. Executive Order 53, issued by the Governor of Maine on May 12, 2020 (and corrected on May 26 and June 26) In consideration of the City's actions in accordance with this Executive Order, the City determined that revenue recognition for certain excise taxes, will be extended for this one fiscal year from to a 60-day period from the date of the fiscal year end.

*Impact on Finances*

The City does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act funding and applicable Federal and /or State programs.

*Expected Federal/State Support*

The City may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the City expects that if those actions are necessary, that the City would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

*Conclusion*

The ongoing effects of COVID-19, including the financial impact to the City and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the City. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the City.

**T. Implementation of New Accounting Standards**

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations." This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. Management has determined the impact of this Statement is not material to the financial statements.

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**PROPERTY TAX**

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Property taxes for the current year were committed on September 6, 2019, 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 \$163,97 for the year ended June 30, 2020.

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.

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.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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PROPERTY TAX, CONTINUED

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The following summarizes the levy:

	<u>2020</u>	<u>2019</u>
Assessed value (excluding Homestead exemption)	\$ 1,346,667,700	\$ 1,219,825,300
Tax rate (per \$1,000)	19.80	21.35
Commitment	28,307,074	27,298,452
Supplemental taxes assessed	-	-
	28,307,074	27,298,452
Less:		
Abatements	138,615	105,468
Collections	27,400,593	26,482,315
	<b>\$ 767,866</b>	<b>\$ 710,669</b>
Due date - current year	October 15, 2019	October 15, 2018
Interest rate on delinquent taxes	8%	7%
Collection rate	97.40%	97.40%
Taxes and liens receivable - current year	\$ 767,866	\$ 696,325
Taxes and liens receivable - prior years	453,945	418,435
	<b>\$ 1,221,811</b>	<b>\$ 1,114,760</b>

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DEPOSITS AND INVESTMENTS

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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.

**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, 2020, the City's cash balance amounting to \$12,344,550 and cash equivalents of \$255,626 were comprised of bank deposits of \$12,484,921. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the City's cash balance. Of these bank deposits, \$1,309,058 was covered by federal depository insurance and \$11,175,863 was collateralized with securities held by the financial institution's agent but not in the City's name.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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Account Type	Bank Balance
Checking accounts	\$ 237,727
Savings accounts	562,461
Money market accounts	255,626
Certificates of deposit	11,426,014
ICS accounts	3,093
	\$ 12,484,921

**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 \$17,075,718 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.

At June 30, 2020, the City had the following investments:

Investment Type	Fair Value	Maturity			
		N/A	<1 Year	1-5 Years	5-10 Years
Mutual funds:					
Domestic equity	\$ 1,436,232	\$ 1,436,232	\$ -	\$ -	\$ -
Fixed income	3,514,020	3,514,020	-	-	-
Debt securities:					
Corporate bonds	854,410	-	40,077	383,543	430,790
Brokered certificates of deposit	225,569	-	-	225,569	-
Equity securities:					
Preferred stock	69,280	69,280	-	-	-
Common stock - domestic	10,745,756	10,745,756	-	-	-
Common stock - foreign	150,304	150,304	-	-	-
Real Estate Investment Trusts	80,147	80,147	-	-	-
	\$ 17,075,718	\$ 15,995,739	\$ 40,077	\$ 609,112	\$ 430,790

**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, 2020:

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

**DEPOSITS AND INVESTMENTS, CONTINUED**

	June 30, 2020 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)
<b>Investments by fair value level</b>				
<b>Debt securities</b>				
Corporate bonds	\$ 854,410	\$ -	\$ 854,410	\$ -
Brokered certificates of deposit	225,569	-	225,569	-
Total debt securities	1,079,979	-	1,079,979	-
<b>Equity securities</b>				
Common stock	10,896,060	10,896,060	-	-
Preferred stock	69,280	69,280	-	-
Mutual funds and exchange-traded funds	4,950,252	4,950,252	-	-
Real estate investment trusts	80,147	80,147	-	-
Total equity securities	15,995,739	15,995,739	-	-
Total investments by fair value level	17,075,718	\$ 15,995,739	\$ 1,079,979	\$ -
<b>Cash equivalents measured at the net asset value (NAV)</b>				
Money market mutual funds	255,626			
Total cash equivalents measured at the NAV	255,626			
Total investments and cash equivalents measured at fair value	\$ 17,331,344			

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, 2020 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, 2020, the City's investments in corporate bonds were rated Aa2 (\$27,878), A1 (53,686), A2 (\$98,818), A3 (\$246,147) and Baa1 (\$219,227), Baa2 (\$59,769), Baa3 (\$25,763) and bonds not rated of (\$123,122) by Moody's Investors Service. The City's holdings in negotiable certificates of deposit totaling \$225,569 were not rated.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

**CAPITAL ASSETS**

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

<u>Governmental Activities</u>	<u>Balance June 30, 2019</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Balance June 30, 2020</u>
Capital Assets, not being depreciated				
Land	\$ 1,902,870	-	-	\$ 1,902,870
Construction in Progress	5,446,696	2,282,257	7,041,524	687,429
<b>Total capital assets not being depreciated</b>	<b>7,349,566</b>	<b>2,282,257</b>	<b>7,041,524</b>	<b>2,590,299</b>
Capital Assets, being depreciated				
Building & Improvements	12,968,869	6,596,654	-	19,565,523
Machinery, Furniture & Equipment	4,085,675	297,951	-	4,383,626
Infrastructure	44,928,541	445,840	-	45,374,381
Vehicles	5,249,464	129,191	49,329	5,329,326
<b>Total capital assets being depreciated</b>	<b>67,232,549</b>	<b>7,469,636</b>	<b>49,329</b>	<b>74,652,856</b>
Less accumulated depreciation for:				
Building & Improvements	8,735,044	322,751	-	9,057,795
Machinery, Furniture & Equipment	2,698,956	248,982	-	2,947,938
Infrastructure	19,641,559	1,050,954	-	20,692,513
Vehicles	2,625,621	423,329	49,329	2,999,621
<b>Total accumulated depreciation</b>	<b>33,701,180</b>	<b>2,046,016</b>	<b>49,329</b>	<b>35,697,867</b>
<b>Total capital assets being depreciated, net</b>	<b>33,531,369</b>	<b>5,423,620</b>	<b>-</b>	<b>38,954,989</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 40,880,935</b>	<b>7,705,877</b>	<b>7,041,524</b>	<b>\$ 41,545,288</b>

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

Governmental activities:	
General government	\$ 94,797
Public works and wastewater treatment	1,470,106
Parks and recreation	163,464
Public safety	317,649
<b><u>Total depreciation expense – governmental activities</u></b>	<b><u>\$ 2,046,016</u></b>

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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**INTERFUND BALANCES, ADVANCES AND TRANSFERS**

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Individual interfund loans receivable and payable and interfund transfers at June 30, 2020 were as follows:

	Interfund Loans Receivable	Interfund Loans Payable	Transfers In (Out)
General Fund	\$ -	\$ 9,160,403	\$ (327,166)
Sewer Utility Fund	1,624,585	-	-
TIF Fund	3,689,720	-	(199,126)
Capital Projects Fund	3,107,923	-	20,000
Landfill Fund	630,505	-	-
Nonmajor governmental funds:			
City Special Purpose	7,860	-	324,141
Community Development	-	8,176	-
Transportation Programs	95,184	-	68,365
Bath Local Development Corp.	-	2,754	164,050
Nonmajor permanent funds	15,556	-	(50,264)
 Total interfund balances and transfers	 \$ 9,171,333	 \$ 9,171,333	 \$ (0)

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.

