

TOWN OF BELGRADE, MAINE

Annual Financial Report

For the Year Ended December 31, 2023

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Independent Auditor's Report

Selectboard
Town of Belgrade, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Belgrade, Maine, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Belgrade, Maine's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the Town of Belgrade, Maine, as of December 31, 2023, the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Belgrade, Maine's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2024, on our consideration of the Town of Belgrade, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Belgrade, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Belgrade, Maine's internal control over financial reporting and compliance.



March 13, 2024
South Portland, Maine

TOWN OF BELGRADE, MAINE
Statement of Net Position
December 31, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 6,275,297
Investments	1,350,806
Receivables:	
Taxes	428,432
Tax liens	64,255
Due from the State	90,598
Inventory	63,929
Prepaid expenses	4,563
Nondepreciable capital assets	880,257
Depreciable capital assets, net	7,440,465
Total assets	16,598,602
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to net pension liability	49,290
Total deferred outflows of resources	49,290
LIABILITIES	
Accounts payable	169,043
Accrued wages and benefits	30,928
Taxes paid in advance	12,814
Unearned revenues	128,420
Accrued interest	7,974
Noncurrent liabilities:	
Due within one year	328,709
Due in more than one year	367,087
Total liabilities	1,044,975
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to OPEB	21,574
Deferred inflows of resources related to net pension liability	9,075
Total deferred inflows of resources	30,649
NET POSITION	
Net investment in capital assets	7,766,783
Restricted - donations and grants	478,664
Restricted - Nonexpendable permanent fund principal	275,710
Restricted - Expendable permanent fund earnings	1,193,802
Unrestricted	5,857,309
Total net position	\$ 15,572,268

See accompanying notes to the basic financial statements.

TOWN OF BELGRADE, MAINE
Statement of Activities
For the year ended December 31, 2023

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Governmental activities
Primary government:					
Governmental activities:					
General government	\$ 1,685,328	77,132	-	-	(1,608,196)
Public safety	559,496	45,394	5,000	-	(509,102)
Public works	1,436,770	95,785	80,986	313,262	(946,737)
Solid waste	352,134	48,479	-	-	(303,655)
Public services	72,355	-	50	-	(72,305)
Recreation and culture	338,752	102,836	17,240	-	(218,676)
Other town programs	1,146	-	-	-	(1,146)
Education	6,767,585	-	-	-	(6,767,585)
Interest on debt	24,781	-	-	-	(24,781)
Total governmental activities	11,238,347	369,626	103,276	313,262	(10,452,183)
Total primary government	\$ 11,238,347	369,626	103,276	313,262	(10,452,183)

General revenues:

Property taxes	9,382,108
Excise taxes	1,161,103
Interest and costs of taxes	12,447
Grants and contributions not restricted to specific programs:	
State Revenue Sharing	393,818
Homestead and BETE exemption	251,386
Other	21,028
Unrestricted investment earnings (loss)	331,294
Cable franchise fees	51,488
Total general revenues and contributions	11,604,672
Change in net position	1,152,489
Net position - beginning, restated	14,419,779
Net position - ending	\$ 15,572,268

See accompanying notes to the basic financial statements.

TOWN OF BELGRADE, MAINE
Balance Sheet
Governmental Funds
December 31, 2023

	General Fund	Capital Projects Fund	Permanent Fund	Special Revenue Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,133,447	192	141,658	-	6,275,297
Investments	-	-	1,350,806	-	1,350,806
Receivables:					
Taxes	428,432	-	-	-	428,432
Tax liens	64,255	-	-	-	64,255
Due from the State	90,598	-	-	-	90,598
Inventory	63,929	-	-	-	63,929
Prepaid expenditures	4,563	-	-	-	4,563
Interfund loan receivable	-	2,203,149	29,418	669,448	2,902,015
Total assets	6,785,224	2,203,341	1,521,882	669,448	11,179,895
LIABILITIES					
Accounts payable and other liabilities	145,295	22,800	948	-	169,043
Accrued wages and benefits	30,928	-	-	-	30,928
Taxes paid in advance	12,814	-	-	-	12,814
Unearned revenue	-	-	-	128,420	128,420
Interfund loan payable	2,850,301	-	51,714	-	2,902,015
Total liabilities	3,039,338	22,800	52,662	128,420	3,243,220
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	377,000	-	-	-	377,000
Total deferred inflows of resources	377,000	-	-	-	377,000
FUND BALANCES					
Nonspendable	68,492	-	275,710	-	344,202
Restricted	-	-	1,193,802	478,664	1,672,466
Committed	-	2,202,618	-	62,364	2,264,982
Assigned	950,500	-	-	-	950,500
Unassigned	2,349,894	(22,077)	(292)	-	2,327,525
Total fund balances	3,368,886	2,180,541	1,469,220	541,028	7,559,675
Total liabilities, deferred inflows of resources, and fund balances	6,785,224	2,203,341	1,521,882	669,448	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,320,722
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	377,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	
Notes payable	(553,939)
OPEB liability with deferred inflows and outflows of resources	(40,868)
Net pension liability with deferred inflows and outflows of resources	(13,269)
Accrued compensated absences	(69,079)
Accrued interest	(7,974)
Net position of governmental activities	\$ 15,572,268

See accompanying notes to the basic financial statements.

TOWN OF BELGRADE, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2023

	General Fund	Capital Projects Fund	Permanent Fund	Special Revenue Fund	Total Governmental Funds
Revenues:					
Taxes	\$ 10,448,658	-	-	-	10,448,658
Intergovernmental revenues	740,268	104,905	-	204,357	1,049,530
Charges for services	227,527	84,590	6,950	4,585	323,652
Rental income	-	-	-	11,195	11,195
Donations	-	-	5,000	17,290	22,290
Other revenues	92,948	4,000	-	269	97,217
Investment income (loss)	166,053	-	165,241	-	331,294
Total revenues	11,675,454	193,495	177,191	237,696	12,283,836
Expenditures:					
Current:					
General government	736,247	10,767	-	-	747,014
Public safety	472,758	1,331	-	910	474,999
Public works	961,349	214,470	6,885	2,274	1,184,978
Solid waste	341,887	-	-	-	341,887
Public services	72,355	-	-	-	72,355
Recreation and culture	317,237	11,209	-	100	328,546
Other town programs	-	-	-	1,146	1,146
Education	6,753,234	-	14,351	-	6,767,585
County tax	846,767	-	-	-	846,767
Unclassified	18,736	-	-	-	18,736
Capital outlay	-	174,743	-	126,357	301,100
Debt service	349,803	-	-	-	349,803
Total expenditures	10,870,373	412,520	21,236	130,787	11,434,916
Excess (deficiency) of revenues over (under) expenditures	805,081	(219,025)	155,955	106,909	848,920
Other financing sources (uses):					
Transfers from other funds	38,524	1,033,684	-	219,250	1,291,458
Transfers to other funds	(1,193,739)	(8,524)	-	(89,195)	(1,291,458)
Total other financing sources (uses)	(1,155,215)	1,025,160	-	130,055	-
Net change in fund balance	(350,134)	806,135	155,955	236,964	848,920
Fund balance, beginning of year, restated	3,719,020	1,374,406	1,313,265	304,064	6,710,755
Fund balance, end of year	\$ 3,368,886	2,180,541	1,469,220	541,028	7,559,675

See accompanying notes to the basic financial statements.

TOWN OF BELGRADE, 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 December 31, 2023

Net change in fund balances - total governmental funds (from Statement 4)	\$	848,920
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. These are the changes related to capital assets:</p>		
Capital outlay	411,313	
Depreciation expense	(507,675)	(96,362)
<p>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 unavailable revenue - property tax.</p>		
		107,000
<p>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 the governmental funds. These are the changes in the other liability-related amounts:</p>		
Accrued interest	5,778	
Accrued compensated absences	(18,285)	
OPEB liability, including related deferred inflows and outflows	(537)	
Net pension liability, including related deferred inflows and outflows	(13,269)	(26,313)
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These are the changes in long-term debt and related amounts:</p>		
Principal payments on notes payable	319,244	319,244
Change in net position of governmental activities (see Statement 2)		\$ 1,152,489

See accompanying notes to the basic financial statements.

TOWN OF BELGRADE, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Budgetary Basis - General Fund
For the year ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with final budget positive (negative)
Revenues:				
Taxes	\$ 10,395,648	10,395,648	10,448,658	53,010
Intergovernmental revenues	577,825	577,825	740,268	162,443
Charges for services	115,200	115,200	227,527	112,327
Other revenues	94,430	94,430	92,948	(1,482)
Interest	20,000	20,000	166,053	146,053
Total revenues	11,203,103	11,203,103	11,675,454	472,351
Expenditures:				
Current:				
General government	800,720	800,720	736,247	64,473
Public safety	479,555	479,555	472,758	6,797
Public works	1,126,680	1,126,680	961,349	165,331
Solid waste	365,800	365,800	341,887	23,913
Public services	95,406	95,406	72,355	23,051
Recreation and culture	336,070	336,070	317,237	18,833
Education	6,753,234	6,753,234	6,753,234	-
County tax	846,767	846,767	846,767	-
Unclassified	68,522	68,522	18,736	49,786
Debt service	361,955	361,955	349,803	12,152
Total expenditures	11,234,709	11,234,709	10,870,373	364,336
Excess (deficiency) of revenues over (under) expenditures	(31,606)	(31,606)	805,081	836,687
Other financing sources (uses):				
Budgeted use of carryforward balance	1,012,500	1,012,500	-	(1,012,500)
Transfers from other funds	32,524	32,524	38,524	6,000
Transfers to other funds	(1,013,418)	(1,013,418)	(1,193,739)	(180,321)
Total other financing sources (uses)	31,606	31,606	(1,155,215)	(1,186,821)
Net change in fund balance	-	-	(350,134)	
Fund balance, beginning of year, restated			3,719,020	
Fund balance, end of year			\$ 3,368,886	

See accompanying notes to the basic financial statements.