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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the year ended June 30, 2020, was as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental activities:				
General obligation bonds	\$ 20,780,892	\$ 6,880,500	\$ (2,985,062)	\$ 24,676,330

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**SHORT-TERM DEBT**

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On November 3, 2015, the Voters approved the issuance of a \$8,500,000 sewer bonds for upgrades to the sewer treatment plant and the infrastructure. The City had two bonds anticipation notes outstanding to cover construction until the permanent bonds are in place. The two BANs include \$2,000,000 with SRF State Revolving Loan Fund and \$3,000,000 with Androscoggin Bank and \$3,500,000 with Bath Savings to be funded by Rural Development. Bond anticipation note activity for the year ended June 30, 2020, was as follows:

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

**SHORT-TERM DEBT, CONTINUED**

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>
Bond anticipation notes SRF	\$ 295,521	\$ 239,955	\$ -	\$ 535,476
Bond anticipation notes RD	5,548,224	951,776	(6,500,000)	-
	<u>\$ 5,843,745</u>	<u>\$ 1,191,731</u>	<u>\$ (6,500,000)</u>	<u>\$ 535,476</u>

**LONG-TERM DEBT**

Long-term debt payable at June 30, 2020 is comprised of the following:

	Date of Issue	Original Amount Issued	Date of Maturity	Interest Rate	June 30, 2020
Governmental activities:					
2002 Landfill and pumping station bonds	10/1/03	\$ 1,950,000	10/1/22	1.94%	\$ 193,411
2004 General obligation bonds	6/1/04	1,840,000	9/1/19	4.70%	-
Wastewater revolving loan fund	6/30/06	350,000	6/30/26	1.78%	105,000
2008 SRF sewer bond	5/1/08	1,400,000	4/1/23	1.00%	279,999
2008 general obligation bond	1/30/08	6,500,000	1/15/23	3.50%	495,000
2011 General Obligation Bond	5/1/11	3,950,000	5/1/31	3.25%	910,000
2011 GOB Series B	3/1/11	2,392,271	11/1/30	2.00%	502,842
2011 GOB Series B	3/1/11	2,882,729	11/1/30	2.00%	477,441
2011 SRF GOB	3/1/11	1,883,600	11/1/31	1.00%	1,130,160
2014 SRF Clean Water Revolving Loan	10/1/13	651,500	2033	0.22%	423,475
2014 GOB Bath Savings	10/9/13	128,000	2020	2.84%	-
2013 GOB Equipment	11/22/13	222,000	2021	2.94%	19,772
2014 GOB Road Bond and Refin	5/1/14	4,456,000	2029	2.00%	1,985,000
2014 GOB Equipment	10/17/14	665,265	2024	3.09%	82,968
2015 GOB Bath Savings	3/25/15	1,205,000	2025	2.84%	644,613
2015 GOB Bath Savings	11/10/15	715,500	2025	3.31%	335,830
2016 GOB Equipment	12/16/16	60,000	2025	3.09%	13,386
2017 GOB Bath Savings	4/27/17	6,475,500	2025	3.00%	5,310,000
2018 GOB Equipment	1/15/18	621,000	2028	2.99%	426,933
2018 GOB Series A Fire Tk, Rds, Refin	9/13/18	4,203,000	2038	5.00%	3,680,000
2018 GOB Series B Refin	9/13/18	940,000	2028	3.50%	780,000
2019 Rural Development	12/18/19	6,500,000	2041	2.38%	6,500,000
2020 Equipment Loan	2/18/20	380,500	2030	2.30%	380,500
Total governmental activities					<u>\$ 24,676,330</u>

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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**LONG-TERM DEBT, CONTINUED**

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As of July 1, 2008, the Bath School Department joined Regional School Unit #1. RSU #1 will reimburse the City of Bath for all Bath School Department bonds payable when the debt service payments are due. The City has recorded a long-term receivable for \$478,247, which is the outstanding amount of bonds payable related to the School Department. The City also records a long-term receivable for the accrued interest on these bonds that totals \$805 for a total long-term receivable of \$477,441.

The annual principal and interest requirements to amortize general long-term debt outstanding as of June 30, 2020 are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 2,772,435	\$ 692,387	\$ 3,464,822
2022	2,707,161	616,067	3,323,228
2023	2,315,447	544,191	2,859,638
2024	1,789,583	472,882	2,262,465
2025	1,786,127	421,912	2,208,039
2026-2030	7,173,824	1,352,540	8,526,364
2031-2035	3,170,521	607,092	3,777,613
2036-2040	2,223,023	243,026	2,466,049
2041-2042	738,209	26,390	764,599
	<u>\$ 24,676,330</u>	<u>\$ 4,976,487</u>	<u>\$ 29,652,817</u>

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**OTHER LONG-TERM OBLIGATIONS**

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The following is a summary of changes in the other long-term obligations for the year ended June 30, 2020:

	<b>June 30, 2019 (Restated)</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2020</b>
Governmental activities:				
Other post-employment benefits	\$ 1,759,556	\$ 304,821	\$ (555,834)	\$ 1,508,543
Net pension liability	3,090,534	884,431	(715,106)	3,259,859
Accrued compensated absences	370,418	70,077	-	440,495
Landfill closure and postclosure care costs	4,210,000	50,000	-	4,260,000
Total governmental activity				
other long-term obligations	<u>\$ 9,430,508</u>	<u>\$ 1,309,329</u>	<u>\$ (1,270,940)</u>	<u>\$ 9,468,897</u>

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

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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**ACCRUED COMPENSATED ABSENCES**

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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.

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**LANDFILL CLOSURE AND POSTCLOSURE COSTS**

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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, 2020, the landfill had reached approximately 70.92% 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, 2020, of \$2,600,000 for closure, and an estimate for post closure costs of \$1,660,000. This results in a total of \$4,260,000 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 \$747,652 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.

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**OVERLAPPING DEBT**

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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 \$790,839 at June 30, 2020, which is 21.07% of the County's total debt of \$3,753,386.

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 \$5,814,318 at June 30, 2020, which is 57.74% of the RSU's total debt of \$10,069,826 not funded by the State of Maine.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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**LIMITATION ON MUNICIPAL SPENDING**

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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 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, 2020 were made in accordance with the above charter limitations.

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**ECONOMIC DEPENDENCY**

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For the year ended June 30, 2020, the City of Bath received \$9,697,674 in real estate and personal property tax revenue from Bath Iron Works. This amount represents 37.56% of total property taxes assessed. Of the taxes received from Bath Iron Works for the year ended June 30, 2020, a significant portion (\$4,738,401) were funds collected as part of a Credit Enhancement Agreement in a Tax Increment Financing (TIF) District. As such, only \$4,959,273 of taxes were collected for the purposes of financing the City's operational and capital budgets. In addition, during the fiscal year audited, the taxpayer has also requested from the City an abatement on property taxes. Neither a decision approving or denying the abatement or amount on this matter can be determined at this time.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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**FUND BALANCE COMPONENTS**

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As of June 30, 2020, fund balances components consisted of the following:

	General Fund	Other Governmental Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Nonspendable:</b>			
Inventory	\$ 26,267	\$ -	\$ 26,267
Notes receivable and interfund advances	-	729,288	729,288
Principal for permanent funds	-	3,686,150	3,686,150
Total nonspendable	<u>26,267</u>	<u>4,415,438</u>	<u>4,441,705</u>
<b>Restricted:</b>			
TIF Districts	-	3,689,720	3,689,720
Grants and other purposes	-	200,344	200,344
Total restricted	<u>-</u>	<u>3,890,064</u>	<u>3,890,064</u>
<b>Committed:</b>			
Capital Reserves	13,182,421	-	13,182,421
Sewer utility	-	2,195,956	2,195,956
Landfill - operations	-	648,094	648,094
Landfill - set aside for closure	-	747,652	747,652
Capital projects	-	3,107,923	3,107,923
Transportation programs	-	17,584	17,584
Bath Local Development Corporation	-	141,716	141,716
Total committed	<u>13,182,421</u>	<u>6,858,925</u>	<u>20,041,346</u>
<b>Assigned:</b>			
Subsequent budget	200,000	-	200,000
Fuel tank reserves	23,561	-	23,561
Grants and other purposes	-	463,612	463,612
Total assigned	<u>223,561</u>	<u>463,612</u>	<u>687,173</u>
Unassigned	<u>2,658,237</u>	<u>(541,229)</u>	<u>2,117,008</u>
Total fund balances	<u><u>\$ 16,090,486</u></u>	<u><u>\$ 15,086,810</u></u>	<u><u>\$ 31,177,296</u></u>

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

**DEFICIT FUND BALANCES**

Several City Special Revenue Funds had deficit fund balances at June 30, 2020. The City's deficit fund balances are as follows:

Recreation Programs	\$	252,669
Skate Park Committee		53,366
Bath Youth Meeting House		227,018
Forestry Grant		841
		\$ 533,894

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

**EXPENDITURES OVER APPROPRIATIONS**

The City had the following overspent appropriations as of June 30, 2020:

General Government		\$156,278
Unclassified		39,457
Health and Welfare		<u>15,787</u>
		<u>\$211,522</u>

**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](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

**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

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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**DEFINED BENEFIT PENSION PLAN, CONTINUED**

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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 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, 2019, there were 307 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 2.69%.