TOWN OF BELGRADE, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Belgrade, Maine conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit is made by applying the criteria set forth in GAAP which 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 government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there were no potential component units required to be included in this report.

B. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are typically reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The Town currently does not have any business-type activities.

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 Town 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.

C. Basis of Presentation – Financial Statements

While separate government-wide and fund financial statements are represented, they are interrelated. The governmental activities column incorporates data from governmental funds. For the most part, the effect of interfund activity has been removed from these statements.

D. Basis of Presentation – Fund Financial Statements

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

TOWN OF BELGRADE, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for debt proceeds and other sources used in significant capital projects or used to acquire capital assets and the related expenditures.

The Permanent Fund is used to account for amounts donated to the Town for which a portion of the balance is nonspendable or restricted for specific purposes.

The Special Revenue Fund is used to account for amounts contributed to the Town through grants and special programs and the related expenditures.

E. Measurement Focus and Basis of Accounting

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 Town 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.

Amounts reported as program revenues on the Statement of Activities include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

F. Cash and Investments

The Town considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Investments are reported at their market value.

TOWN OF BELGRADE, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

G. Inventory

Inventory is valued at cost, which approximates market value, using the first in/first out method. The cost of inventory is generally recorded as expenditures when consumed rather than when purchased.

H. 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 interfund loans or as interfund advances (i.e., the noncurrent portion of interfund loans).

I. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the assets' estimated useful lives ranging from 5 to 50 years.

J. Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds report one deferred inflow of resources: unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows of resources that relate to the total OPEB liability and net pension liability, changes in assumptions and differences between expected and actual experience, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. Deferred outflows also include the Town's proportionate share of contributions subsequent to the measurement date, which reduce the liability in the subsequent year. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

TOWN OF BELGRADE, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

K. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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.

L. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to the liability, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD) 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, 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.

M. Use of Estimates

Preparation of the Town'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.

N. Accrued Compensated Absences

Under the terms of personnel policies, vacation and sick leave are granted in varying amounts according to length of service. The Town accrues accumulated vacation leave and vested sick leave. Accumulated vacation and sick time has been recorded in the Statement of Net Position for the governmental activities. 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.

O. Comparative Data/Reclassifications

Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

TOWN OF BELGRADE, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

P. Fund Balance/Net Position

Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes 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 which 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. The Town Manager has authority to assign fund balance.
- *Unassigned* – resources which have not been assigned to other funds and that has 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 voters have the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. The Town does not have a formal fund balance policy.

When both restricted and unrestricted resources are available for use, it is the Town’s policy 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 Town’s policy to use committed or assigned resources first, and then unassigned resources as they are needed.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget

The Town utilizes a formal budgetary accounting system to control operations accounted for in the General Fund. This budget is established through the passage of a Town warrant at the annual Town meeting. It is prepared on a basis consistent with generally accepted accounting principles (GAAP). The level of control (level at which expenditures may not exceed appropriations) is the warrant article. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year with the exception of some non-lapsing accounts and ongoing projects which are carried forward to the next fiscal year.

Deficit Fund Balances

The following funds had deficit balances as of December 31, 2023:

Capital projects fund - Dams	\$ 22,077
Permanent fund - Don C. Stevens School Scholarship	292

These deficits will be covered by future revenues or transfers from the General Fund.

TOWN OF BELGRADE, MAINE
Notes to Basic Financial Statements, Continued

DEPOSITS

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2023, the Town's bank balances of \$6,371,531, none was exposed to custodial credit risk as it was covered by FDIC or additional insurance.

INVESTMENTS

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Town's investments are valued using level 1 inputs, as applicable.

At December 31, 2023, the Town had the following investments and maturities:

	Fair <u>value</u>	Less than <u>1 year</u>	<u>1-5 years</u>	More than <u>5 years</u>
Corporate bonds	\$ 362,656	29,583	231,330	101,743
U.S. Treasury	48,252	-	48,252	-
Corporate stock	926,181	N/A	N/A	N/A
Mutual funds (1)	13,717	N/A	N/A	N/A
Total investments	\$ 1,350,806	29,583	279,582	101,743

(1) Mutual funds are not considered securities and are exempt from credit risk disclosure noted below.

Interest Rate Risk: The Town does not have a policy related to interest rate risk.

Credit Risk: Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The Town does not have a formal policy related to credit risk.

The Town's investment policy requires investment portfolios to be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity or security type. Corporate bonds are rated BBB- to A by Standard and Poor's.

PROPERTY TAX

Property taxes for the current year were committed on July 11, 2023 on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. The Town 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 \$68,522 for the year ended December 31, 2023.

TOWN OF BELGRADE, MAINE
Notes to Basic Financial Statements, Continued

PROPERTY TAX, CONTINUED

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town 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. The remaining receivables have been recorded as deferred revenues.

The following summarizes the levy:

	<u>2023</u>	<u>2022</u>
Assessed value	\$ 1,047,558,900	566,702,600
Tax rate (per \$1,000)	8.95	15.38
Commitment	9,375,652	8,715,886
Supplemental taxes assessed	14,216	12,066
	9,389,868	8,727,952
Less:		
Collections and abatements	8,955,973	8,419,205
	\$ 433,895	308,747
Due date	September 1, 2023	September 2, 2022
Interest rate on delinquent taxes	3.90%	2.05%
Collection rate	95.38%	96.46%

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance December 31, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2023</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction progress	\$ 72,389	19,868	-	92,257
Land	788,000	-	-	788,000
Total capital assets not being depreciated	860,389	19,868	-	880,257
Capital assets, being depreciated:				
Artwork	23,796	-	-	23,796
Land improvements	116,999	5,557	-	122,556
Buildings and building improvements	2,126,241	6,223	-	2,132,464
Equipment	346,935	154,632	-	501,567
Vehicles	1,274,895	28,433	-	1,303,328
Infrastructure	17,745,863	196,600	-	17,942,463
Total capital assets being depreciated	21,634,729	391,445	-	22,026,174

TOWN OF BELGRADE, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

Less accumulated depreciation for:

Artwork	\$ 595	595	-	1,190
Land improvements	28,855	7,212	-	36,067
Buildings and building improvements	915,920	58,934	-	974,854
Equipment	218,766	37,905	-	256,671
Vehicles	809,416	82,985	-	892,401
Infrastructure	12,104,482	320,044	-	12,424,526
Total accumulated depreciation	14,078,034	507,675	-	14,585,709
Total capital assets being depreciated, net	7,556,695	(116,230)	-	7,440,465
Governmental activities capital assets, net	\$ 8,417,084	(96,362)	-	8,320,722

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

General government	\$ 53,989
Solid waste	10,247
Recreation and culture	10,206
Public safety	71,228
Public works, including depreciation of infrastructure assets	362,005

Total depreciation expense – governmental activities \$ 507,675

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Beginning <u>balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>balance</u>	Due within <u>one year</u>
Governmental activities:					
Notes from direct borrowings	\$ 873,183	-	319,244	553,939	328,709
Accrued compensated absences	50,794	69,079	50,794	69,079	-
Net pension liability	-	53,484	-	53,484	-
Other postemployment liability	16,585	2,709	-	19,294	-
Governmental activity long-term liabilities	\$ 940,562	125,272	370,038	695,796	328,709

STATUTORY DEBT LIMIT

In accordance with Maine law, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. At December 31, 2023, the Town was in compliance with these limitations.

TOWN OF BELGRADE, MAINE
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT

Notes payable at December 31, 2023 are comprised of the following:

<u>Notes from Direct Borrowings</u>	<u>Amount originally issued</u>	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance</u>
2015 Town office	\$ 550,000	3.36%	2029	266,142
2022 Road paving	566,667	3.21%	2024	287,797
Total				\$ 553,939

The annual requirements to amortize these notes are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 328,709	18,244	346,953
2025	42,299	7,594	49,893
2026	43,714	6,178	49,892
2027	45,183	4,709	49,892
2028	46,699	3,193	49,892
2029	47,335	1,621	48,956
Totals	\$ 553,939	41,539	595,478

Long-term liabilities are liquidated by the General Fund.

OVERLAPPING DEBT

The Town's proportionate share of Regional School Unit No. 18's debt of \$13,211,854 is \$3,533,464 (26.74%) as of June 30, 2023, which is the most readily available information. This debt service is included in the annual assessments to the Town.

INTERFUND BALANCES

Individual interfund receivable and payables at December 31, 2023 were as follows:

<u>Fund</u>	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ -	2,850,301
Capital Projects Fund	2,203,149	-
Permanent Fund	29,418	51,714
Special Revenue Fund	669,448	-
Total	\$ 2,902,015	2,902,015

TOWN OF BELGRADE, MAINE
Notes to Basic Financial Statements, Continued

INTERFUND TRANSFERS

During 2023, the Town reported the following interfund transfers:

	General Fund	Town Capital Reserves	Town Special Revenues	Total
\$	(974,489)	974,489	-	-
	8,524	(8,524)	-	-
	(219,250)	-	219,250	-
	30,000	59,195	(89,195)	-
\$	(1,155,215)	1,025,160	130,055	-

Most of the transfers were annual budgeted transfers to fund reserves, budgeted use of balances in other funds, or amounts determined by “forever” articles, which dictate that certain unexpended balances or excess revenues be transferred to reserves.