**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 7.5% and 9.0% respectively of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 10.6% for the 2C plan and 12.8% 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, 2020 was \$686,210.

**Pension Liabilities**

At June 30, 2020, the City reported a liability of \$3,259,859 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2019, 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, 2019, the City's proportion was 1.066485%, which was a decrease of 0.062777% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized total pension expense of \$191,864. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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DEFINED BENEFIT PENSION PLAN, CONTINUED

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	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 385,978	\$ -
Changes of assumptions	165,090	-
Net difference between projected and actual earnings on pension plan investments	-	816,514
Changes in proportion and differences between contributions and proportionate share of contributions	74,991	140,409
Contributions subsequent to the measurement date	686,610	-
Total	\$ 1,312,669	\$ 956,923

\$686,610 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 in the year ended June 30, 2020. 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:	
2020	\$ 171,613
2021	(399,627)
2022	102,333
2023	(517)
2024	-
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2019, 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.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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DEFINED BENEFIT PENSION PLAN, CONTINUED

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**Actuarial Methods and Assumptions (Continued)**

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., actual decreases or increases in liabilities and/or in assets which 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.

*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, 2019 are as follows:

Investment Rate of Return - 6.75% per annum for the years ended June 30, 2019 and 2018, compounded annually

*Salary Increases, Merit and Inflation - 2.75% to 9.00% per year*

*Mortality Rates - For active members and non-disabled retirees of the PLD Consolidated and State Employee and Teacher Plans, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.*

*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

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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DEFINED BENEFIT PENSION PLAN, CONTINUED

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**Actuarial Methods and Assumptions (Continued)**

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, 2019 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%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.75% for 2019. 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/(asset) as of June 30, 2019 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 6.75% for the PLD Consolidated Plan.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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DEFINED BENEFIT PENSION PLAN, CONTINUED

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	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
City's proportionate share of the net pension liability	\$ 7,425,748	\$ 3,259,859	\$ (636,932)

**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, 2019 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, 2019 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 2019, this was four years; for 2018, this was three years; prior to 2017, this was four years.

*Differences between Projected and Actual Investment Earnings*

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

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs 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. The actuarial assumptions used for the year ended June 30, 2019 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. 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, 2020**

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**DEFINED BENEFIT PENSION PLAN, CONTINUED**

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*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 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. 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' 2019 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

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**DEFERRED COMPENSATION PLAN**

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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.

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**RISK MANAGEMENT**

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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, 2019. 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.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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OTHER POST-EMPLOYMENT BENEFITS - GROUP HEALTH INSURANCE

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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, 2020, the following employees were covered by the benefit terms:

Active members	88
Retirees and spouses	13
Total	<u>101</u>

**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.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

**OTHER POST-EMPLOYMENT BENEFITS - GROUP HEALTH INSURANCE, CONTINUED**

**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	\$912.82	\$2,047.42
<b><u>Medicare</u></b>		
Medicare-Eligible Retirees	\$840.89	\$1,886.10

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

At June 30, 2020, the City reported a liability of \$1,327,746 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2020 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, 2020, the City recognized OPEB expense of \$42,744. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 85,513	\$ 558,863
Changes of assumptions	425,889	119,043
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	17,472	-
Total	\$ 528,874	\$ 677,906

\$17,472 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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OTHER POST-EMPLOYMENT BENEFITS - GROUP HEALTH INSURANCE, CONTINUED

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		MMEHT
Plan year ended December 31:		
2021	\$	(15,426)
2022		(15,426)
2023		(15,426)
2024		(15,426)
2025		(15,425)
Thereafter		(89,375)

**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, 2020. 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 2.74% per annum for June 30, 2020 was based upon a measurement date of December 26, 2019. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	1.74%	2.74%	3.74%
Total OPEB liability	\$ 1,532,740	\$ 1,327,746	\$ 1,160,427
Plan fiduciary net position	-	-	-
Net OPEB liability	\$ 1,532,740	\$ 1,327,746	\$ 1,160,427
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, 2020**

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OTHER POST-EMPLOYMENT BENEFITS - GROUP HEALTH INSURANCE, CONTINUED

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	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 1,151,437	\$ 1,327,746	\$ 1,548,736
Plan fiduciary net position	-	-	-
Net OPEB liability	\$ 1,151,437	\$ 1,327,746	\$ 1,548,736
 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, 2020, 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, 2019. 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.

*Amortization*

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

*Assumptions*

The actuarial assumptions used in the January 1, 2020 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2020, they are as follows:

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

OTHER POST-EMPLOYMENT BENEFITS - GROUP HEALTH INSURANCE, CONTINUED

**Actuarial Methods and Assumptions (Continued)**

Discount Rate - 2.74% per annum for year end 2020 reporting. 4.10% per annum for 2019 year end 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 2020\_b was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.50%
Extra Trend due to Taste/Technology 2029+	1.20%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

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 rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections, and market analysis. For years 2024 - 2028, these are interpolated from 2023 to 2029 (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.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2020, they are as follows:

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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**OTHER POST-EMPLOYMENT BENEFITS - GROUP HEALTH INSURANCE, CONTINUED**

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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, 2016.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

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.

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 - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC\_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

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, 2020 with the following exceptions:

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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OTHER POST-EMPLOYMENT BENEFITS - GROUP HEALTH INSURANCE, CONTINUED

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*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, 2020 was \$85,513.

*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 to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2019 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. 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.

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OTHER POST-EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE

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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, 2019, there were 239 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](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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**OTHER POST-EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE, CONTINUED**

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**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.

**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, 2019 was \$9,299.

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

At June 30, 2019, the City reported a liability of \$180,797 for its proportionate share of the net OPEB liabilities for the Plan. The net OPEB liabilities were measured as of June 30, 2019, 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, 2019, the City's proportion was 0.87795%, which was a decrease of 0.04150% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the City recognized net OPEB expense of \$15,885. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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OTHER POST-EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE, CONTINUED

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	PLD Life Insurance	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,523	\$ 8,084
Changes of assumptions	15,048	23,621
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	18,324
Contributions subsequent to the measurement date	9,299	-
Total	\$ 35,870	\$ 50,029

\$9,299 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	PLD Life Insurance
Plan year ended June 30:	
2020	\$ (9,316)
2021	(9,316)
2022	(7,625)
2023	3,059
2024	(262)
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2019, 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.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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**OTHER POST-EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE, CONTINUED**

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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, 2019, there were 11 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2019 and June 30, 2018 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 are as follows:

*Investment Rate of Return* - For the PLD Plan, 6.75% per annum, compounded annually.

*Inflation Rate* - 2.75%

*Annual Salary Increases including Inflation* - For the PLD Plan, 2.75% to 9.00% per year.

*Mortality Rates* - For active members and non-disabled retirees of the Plan, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used. These tables are adjusted by percentages ranging from 104% to 120% based on actuarially determined demographic differences.

*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

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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OTHER POST-EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE, CONTINUED

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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, 2019 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>	

*Discount Rate*

The discount rate used to measure the collective total OPEB liability was 4.98% for 2019. 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/(asset) as of June 30, 2019 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 4.98% for the PLD Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance:			
Discount rate	3.98%	4.98%	5.98%
City's proportionate share of the net OPEB benefits liability	\$ 238,760	\$ 180,797	\$ 135,012

**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, 2019 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, 2019 with the following exceptions:

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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**OTHER POST-EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE, CONTINUED**

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*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, 2019.

*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 actuarial assumptions used in the June 30, 2019 and June 30, 2018 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. 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 amortization period for the PLD Plan was six years for 2019. For the fiscal year ended June 30, 2019, there were no changes in assumptions with the exception of the use of a blended discount rate for the PLD Plan. Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions Plans*, requires the use of a blended discount rate for determining the total OPEB liability when it is projected that plan assets are not sufficient to meet benefit obligations in the future. In years where assets are projected to be sufficient to pay benefits, the Plan's assumed rate of return is used; in years where assets are not projected to be sufficient to pay benefits, the use of a municipal bond rate is required. The result is a single blended discount rate.