FUND BALANCES (DEFICITS)

As of December 31, 2023, the General Fund had unassigned fund balance of \$2,349,894 that carried forward to the next year to be used for any purpose. In addition, the permanent fund reported unassigned fund deficit of \$292 related to the Stevens Scholarship Fund, and the capital project fund reported unassigned fund deficit of \$22,077 related to the dams’ reserve.

As of December 31, 2023, fund balance components consisted of the following:

	Nonspendable	Restricted	Committed	Assigned
General Fund:				
Inventory	\$ 63,929	-	-	-
Prepaid expenditures	4,563	-	-	-
MEPERS buyback	-	-	-	162,000
Reserves	-	-	-	638,500
Recreational property	-	-	-	150,000
Capital Projects Fund:				
Capital projects	-	-	2,202,618	-
Permanent Fund:				
Fund principal	275,710	-	-	-
Cumulative earnings	-	1,193,802	-	-
Special Revenue Fund:				
Grants and donations	-	478,664	-	-
Town special programs	-	-	62,364	-
Total	\$ 344,202	1,672,466	2,264,982	950,500

TOWN OF BELGRADE, MAINE
Notes to Basic Financial Statements, Continued

NET POSITION

Net position represents the difference between assets, deferred outflows of resources, and liabilities and deferred inflows of resources. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of notes payable and adding back any unspent debt proceeds. The Town's net investment in capital assets was calculated as follows at December 31, 2023:

Capital assets	\$ 22,906,431
Accumulated depreciation	(14,585,709)
Notes payable	(553,939)
Total invested in capital assets net of related debt	\$ 7,766,783

RISK MANAGEMENT

The Town 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 Town either carries commercial insurance or participates in a public entity risk pool. Currently, the Town participates in several public entity and self-insured pools sponsored by the Maine Municipal Association. Based on the coverage provided by the pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at December 31, 2023.

NET PENSION LIABILITY

General Information about the Pension Plans

Plan Descriptions - The Town's full-time public safety employees have the option of joining the pension plan through the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan). The plan is a cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). The option to join the plan was made available effective July 1, 2022.

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

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

TOWN OF BELGRADE, MAINE
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

Consolidated PLD Plan - Employees are required to contribute 9.70% (7/1/22-6/30/23) and 9.30% (7/1/23-6/30/24) of their annual pay. The Town’s contractually required contribution rate for was 13.40% (7/1/22-6/30/23) and 12.80% (7/1/23-6/30/24) of annual pay for the Special Plan 3C. Contributions to the pension plan from the Town were \$15,484 for the year ended December 31, 2023.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability for the consolidated PLD plan was based on projections of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts (PLD Plan), actuarially determined.

Consolidated PLD Plan - At December 31, 2023, the Town reported a liability of \$53,484 for its proportionate share of the net pension liability. At June 30, 2023, the Town’s proportion of the PLD Plan liability was 0.01676%.

For the year ended December 31, 2023, the Town recognized pension expense of \$28,753 for the Consolidated PLD Plan. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to the Consolidated PLD plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,930	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	9,075
Changes in proportion and differences between Town contributions and proportionate share of contributions	30,622	-
Town contributions subsequent to the measurement date	8,738	-
Total	\$ 49,290	9,075

The amounts of \$8,738 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024.

TOWN OF BELGRADE, MAINE
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2024	\$ 14,653
2025	7,195
2026	9,205
2027	424

Actuarial Assumptions - The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases, per year	2.75%-11.48%
Investment return, per annum, compounded annually	6.50%
Cost of living benefit increases, per annum	1.91%

Mortality rates were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table projected generationally using RPEC_2020 model.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Public Equities	6.0%
US government	2.6%
Private equity	7.6%
Real assets:	
Real estate	5.2%
Infrastructure	5.3%
Natural resources	5.0%
Traditional credit	3.2%
Alternative credit	7.4%
Diversifiers	5.0%

TOWN OF BELGRADE, MAINE
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

Discount Rate - The discount rate used to measure the total pension liability was 6.50% for the Consolidated PLD plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the Town's proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.50% the plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Net pension liability	\$146,549	53,484	(23,288)

Payables to the Pension Plan - None as of December 31, 2023.

OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

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

Benefits Provided - Retirees with a minimum of age 55 and 5 years of service at retirement are eligible for postretirement health insurance benefits. Eligible retirees are required to pay 100% of health insurance premiums to receive health benefit coverage and therefore, the Town makes no actual contributions.

Employees Covered by Benefit Terms – At January 1, 2023, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employee entitled to but not yet receiving benefits	-
Active employees	7
Total	7

TOWN OF BELGRADE, MAINE
Notes to Basic Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS (OPEB), CONTINUED

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

The Town's total Health Plan OPEB liability of \$19,294 was measured as of January 1, 2023, and was determined by an actuarial valuation as of that date.

Changes in the Total Health Plan OPEB Liability

		Total OPEB Liability
Balance at December 31, 2022	\$	16,585
Changes for the year:		
Service cost		4,853
Interest		442
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions or other inputs		(2,586)
Benefit payments		-
Net changes		2,709
Balance at December 31, 2023	\$	19,294

Change in assumptions reflects a change in the discount rate to 3.72% from 2.06%.

For the year ended December 31, 2023, the Town recognized an OPEB gain of \$537 related to the Town Health Plan. At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	20,153
Changes of assumption or other inputs		-	1,421
Total	\$	-	21,574

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Health Plan OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2024	\$(4,758)
2025	(4,758)
2026	(4,761)
2027	(1,433)
2028	(1,310)
Thereafter	(4,554)

TOWN OF BELGRADE, MAINE
Notes to Basic Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS (OPEB), CONTINUED

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2022 actuarial valuation, rolled forward, for the Town Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per year
Salary increases	2.75% per year
Discount rate	3.72%
Healthcare cost trend rates	Non-Medicare 7.95% for 2022, grading to 4.55% in 2043 Medicare 7.26% for 2022, grading to 4.55% in 2043
Retirees' share of the benefit related costs	100%

Mortality rates for the Health Plan were based on the 2010 Public Plan General Benefits-Weighted Employee Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2023 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2016 through June 30, 2020.

Discount Rate - The rate used to measure the total OPEB liability for the Town Health Plan was 3.72%. The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate - The following presents the Town's total OPEB liability related to the Town Health Plan calculated using the discount rate of 3.72%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB liability \$	24,040	19,294	15,607

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability \$	14,679	19,294	25,740

TOWN OF BELGRADE, MAINE
Notes to Basic Financial Statements, Continued

PRIOR PERIOD ADJUSTMENT

In 2023, the Town discovered that a payroll related to semi-annual firefighter pay and that certain accounts payable were posted back to 2022 but that were not reflected in the 2022 financial statements. The beginning fund balance for the General Fund has therefore been restated on Exhibit A-1, and Statements 6 and 4. In addition, beginning net position for governmental activities have been restated on Statement 2. The restatements were as follows:

	Governmental Activities <u>Net Position</u>	General Fund <u>Fund Balance</u>
Balances as originally reported December 31, 2022	\$ 14,475,863	3,775,104
Firefighter payroll	(33,971)	(33,971)
Accounts payable	(22,113)	(22,113)
<u>December 31, 2022 balances, as restated</u>	<u>\$ 14,419,779</u>	<u>3,719,020</u>

TOWN OF BELGRADE, MAINE
Required Supplementary Information

Schedule of Changes in the Town's Total MMEHT Health Plan OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 4,853	8,122	7,201	2,779	3,085	2,779
Interest	442	600	498	434	298	1,395
Changes of benefit terms	-	-	-	(211)	-	-
Differences between expected and actual experience	-	(10,665)	-	(2,369)	-	(30,915)
Changes of assumptions or other inputs	(2,586)	(1,632)	1,493	2,526	(1,160)	996
Benefit payments	-	-	-	-	-	(5,551)
Net change in total OPEB Liability	<u>2,709</u>	<u>(3,575)</u>	<u>9,192</u>	<u>3,159</u>	<u>2,223</u>	<u>(31,296)</u>
Total OPEB liability - beginning	<u>16,585</u>	<u>20,160</u>	<u>10,968</u>	<u>7,809</u>	<u>5,586</u>	<u>36,882</u>
Total OPEB liability - ending	\$ <u>19,294</u>	<u>16,585</u>	<u>20,160</u>	<u>10,968</u>	<u>7,809</u>	<u>5,586</u>
Covered-employee payroll	\$ 322,568	322,568	363,638	363,638	215,987	215,987
Total OPEB liability as a percent of covered-employee payroll	5.98%	5.14%	5.54%	3.02%	3.62%	2.59%

*Only six years of information available.

TOWN OF BELGRADE, MAINE
Required Supplementary Information

**Schedule of Town's Proportionate Share of the Net Pension Liability
and Schedule of Town Contributions
Maine Public Employees Retirement System Consolidated Plan (PLD)**

		<u>2023</u>
Town's proportion of the net pension liability	\$	0.01676%
Town's proportionate share of the net pension liability		53,484
Town's covered payroll		132,244
Town's proportionate share of the net pension liability as a percentage of its covered payroll		40.44%
Plan fiduciary net position as a percentage of the total pension liability		92.34%
		<u>2023</u>
Contractually required contribution	\$	15,484
Contributions in relation to the contractually required contribution		(15,484)
Contribution deficiency (excess)	\$	-
Town's covered payroll	\$	136,983
Contributions as a percentage of covered payroll		11.30%

** The amounts presented for each year were determined as of the prior June 30th.*

***Only one year of information available.*

TOWN OF BELGRADE, MAINE
Notes to Required Supplementary Information

Total OPEB Liabilities - Health Insurance

MMEHT Health Plan

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%	3.78%

From 2017 - 2021, mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females. In 2022 and going forward, the mortality rates were based on the 2010 Public Plan General Benefits - Weighted Employee Mortality Table, for males and females.