*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, 2019.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2020**

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OTHER POST-EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE, CONTINUED

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**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2019 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

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CONTINGENCIES

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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.

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COMPARATIVE DATA/RECLASSIFICATIONS

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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, 2020**

**Schedule of Funding Progress**  
**Retiree Healthcare Plan**

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) – Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a) / c]</u>
2010	1/1/09	\$ -	\$1,817,040	\$1,817,040	0.00%	\$4,494,282	40.43%
2011	1/1/11	\$ -	1,965,984	1,965,984	0.00%	4,753,104	41.36%
2012	1/1/11	\$ -	1,965,984	1,965,984	0.00%	4,847,374	40.56%
2013	1/1/11	\$ -	1,965,984	1,965,984	0.00%	5,267,709	37.32%
2014	1/1/14	\$ -	1,479,382	1,479,382	0.00%	5,425,740	27.30%
2015	1/1/14	\$ -	1,479,382	1,479,382	0.00%	5,583,092	26.50%
2019	1/1/14	\$ -	1,479,382	1,479,382	0.00%	5,756,941	25.70%
2020	1/1/14	\$ -	1,479,382	1,479,382	0.00%	5,491,363	26.94%

See accompanying independent auditors' report and notes to financial statements.

**CITY OF BATH, MAINE**  
**Required Supplementary Information**  
**June 30, 2020**

**SCHEDULE OF PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

**LAST 10 FISCAL YEARS\***

	2020	2019	2018	2017	2016	2015	2014
<u>PLD Plan:</u>							
Proportion of the net pension liability (asset)	1.07%	1.13%	1.07%	1.13%	1.21%	1.37%	1.57%
Proportionate share of the net pension liability (asset)	\$ 3,259,859	\$ 3,090,534	\$ 4,396,474	\$ 3,871,912	\$ 3,871,912	\$ 2,109,700	\$ 4,831,637
Covered payroll	\$ 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	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	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 auditors' report and notes to financial statements.

**CITY OF BATH, MAINE**  
**Required Supplementary Information**  
**June 30, 2020**

**SCHEDULE OF CONTRIBUTIONS**

**LAST 10 FISCAL YEARS\***

	<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	\$ 686,610	\$ 653,784	\$ 626,880	\$ 550,362	\$ 532,505	\$ 496,072	\$ 475,274
Contributions in relation to the contractually required contribution	<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>						
Covered payroll	\$ 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	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 auditors' report and notes to financial statements.

**CITY OF BATH, MAINE**  
**Required Supplementary Information**  
**June 30, 2020**

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u>          </u>	<u>          </u>	<u>          </u>
Balances at 1/1/19 (Reporting June 30, 2019)	\$ 1,580,485	\$ -	\$ 1,580,485
Changes for the year:			
Service cost	36,591	-	36,591
Interest	65,240	-	65,240
Changes of benefits	(24,180)	-	(24,180)
Differences between expected and actual experience	(638,701)	-	(638,701)
Changes of assumptions	360,555	-	360,555
Contributions - employer	-	52,244	(52,244)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(52,244)	(52,244)	-
Administrative expense	-	-	-
Net changes	<u>(252,739)</u>	<u>-</u>	<u>(252,739)</u>
Balances at 1/1/20 (Reporting June 30, 2020)	<u>\$ 1,327,746</u>	<u>\$ -</u>	<u>\$ 1,327,746</u>

See accompanying independent auditors' report and notes to financial statements.

**CITY OF BATH, MAINE**  
**Required Supplementary Information**  
**June 30, 2020**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Total OPEB liability</u>			
Service cost (BOY)	\$ 36,591	\$ 41,713	\$ 31,950
Interest (includes interest on service cost)	65,240	58,681	50,996
Changes of benefit terms	(24,180)	-	-
Differences between expected and actual experience	(638,701)	-	136,819
Changes of assumptions	360,555	(158,723)	176,646
Benefit payments, including refunds of member contributions	(52,244)	(50,235)	(48,580)
Net change in total OPEB liability	<u>\$ (252,739)</u>	<u>\$ (108,564)</u>	<u>\$ 347,831</u>
Total OPEB liability - beginning	\$ 1,580,485	\$ 1,689,049	\$ 1,341,218
Total OPEB liability - ending	\$ 1,327,746	\$ 1,580,485	\$ 1,689,049
<u>Plan fiduciary net position</u>			
Contributions - employer	52,244	50,235	48,580
Contributions - member	-	-	-
Net investment income	-	-	1
Benefit payments, including refunds of member contributions	(52,244)	(50,235)	(48,580)
Administrative expense	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<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	4,508,658	\$ 4,373,268	\$ 4,373,268
Net OPEB liability as a percentage of covered payroll	29.4%	36.1%	38.6%

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

See accompanying independent auditors' report and notes to financial statements.

**CITY OF BATH, MAINE**  
**Required Supplementary Information**  
**June 30, 2020**

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SCHEDULE OF CONTRIBUTIONS

LAST 10 FISCAL YEARS\*

	2020	2019	2018
<u>MMEHT:</u>			
Employer contributions	\$ 52,244	\$ 50,235	\$ 48,580
Benefit payments	(52,244)	(50,235)	(48,580)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 4,508,658	\$ 4,373,268	\$ 4,373,268
Contributions as a percentage of covered payroll	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 auditors' report and notes to financial statements.

**CITY OF BATH, MAINE**  
**Required Supplementary Information**  
**June 30, 2020**

SCHEDULE OF PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY

LAST 10 FISCAL YEARS\*

	2020	2019	2018	2017
<u>PLD Plan:</u>				
Proportion of the net pension liability (asset)	0.84%	0.89%	0.92%	0.22%
Proportionate share of the net pension liability (asset)	\$ 180,797	\$ 179,071	\$ 154,112	\$ 219,452
Covered payroll	\$ 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	3.16%	3.13%	2.81%	3.81%
Plan fiduciary net position as a percentage of the total pension liability	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 auditors' report and notes to financial statements.

**CITY OF BATH, MAINE**  
**Required Supplementary Information**  
**June 30, 2020**

SCHEDULE OF CONTRIBUTIONS

LAST 10 FISCAL YEARS\*

	2020	2019	2018	2017
<u>PLD Life Insurance:</u>				
Contractually required contribution	\$ 9,299	\$ 9,482	\$ 9,559	\$ 9,724
Contributions in relation to the contractually required contribution	(9,299)	(9,482)	(9,559)	(9,724)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 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%

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

See accompanying independent auditors' report and notes to financial statements.

**CITY OF BATH, MAINE**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2020**

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**Changes of Assumptions**

MMEHT OPEB Plan

There was a change in the discount rate from 4.10% to 2.74% per GASB 75 discount rate selection. The repeal of the “Cadillac Tax” was reflected in this valuation by removing the previously planned excise tax.

## **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, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 12,265,836	\$ 12,613,217
Investments	12,798,371	11,621,035
Receivables:		
Taxes receivable	755,317	700,153
Tax liens	466,494	379,653
Accounts receivable, net of allowance of \$35,000	709,216	467,715
Inventory	26,267	26,246
Prepaid	-	7,440
Receivable from RSU #1 for debt service payment	-	728,469
<b>Total assets</b>	<b>\$ 27,021,501</b>	<b>\$ 26,543,928</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 525,381	\$ 276,699
Accrued expenditures	335,231	297,331
Interfund loans payable	9,160,403	8,655,942
Total liabilities	10,021,015	9,229,972
Deferred inflows of resources:		
Deferred tax revenue	910,000	785,000
Deferred debt service payments from RSU #1	-	728,469
Total deferred inflows of resources	910,000	1,513,469
Fund balance:		
Nonspendable - inventory and prepaids	26,267	33,686
Committed	13,182,421	12,005,085
Assigned	223,561	223,561
Unassigned	2,658,237	3,538,155
Total fund balance	16,090,486	15,800,487
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 27,021,501</b>	<b>\$ 26,543,928</b>

*See accompanying independent auditors' report and notes to financial statements.*

**CITY OF BATH, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual--Budgetary Basis**  
**For the year ended June 30, 2020**  
**(with comparative actual amounts for the year ended June 30, 2019)**