Net Pension Liability

Changes of Benefit Terms (Pension) - None

Changes of Assumptions (Pension) - None

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

TOWN OF BELGRADE, MAINE
General Fund
Balance Sheet
December 31, 2023

(with comparative totals for the year ended December 31, 2022)

	2023	Restated 2022
ASSETS		
Cash and cash equivalents	\$ 6,133,447	5,903,613
Receivables:		
Taxes	428,432	307,886
Tax liens	64,255	54,301
Due from the State	90,598	-
Inventory	63,929	-
Prepaid expenditures	4,563	-
Total assets	6,785,224	6,265,800
LIABILITIES		
Accounts payable and other liabilities	145,295	192,106
Accrued wages and benefits	30,928	33,971
Taxes paid in advance	12,814	13,723
Unearned revenue	-	22,388
Interfund loan payable	2,850,301	2,014,592
Total liabilities	3,039,338	2,276,780
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property tax	377,000	270,000
Total deferred inflows of resources	377,000	270,000
FUND BALANCE		
Nonspendable	68,492	-
Assigned	950,500	-
Unassigned	2,349,894	3,719,020
Total fund balances	3,368,886	3,719,020
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,785,224	6,265,800

TOWN OF BELGRADE, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budgetary Basis
For the year ended December 31, 2023

	2023		Variance positive (negative)	2022 Actual
	budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 9,375,652	9,367,892	(7,760)	8,715,886
Supplemental taxes	-	14,216	14,216	12,066
Change in unavailable taxes	-	(107,000)	(107,000)	(28,000)
Excise taxes	1,009,996	1,161,103	151,107	1,118,089
Interest on taxes	10,000	12,447	2,447	10,556
Total taxes	10,395,648	10,448,658	53,010	9,828,597
Intergovernmental revenue:				
State Revenue Sharing	350,000	393,818	43,818	418,672
Local road assistance	45,756	74,036	28,280	46,756
Homestead exemption	158,962	232,867	73,905	216,007
BETE	23,107	18,519	(4,588)	27,269
Other	-	21,028	21,028	27,229
Total intergovernmental revenue	577,825	740,268	162,443	735,933
Charges for services:				
Licenses and fees	16,200	12,821	(3,379)	10,916
Town fees	-	64,311	64,311	99,828
Solid waste management	30,000	48,479	18,479	58,548
Recreation program fees	69,000	101,916	32,916	79,912
Total charges for services	115,200	227,527	112,327	249,204
Other revenues:				
Fire department revenues	43,771	41,460	(2,311)	45,391
Cable franchise fees	49,000	51,488	2,488	49,717
Miscellaneous income	1,659	-	(1,659)	5,785
Total other revenues	94,430	92,948	(1,482)	100,893
Interest:				
Interest income	20,000	166,053	146,053	15,794
Total interest	20,000	166,053	146,053	15,794
Total revenues	11,203,103	11,675,454	472,351	10,930,421

TOWN OF BELGRADE, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budgetary Basis, Continued

	2023		Variance positive (negative)	2022 Actual
	Original budget	Actual		
Expenditures:				
Current:				
General government:				
Selectpersons	\$ 14,855	7,387	7,468	18,513
Appeals board	1,350	15	1,335	280
Administration	504,995	453,473	51,522	385,232
Town Manager	106,220	102,964	3,256	103,056
Code Enforcement	59,000	57,847	1,153	41,332
Planning board	7,250	4,268	2,982	817
Elections	11,950	9,937	2,013	9,207
Historian	500	500	-	-
Insurance	94,600	99,856	(5,256)	85,909
Total general government	800,720	736,247	64,473	644,346
Public safety:				
EMA	500	-	500	-
Fire/rescue departments	409,405	403,059	6,346	266,690
Dispatch services	53,600	52,971	629	50,644
Street lights	1,800	2,228	(428)	1,382
Animal control	13,700	14,500	(800)	10,869
Health officer	550	-	550	-
Total public safety	479,555	472,758	6,797	329,585
Public works:				
Roads	172,275	141,374	30,901	157,210
Plowing and sanding	466,000	388,374	77,626	386,978
Cemetery	72,165	61,961	10,204	23,626
Facilities and grounds	416,240	369,640	46,600	311,484
Total public works	1,126,680	961,349	165,331	879,298

TOWN OF BELGRADE, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budgetary Basis, Continued