	2020		Variance positive (negative)	2019 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 17,781,307	\$ 17,654,830	\$ (126,477)	\$ 17,920,530
Excise taxes	1,233,500	1,237,148	3,648	1,299,974
Interest and costs on taxes	80,000	78,173	(1,827)	101,976
Contributions in lieu of taxes	60,000	62,597	2,597	62,845
<b>Total taxes</b>	<b>19,154,807</b>	<b>19,032,748</b>	<b>(122,059)</b>	<b>19,385,325</b>
<b>Licenses, permits and fees:</b>				
Non-business licenses	7,000	6,774	(226)	7,217
Health, building, plumbing and electrical permits	40,500	52,250	11,750	97,115
Vehicle, boat and recreation vehicle registrations	22,250	23,136	886	21,247
Other	17,000	29,552	12,552	20,501
<b>Total licenses, permits and fees</b>	<b>86,750</b>	<b>111,712</b>	<b>24,962</b>	<b>146,080</b>
<b>Intergovernmental:</b>				
State revenue sharing	958,434	898,456	(59,978)	596,374
State homestead exemption	425,948	425,948	-	475,785
State BETE exemption	1,217,274	1,217,274	-	1,181,585
Other state revenue	30,000	44,402	14,402	39,079
Other federal revenue	-	18,281	18,281	-
<b>Total intergovernmental</b>	<b>2,631,656</b>	<b>2,604,361</b>	<b>(27,295)</b>	<b>2,292,823</b>
Investment income (loss), net	550,500	1,129,930	579,430	1,244,011
<b>Charges for services:</b>				
Ambulance service	680,000	630,045	(49,955)	689,009
Cemetery sales	44,500	42,698	(1,802)	35,481
Parking City lots	85,000	94,557	9,557	91,421
Police duty and fees	17,500	12,006	(5,494)	37,582
<b>Total charges for services</b>	<b>827,000</b>	<b>779,306</b>	<b>(47,694)</b>	<b>853,493</b>
<b>Other revenues:</b>				
Parking and traffic violations	25,000	33,290	8,290	55,189
Cable television franchise	108,000	106,888	(1,112)	109,746
Rents and leases	30,000	21,506	(8,494)	26,646
Sale of property	-	215,000	215,000	9,817
Miscellaneous	10,050	27,722	17,672	1,510
<b>Total other revenues</b>	<b>173,050</b>	<b>404,406</b>	<b>231,356</b>	<b>202,908</b>
<b>Total revenues</b>	<b>23,423,763</b>	<b>24,062,463</b>	<b>638,700</b>	<b>24,124,640</b>

**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, 2020**  
**(with comparative actual amounts for the year ended June 30, 2019)**

	2019		Variance positive (negative)	2019 Actual
	Budget	Actual		
Expenditures:				
Current:				
General government:				
Administration	194,753	184,360	10,393	175,386
Professional services	177,500	424,370	(246,870)	167,507
City council	72,800	70,918	1,882	51,911
City clerk	111,426	97,373	14,053	142,557
Elections	17,710	12,756	4,954	14,046
Central services	170,500	160,753	9,747	182,487
City Hall management and utilities	164,847	139,899	24,948	124,237
Finance	291,547	296,643	(5,096)	276,952
Assessor	139,688	126,390	13,298	133,134
Public education government cable	51,393	47,366	4,027	45,975
Planning and community development	58,988	45,602	13,386	41,951
Total general government	1,451,152	1,606,430	(155,278)	1,356,143
Public works:				
General	1,021,595	990,102	31,493	990,231
Forestry	94,095	78,061	16,034	83,184
Cemetery and parks	422,363	425,854	(3,491)	407,836
Total public works	1,538,053	1,494,017	44,036	1,481,251
Public safety:				
Fire and ambulance	1,763,718	1,721,717	42,001	1,684,879
Police	1,604,416	1,627,118	(22,702)	1,565,678
Other public safety	94,285	81,787	12,498	86,515
Codes enforcement	99,299	98,705	594	95,368
Street lights	130,000	121,393	8,607	122,843
Fire hydrant rental	424,000	424,315	(315)	424,165
Total public safety	4,115,718	4,075,035	40,683	3,979,448
Health and welfare:				
General assistance	64,150	79,937	(15,787)	62,302
Total health and welfare	64,150	79,937	(15,787)	62,302

**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, 2020**  
**(with comparative actual amounts for the year ended June 30, 2019)**

	2019		Variance positive (negative)	2019 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Education	10,724,684	10,724,684	-	10,428,909
Intergovernmental--county tax	1,824,448	1,824,448	-	1,730,283
Unclassified:				
Employee benefits	2,269,986	2,175,534	94,452	2,022,444
Insurances	386,000	474,773	(88,773)	306,828
Special events and support	303,886	210,407	93,479	182,960
Overlay/abatements and write-offs		138,615	(138,615)	30,776
Total unclassified	2,959,872	2,999,329	(39,457)	2,543,008
Debt service:				
Principal	671,595	672,348	(753)	480,257
Interest and fees	-	-	-	140,527
Total debt service	671,595	672,348	(753)	620,784
Total expenditures	23,349,672	23,476,228	(126,556)	22,202,128
Excess (deficiency) of revenues over (under) expenditures	74,091	586,235	512,144	1,922,512
Other financing sources (uses):				
Utilization of prior year fund balance	-	-	-	-
Transfers in	25,000	30,265	5,265	32,399
Transfers out	(299,091)	(357,431)	(58,340)	(373,575)
Proceeds from Long Term Debt	-	-	-	-
Total other financing sources (uses)	(274,091)	(327,166)	(53,075)	(341,176)
Net change in fund balance - budgetary basis	(200,000)	259,069	459,069	1,581,336
Reconciliation to GAAP basis:				
Fuel revenues for fuel tank reserve		30,930		8,539
Net change in fund balances - GAAP basis		289,999		1,589,875
Fund balance, beginning of year		15,800,487		14,210,612
<b>Fund balance, end of year</b>		<b>\$ 16,090,486</b>		<b>\$ 15,800,487</b>

*See accompanying independent auditors' 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, 2020**

	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	\$ 329,806	\$ 177,222	\$ -	\$ -	\$ -	\$ 184,283	\$ 180,926	\$ 40,000	\$ 10,178	\$ 191,997
Cemetery and parks capital	50,009	82,883	-	-	-	28,322	45,996	-	2,764	61,338
Commercial/Front pump station	12,355	-	-	-	-	-	-	-	-	12,355
Fire and ambulance capital projects	9,135	317,785	-	-	-	16,607	286,590	-	(7,084)	16,639
Police capital improvements	(6,338)	68,735	-	-	-	83,518	21,956	52,000	10,000	18,923
Public works capital improvements	2,830,295	220,040	-	-	173,160	526,179	157,577	103,500	(10,858)	2,632,381
Recreation capital improvements	55,831	39,079	-	-	17,000	91,542	46,078	185,000	15,000	174,290
<b>Total capital projects</b>	<b>\$ 3,281,093</b>	<b>\$ 905,744</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 190,160</b>	<b>\$ 930,451</b>	<b>\$ 739,123</b>	<b>\$ 380,500</b>	<b>\$ 20,000</b>	<b>\$ 3,107,923</b>

*See accompanying independent auditors' report and notes to financial statements.*

**ALL OTHER GOVERNMENTAL FUNDS**

**CITY OF BATH, MAINE**  
**Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 73,818	\$ 257,029	\$ 330,847
Investments	116,130	3,413,565	3,529,695
Accounts receivable	32,129	-	32,129
Notes receivable	729,288	-	729,288
Interfund loans receivable	103,044	15,556	118,600
<b>Total assets</b>	<b>\$ 1,054,409</b>	<b>\$ 3,686,150</b>	<b>\$ 4,740,559</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued expenditures	32,164	-	32,164
Interfund loans payable	10,930	-	10,930
<b>Total liabilities</b>	<b>43,094</b>	<b>-</b>	<b>43,094</b>
Fund balances:			
Nonspendable	729,288	3,686,150	4,415,438
Restricted	200,344	-	200,344
Committed	159,300	-	159,300
Assigned	463,612	-	463,612
Unassigned	(541,229)	-	(541,229)
<b>Total fund balances</b>	<b>1,011,315</b>	<b>3,686,150</b>	<b>4,697,465</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,054,409</b>	<b>\$ 3,686,150</b>	<b>\$ 4,740,559</b>

*See accompanying independent auditors' 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, 2020**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total
Revenues:			
Intergovernmental	\$ 474,238	\$ -	\$ 474,238
Charges for services	439,540	-	439,540
Investment income	21,978	92,591	114,569
Realized/unrealized gain (loss) on investments	-	189,855	189,855
Other revenue	29,850	15,556	45,406
Total revenues	965,606	298,002	1,263,608
Expenditures:			
General government	168,865	-	168,865
Public safety	48,350	-	48,350
Parks and recreation	677,330	-	677,330
Health, welfare and transportation	208,298	-	208,298
Unclassified	387,424	41,936	429,360
Debt service	53,100	-	53,100
Total expenditures	1,543,367	41,936	1,585,303
Excess (deficiency) of revenues over (under) expenditures	(577,761)	256,066	(321,695)
Other financing sources (uses):			
Transfers in	556,556	-	556,556
Transfers out	-	(50,264)	(50,264)
Total other financing sources (uses)	556,556	(50,264)	506,292
Net change in fund balances	(21,205)	205,802	184,597
Fund balances, beginning	1,032,520	3,480,348	4,512,868
<b>Fund balances, ending</b>	<b>\$ 1,011,315</b>	<b>\$ 3,686,150</b>	<b>\$ 4,697,465</b>

*See accompanying independent auditors' 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 administration action.

**CITY OF BATH, MAINE**  
**Nonmajor Special Revenues Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

	City Special Purpose	Community Development Funds	Transportation Programs	Bath Local Development Corporation	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 20,091	\$ -	\$ 464	\$ 53,263	\$ 73,818
Investments	13,662		11,261	91,207	\$ 116,130
Accounts receivable	32,129	-	-	-	32,129
Notes receivable	-	729,288	-	-	729,288
Interfund loans receivable	7,860	-	95,184	-	103,044
<b>Total assets</b>	<b>\$ 73,742</b>	<b>\$ 729,288</b>	<b>\$ 106,909</b>	<b>\$ 144,470</b>	<b>\$ 1,054,409</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	-
Accrued expenditures	29,689	-	2,475	-	32,164
Escrow	-	-	-	-	-
Interfund loans payable		8,176		2,754	10,930
<b>Total liabilities</b>	<b>29,689</b>	<b>8,176</b>	<b>2,475</b>	<b>2,754</b>	<b>43,094</b>
Fund balances (deficits):					
Nonspendable - long-term receivables	-	729,288	-	-	729,288
Restricted	113,494	-	86,850	-	200,344
Committed	-	-	17,584	141,716	159,300
Assigned	463,612	-	-	-	463,612
Unassigned	(533,053)	(8,176)	-	-	(541,229)
<b>Total fund balances (deficits)</b>	<b>44,053</b>	<b>721,112</b>	<b>104,434</b>	<b>141,716</b>	<b>1,011,315</b>
<b>Total liabilities and fund balances</b>	<b>\$ 73,742</b>	<b>\$ 729,288</b>	<b>\$ 106,909</b>	<b>\$ 144,470</b>	<b>\$ 1,054,409</b>

**CITY OF BATH, MAINE**  
**Nonmajor Special Revenues Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2020**

	City Special Purpose	Community Development Funds	Transportation Programs	Bath Local Development Corporation	Total
Revenues:					
Intergovernmental	\$ 5,023	\$ 366,794	\$ 102,421	\$ -	\$ 474,238
Charges for services	402,297		37,243	-	439,540
Investment income	17,695	-	1,644	2,639	21,978
Other revenue	15,466	14,384	-	-	29,850
<b>Total revenues</b>	<b>440,481</b>	<b>381,178</b>	<b>141,308</b>	<b>2,639</b>	<b>965,606</b>
Expenditures:					
General government	3,165	-	-	165,700	168,865
Public safety	48,350	-	-	-	48,350
Parks and recreation	677,330	-	-	-	677,330
Health, welfare and transportation	5	-	208,293	-	208,298
Unclassified	9,835	377,589	-	-	387,424
Debt service	53,100	-	-	-	53,100
<b>Total expenditures</b>	<b>791,785</b>	<b>377,589</b>	<b>208,293</b>	<b>165,700</b>	<b>1,543,367</b>
Excess (deficiency) of revenues over (under) expenditures	(351,304)	3,589	(66,985)	(163,061)	(577,761)
Other financing sources (uses):					
Transfers in (out)	324,141	-	68,365	164,050	556,556
<b>Total other financing sources (uses)</b>	<b>324,141</b>	<b>-</b>	<b>68,365</b>	<b>164,050</b>	<b>556,556</b>
Net change in fund balances	(27,163)	3,589	1,380	989	(21,205)
Fund balances (deficits), beginning	71,216	717,523	103,054	140,727	1,032,520
<b>Fund balances (deficits), ending</b>	<b>\$ 44,053</b>	<b>\$ 721,112</b>	<b>\$ 104,434</b>	<b>\$ 141,716</b>	<b>\$ 1,011,315</b>

**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, 2020**

	Fund Balances (Deficits) June 30, 2019		Revenues	Expenditures	Revenues Over (Under) Expenditures	Transfers In (Out)	Fund Balances (Deficits) June 30, 2020					
City Special Purpose Funds:												
Cemetery and Parks	\$	31,193	5,882	\$	2,756	\$	3,126	\$	-	\$	34,319	
Forestry Trust		6,440	1,670		-		1,670		-		8,110	
DARE		6,141	50		175		(125)		-		6,016	
Fire Department		1,146	8,000		7,303		697		-		1,843	
Forestry Grants		(2,109)	3,040		1,772		1,268		-		(841)	
General Assistance - Almoner Fund		54,531	9,594		5		9,589		-		64,120	
Lambert Park Community Center		51,645	22,310		9,835		12,475		-		64,120	
Planning Grants		6,495	-		-		-		-		6,495	
Police Grants		2,994	50,163		40,872		9,291		-		12,285	
McMann Field Replacement		122,675	4,552		-		4,552		15,558		142,785	
Recreation - Other		53,247	17,112		15,400		1,712		(15,558)		39,401	
Other City programs		173,956	3,224		3,165		59		-		174,015	
Recreation (Fund 12)		(174,603)	235,387		552,544		(317,157)		239,091		(252,669)	
Skate park committee		(53,366)	-		-		-		-		(53,366)	
Bath Youth Meeting House (Fund 13)		(236,150)	53,752		77,570		(23,818)		32,950		(227,018)	
Armory Building (Fund 13)		4,945	25,297		80,388		(55,091)		52,100		1,954	
Swimming Pool Fund		22,036	448		-		448		-		22,484	
<b>Total City Special Purpose</b>	<b>\$</b>	<b>71,216</b>	<b>\$</b>	<b>440,481</b>	<b>\$</b>	<b>791,785</b>	<b>\$</b>	<b>(351,304)</b>	<b>\$</b>	<b>324,141</b>	<b>\$</b>	<b>44,053</b>
Transportation Programs:												
Bath City Bus	\$	85,472	\$	114,553	\$	146,465	\$	(31,912)	\$	33,290	\$	86,850
Trolley and Train Station		17,582		26,755		61,828		(35,073)		35,075		17,584
<b>Total Transportation Programs</b>	<b>\$</b>	<b>103,054</b>	<b>\$</b>	<b>141,308</b>	<b>\$</b>	<b>208,293</b>	<b>\$</b>	<b>(66,985)</b>	<b>\$</b>	<b>68,365</b>	<b>\$</b>	<b>104,434</b>

*See accompanying independent auditors' 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, 2020**

	Bailey Evening School	Beneficiary Trust	Cemetery Trusts	Mausoleum Trusts	Forestry Trust	Old Folks Home	School Trusts		Total
<b>ASSETS</b>									
Cash and cash equivalents	\$ 14,519	\$ 130,919	\$ 102,193	\$ 3,271	\$ 1,777	\$ 2,860	\$ 1,490		\$ 257,029
Investments	343,109	461,869	2,386,490	77,316	41,988	67,581	35,212		3,413,565
Interfund loans receivable	-		15,556			-	-		15,556
<b>Total assets</b>	<b>\$ 357,628</b>	<b>\$ 592,788</b>	<b>\$ 2,504,239</b>	<b>\$ 80,587</b>	<b>\$ 43,765</b>	<b>\$ 70,441</b>	<b>\$ 36,702</b>		<b>\$ 3,686,150</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Interfund loans payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:									
Nonspendable - principal	357,628	592,788	2,504,239	80,587	43,765	70,441	36,702		3,686,150
Restricted	-	-	-	-	-	-	-		-
<b>Total fund balances</b>	<b>357,628</b>	<b>592,788</b>	<b>2,504,239</b>	<b>80,587</b>	<b>43,765</b>	<b>70,441</b>	<b>36,702</b>		<b>3,686,150</b>
<b>Total liabilities and fund balances</b>	<b>\$ 357,628</b>	<b>\$ 592,788</b>	<b>\$ 2,504,239</b>	<b>\$ 80,587</b>	<b>\$ 43,765</b>	<b>\$ 70,441</b>	<b>\$ 36,702</b>		<b>\$ 3,686,150</b>

*See accompanying independent auditors' report and notes to financial statements.*

**CITY OF BATH, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2020**

	Bailey Evening School	Beneficiary Trust	Cemetery Trusts	Mausoleum Trusts	Forestry Trust	Old Folks Home	School Trusts	Total
Revenues:								
Investment income	\$ 9,168	\$ 12,947	\$ 64,310	\$ 1,748	\$ 1,671	\$ 1,806	\$ 941	\$ 92,591
Realized gain (loss) on investments	6,476	8,752	45,431	1,235	1,180	1,276	665	\$ 65,016
Unrealized gain (loss) on investments	12,651	16,996	87,166	3,076	1,161	2,492	1,298	\$ 124,840
Perpetual care contributions	-	-	15,556	-	-	-	-	\$ 15,556
<b>Total revenues</b>	<b>28,296</b>	<b>38,696</b>	<b>212,463</b>	<b>6,058</b>	<b>4,012</b>	<b>5,573</b>	<b>2,904</b>	<b>298,002</b>
Expenditures:								
Current:								
Distribution of income	6,976	9,594	-	-	1,271	1,374	716	19,931
Other	2,192	2,962	15,377	418	399	432	225	22,005
<b>Total expenditures</b>	<b>9,168</b>	<b>12,556</b>	<b>15,377</b>	<b>418</b>	<b>1,671</b>	<b>1,806</b>	<b>941</b>	<b>41,936</b>
<b>Excess of revenues over expenditures</b>	<b>19,128</b>	<b>26,140</b>	<b>197,086</b>	<b>5,640</b>	<b>2,341</b>	<b>3,768</b>	<b>1,963</b>	<b>256,066</b>
Other financing uses:								
Transfers out	-	-	(48,934)	(1,330)	-	-	-	(50,264)
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>(48,934)</b>	<b>(1,330)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50,264)</b>
<b>Net change in fund balances</b>	<b>19,128</b>	<b>26,140</b>	<b>148,152</b>	<b>4,310</b>	<b>2,341</b>	<b>3,768</b>	<b>1,963</b>	<b>205,802</b>
<b>Fund balances, beginning of year</b>	<b>338,500</b>	<b>566,648</b>	<b>2,356,087</b>	<b>76,277</b>	<b>41,424</b>	<b>66,673</b>	<b>34,739</b>	<b>3,480,348</b>
<b>Fund balances, end of year</b>	<b>\$ 357,628</b>	<b>\$ 592,788</b>	<b>\$ 2,504,239</b>	<b>\$ 80,587</b>	<b>\$ 43,765</b>	<b>\$ 70,441</b>	<b>\$ 36,702</b>	<b>\$ 3,686,150</b>

*See accompanying independent auditors' 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, 2020**

	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	\$ 260,709	\$ -	\$ 67,298	\$ 193,411	
2004 General Obligation Bonds	Var.	2004	2020	Var.	120,000	-	120,000	-	
Wastewater Revolving Loan Fund	1.780%	2006	2026	17,500	122,500	-	17,500	105,000	
2008 General Obligation Bond	Var.	2008	2023	165,000	660,000	-	165,000	495,000	
2008 SRF Sewer Bond	1.000%	2008	2023	93,333	373,333	-	93,333	280,000	
2011 General Obligation Bond	Var.	2011	2031	Var.	1,245,000	-	335,000	910,000	
2011 GOB Series B	Var.	2011	2030	Var.	671,148	-	168,306	502,842	
2011 SRF GOB	Var.	2011	2031	Var.	1,224,340	-	94,180	1,130,160	
2013 SRF GOB Clean Water Revolving Loan Fund	1.000%	2013	2033	Var.	456,050	-	32,575	423,475	
2013 GOB Equipment Bath Savings	2.840%	2012	2020	Var.	18,284	-	18,284	-	
2014 GOB Equipment	Var.	2013	2020	Var.	38,979	-	19,207	19,772	
2014 GOB Road Bond and Refinance	Var.	2014	2028	Var.	2,340,000	-	355,000	1,985,000	
2015 Bath Savings Bank	Var.	2015	2025	Var.	763,053	-	118,441	644,612	
2015 Equipment GOB Bath Savings	Var.	2015	2025	Var.	194,545	-	111,577	82,968	
2016 Equipment GOB Bath Savings	Var.	2016	2025	Var.	406,144	-	70,315	335,829	
2017 GOB	Var.	2017	2036	Var.	5,805,000	-	495,000	5,310,000	
2017 Equipment GOB	Var.	2017	2022	Var.	29,371	-	15,985	13,386	
2018 Equipment GOB	Var.	2018	2028	Var.	523,967	-	97,034	426,933	
2018 GOB Wingfarm/ Fire Truck/ Street Bond	Var.	2019	2038	Var.	3,940,000	-	260,000	3,680,000	
2018 GOB Wingfarm	Var.	2019	2028	Var.	860,000	-	80,000	780,000	
2019 Rural Development	2.375%	2020	2041	Var.		6,500,000		6,500,000	
2020 Equipment GOB	Var.	2020	2030	Var.		380,500		380,500	
<b>Total City issues</b>					<b>20,052,423</b>	<b>6,880,500</b>	<b>2,734,035</b>	<b>-</b>	<b>17,318,388</b>
School issues:									
2011 GOB Series B	Var.	2011	2030	Var.	728,469	-	251,028	477,441	
<b>Total School issues</b>					<b>728,469</b>	<b>-</b>	<b>251,028</b>	<b>-</b>	<b>477,441</b>
<b>Total long-term debt</b>					<b>\$ 20,780,892</b>	<b>\$ 6,880,500</b>	<b>\$ 2,985,063</b>	<b>-</b>	<b>\$ 17,795,829</b>

*See accompanying independent auditors' report and notes to financial statements.*

## **STATISTICAL TABLES**

Table A

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues:</b>										
Taxes	\$ 15,315,512	\$ 15,705,846	\$ 16,532,159	\$ 17,208,440	\$ 17,676,989	\$ 18,207,985	\$ 18,503,440	\$ 18,757,685	\$ 19,385,325	\$ 19,032,748
Licenses and permits	88,635	95,303	97,289	130,212	186,367	164,139	116,757	93,398	146,080	111,712
Intergovernmental revenues	1,366,614	1,379,700	1,399,884	1,186,564	1,244,048	1,653,604	1,822,713	2,142,642	2,292,823	2,604,361
Charges for services	520,417	684,714	720,747	700,922	761,208	870,502	830,700	763,101	853,493	779,306
Investment income	24,891	134,612	832,701	1,516,078	402,468	(302,653)	1,120,214	1,185,200	1,244,011	1,129,930
Other revenues (1)	163,624	9,893,856	430,218	194,007	238,953	294,206	346,972	368,790	235,307	434,671
<b>Total revenues</b>	<b>17,479,693</b>	<b>27,894,031</b>	<b>20,012,998</b>	<b>20,936,223</b>	<b>20,510,033</b>	<b>20,887,783</b>	<b>22,740,796</b>	<b>23,310,816</b>	<b>24,157,039</b>	<b>24,092,728</b>
<b>Expenditures:</b>										
General government	1,260,787	1,285,916	1,405,278	1,452,446	1,350,245	1,296,072	1,329,044	1,345,899	1,356,143	1,606,430
Public safety	3,317,232	3,391,781	3,535,382	3,555,031	3,644,915	3,675,015	3,797,014	3,897,654	3,979,448	4,075,035
Public works	1,401,329	1,375,780	1,483,810	1,545,955	1,617,761	1,472,145	1,435,655	1,605,017	1,481,251	1,494,017
Health and welfare	62,794	79,161	84,607	74,798	54,234	70,562	65,389	86,922	62,302	79,937
Recreation	182,588	178,022	168,153	167,257	166,651	172,107	173,782	187,120	182,960	210,407
Education (3)	7,801,667	8,142,008	8,580,112	8,894,294	9,157,789	9,375,077	9,698,303	10,059,652	10,428,909	10,724,684
Intergovernmental	1,516,599	1,489,840	1,575,666	1,649,188	1,674,864	1,694,380	1,671,485	1,744,231	1,730,283	1,824,448
Unclassified (2)	1,642,827	1,677,007	2,363,231	2,485,381	3,732,106	2,726,666	2,757,216	3,105,443	2,733,623	3,146,353
Debt service	515,118	461,652	489,567	354,395	532,271	628,897	611,373	498,118	620,784	672,348
<b>Total expenditures</b>	<b>17,700,941</b>	<b>18,081,167</b>	<b>19,685,806</b>	<b>20,178,745</b>	<b>21,930,836</b>	<b>21,110,921</b>	<b>21,539,261</b>	<b>22,530,056</b>	<b>22,575,703</b>	<b>23,833,659</b>

(1) Does not include fund balance appropriations

(1) Includes transfers in

(2) Includes transfers out

(3) School Department joined RSU 1 as of July 1, 2008

Table B

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

<b>Year</b>	<b>Current Tax Levy</b>	<b>Current Tax Collections</b>	<b>Total Current Year Collections as a Percent of Total Tax Levy</b>	<b>Total All Taxes and Liens Outstanding June 30,</b>	<b>Percent of Delinquent Taxes and Liens to Tax Levy</b>
2011	\$ 20,250,356	\$ 19,581,162	96.70%	\$ 1,026,483	5.07%
2012	21,023,132	20,433,216	97.19%	988,183	4.70%
2013	22,158,114	21,512,634	97.09%	1,006,361	4.54%
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%

**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		
2011	\$ 991,183,250	\$ 186,163,000	\$ 1,177,346,250	\$ 939,100,000	125.37%
2012	992,067,250	182,409,400	1,174,476,650	905,000,000	129.78%
2013	1,001,946,200	182,979,700	1,184,925,900	893,600,000	132.60%
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%

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
2011	\$ 17.20	\$ 7.05	\$ 8.50	\$ 1.65
2012	17.90	7.41	8.87	1.62
2013	18.70	7.69	9.30	1.71
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

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

	<b>Estimated Population</b>	<b>Assessed Value (In Thousands)</b>	<b>Gross Bonded Debt (1)</b>	<b>Ratio of Gross Bonded Debt to Assessed Value</b>	<b>Gross Bonded Debt per Capita</b>
2011	8,514	\$ 1,177,346	\$ 28,188,121	2.39%	3,311
2012	8,514	1,174,477	28,765,614	2.45%	3,379
2013	8,514	1,184,926	25,706,206	2.17%	3,019
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	8,514	1,346,668	24,676,330	1.83%	2,898

(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.

**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
2011	\$ 2,133,238	\$ 761,859	\$ 2,895,097	\$ 17,421,409	16.62%
2012	2,292,534	772,930	3,065,464	17,821,177	17.20%
2013	2,988,251	703,198	3,691,449	19,267,871	19.16%
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%

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

Table G

**CITY OF BATH, MAINE  
Ten Largest Taxpayers  
For the Year Ended June 30, 2020**

Name	Type of Operation	Assessed Valuation	Amount of Tax	% of Net Tax Levy
BATH IRON WORKS CORP	Shipbuilding	\$ 489,781,500	\$ 9,697,673.70	37.56%
MORSE, JOHN G & SONS	Leased to BIW	\$ 48,646,000	\$ 963,190.80	3.73%
BATH SAVINGS INSTITUTION	Banking	\$ 13,422,900	\$ 265,773.42	1.03%
BATHRES LLC	Hotel.	\$ 12,330,100	\$ 244,135.98	0.95%
BATH SUPERMARKET IMPROV	Shopping center	\$ 11,854,300	\$ 234,715.14	0.91%
CENTRAL MAINE POWER	Utility	\$ 9,477,600	\$ 187,656.48	0.73%
DORKS R US	Hotel.	\$ 7,945,000	\$ 157,311.00	0.61%
EWT, LLC 7	Rental housing	\$ 7,196,800	\$ 142,496.64	0.55%
BATH INLINE IMPROVEMENTS	Shopping center	\$ 6,338,400	\$ 125,500.32	0.49%
NORTHWOOD HOUSING ASSO(	Rental housing	\$ 6,019,100	\$ 119,178.18	0.46%
<b>Totals</b>		<b>\$ 613,011,700</b>	<b>\$ 12,137,632</b>	<b>47.01%</b>

CITY OF BATH, MAINE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2020

<u>Federal Grantor/ Pass-thru Grantor/ Program Title/Cluster</u>	<u>Federal CFDA Number</u>	<u>ARRA Funds</u>	<u>Pass-thru Grantor Number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
<b><u>U.S. Department of Agriculture</u></b>					
Rural Development	10.760		N/A	\$ 1,703,096	\$ -
<b>Total U.S. Department of Agriculture</b>				<b>1,703,096</b>	<b>-</b>
<b><u>U.S. Department of Transportation</u></b>					
Passed through Maine Department of Transportation:					
Bath Shuttle Bus Transportation	20.509		CSN 39504	17,035	-
Bath Shuttle Bus Transportation	20.509		CSN 40772	26,980	-
FTA Care Act - Grant for Rural Areas	20.509		CSN 41602	49,252	-
				<u>93,267</u>	<u>-</u>
Highway Planning and Construction Cluster					
Safe Routes to School	20.205		N/A	43,622	-
Total Highway Planning and Construction Cluster				<u>43,622</u>	<u>-</u>
<b>Total U.S. Department of Transportation</b>				<b>136,889</b>	<b>-</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>					
Passed through Maine Department of Economic & Community Development:					
Housing Assistance	14.228		N/A	366,794	366,794
<b>Total U.S. Department of Housing and Urban Development</b>				<b>366,794</b>	<b>366,794</b>
<b><u>US Department of Health and Human Services</u></b>					
Provider Relief Fund (Cares Act)	93.498		N/A	18,280	-
<b>Total Health and Human Services</b>				<b>18,280</b>	<b>-</b>
<b><u>Environmental Protection Agency</u></b>					
Passed through Maine Department of Environmental Protection:					
Clean Water State Revolving Fund Cluster					
Clean Water State Revolving Funds	66.458		N/A	53,175	-
Total Clean Water State Revolving Fund Cluster				<u>53,175</u>	<u>-</u>
<b>Total Environmental Protection Agency</b>				<b>53,175</b>	<b>-</b>
<b>Total Federal Financial Assistance</b>				<b>\$ 2,278,234</b>	<b>\$ 366,794</b>

*See accompanying notes to schedule of expenditures of federal awards.*

CITY OF BATH, MAINE

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

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, 2020. 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 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. 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>
Rural Development	10.760



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INDEPENDENT AUDITORS' 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, 2020, 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 December 9, 2020.

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  
December 9, 2020



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INDEPENDENT AUDITORS' 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

We have audited the City of Bath, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bath, Maine's major federal programs for the year ended June 30, 2020. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

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

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

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### Opinion on Each Major Federal Program

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, 2020.

### Report on Internal Control Over Compliance

Management of the City of Bath, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Bath, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*RHR Smith & Company*

Buxton, Maine  
December 9, 2020

CITY OF BATH, MAINE

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

**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

• *Federal Awards*

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 2 CFR 200.516(a) \_\_\_yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.760	Rural Development

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

Auditee qualified as low-risk auditee? X yes \_\_\_no

**Section II – Financial Statement Findings**

None

**Section III – Federal Awards Findings and Questioned Costs**

None