	2023			Restated 2022 Actual
	Original budget	Actual	Variance positive (negative)	
Expenditures, continued:				
Current, continued:				
Solid waste	\$ 365,800	341,887	23,913	282,157
Public services:				
Social services	6,280	4,582	1,698	2,181
General assistance	25,000	5,135	19,865	2,132
Other agencies (special requests)	64,126	62,638	1,488	45,061
Total public services	95,406	72,355	23,051	49,374
Recreation and culture:				
Recreation	226,045	212,685	13,360	178,758
Library	110,025	104,552	5,473	93,118
Snowmobile	-	-	-	-
Total recreation and culture	336,070	317,237	18,833	271,876
Education	6,753,234	6,753,234	-	6,639,957
County tax	846,767	846,767	-	817,777
Unclassified:				
Overlay/abatements	68,522	18,736	49,786	14,186
Total unclassified	68,522	18,736	49,786	14,186
Capital outlay	-	-	-	57,828
Debt service	361,955	349,803	12,152	53,432
Total expenditures	11,234,709	10,870,373	364,336	10,039,816
Excess (deficiency) of revenues over (under) expenditures	(31,606)	805,081	836,687	890,605
Other financing sources (uses):				
Use of fund balance/carry forwards	1,012,500	-	(1,012,500)	-
Transfers from capital reserves	32,524	38,524	6,000	58,524
Transfer from permanent funds	-	-	-	9,938
Transfers from special revenue funds	-	-	-	30,461
Transfers to other funds	(1,013,418)	(1,193,739)	(180,321)	(866,965)
Total other financing sources (uses)	31,606	(1,155,215)	(1,186,821)	(768,042)
Net change in fund balance	-	(350,134)	(350,134)	122,563
Fund balance, beginning of year		3,719,020		3,652,541
Restatement		-		(56,084)
Fund balance, end of year, restated	\$	3,368,886		3,719,020

TOWN OF BELGRADE, MAINE
Capital Projects Fund
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2023

	Fund	Revenues		Expenditures		Transfers	Transfers	Fund
	balances	Charges	Other	Capital outlay	Other	In	out	balances
	beginning	for services						end
	of year							of year
01 Maintenance garage	\$ 29,580	-	-	19,868	-	15,000	-	24,712
02 Senior ordinance	-	-	-	-	-	1,455	-	1,455
06 Tower fund	9,885	-	-	7,664	-	-	-	2,221
07 Planning board reserve	10,799	-	-	-	10,767	-	-	32
08 Public works reserve	-	-	-	-	-	500,000	-	500,000
62 Village lights escrow	8,487	-	-	-	-	-	-	8,487
85 Facilities truck	35,656	-	-	28,433	-	-	-	7,223
86 Cemetery equipment	14,705	-	-	-	-	10,000	-	24,705
87 Cemetery water line	28,423	-	-	-	-	-	-	28,423
88 Fire department equipment	330,749	-	104,905	112,555	-	81,846	-	404,945
89 Library	23,429	-	-	-	1,209	5,472	(8,524)	19,168
90 Fire department facility	330,000	-	-	-	1,331	100,000	-	428,669
91 Road maintenance	273,339	-	4,000	-	-	108,189	-	385,528
92 Recreation	125,113	-	-	6,223	10,000	12,920	-	121,810
93 Sidewalks	75	-	-	-	-	-	-	75
94 Water quality	24,215	6,987	-	-	-	11,189	-	42,391
95 Facilities	4,108	-	-	-	34,019	111,195	-	81,284
96 Dams	9,353	77,603	-	-	180,451	71,418	-	(22,077)
97 Cemetery expansion (plan 5)	6,330	-	-	-	-	-	-	6,330
98 Old town meeting house	1,000	-	-	-	-	-	-	1,000
99 Solid waste	109,160	-	-	-	-	5,000	-	114,160
Total	\$ 1,374,406	84,590	108,905	174,743	237,777	1,033,684	(8,524)	2,180,541

TOWN OF BELGRADE, MAINE
Combining Balance Sheet
Permanent Fund
December 31, 2023

	Cemetery Portfolio	Don C. Stevens School Enrichment	Don C. Stevens School Scholarship	Guy A. Yeaton Cemetery	Lacroix Cemetery	Robert A. Guptil Historical	Cemetery Perpetual	Alice Cram	Fire Department Memorial	Total Permanent Funds
ASSETS										
Cash	\$ 51,988	80,336	-	494	1,778	1,752	4,644	564	102	141,658
Investments	511,900	771,285	2,551	4,550	16,377	15,657	15,238	5,293	7,955	1,350,806
Interfund loan receivable	-	-	-	79	287	766	28,286	-	-	29,418
Total assets	563,888	851,621	2,551	5,123	18,442	18,175	48,168	5,857	8,057	1,521,882
LIABILITIES										
Accounts payable	-	-	948	-	-	-	-	-	-	948
Interfund loan payable	24,398	18,411	1,895	-	-	-	-	8	7,002	51,714
Total liabilities	24,398	18,411	2,843	-	-	-	-	8	7,002	52,662
FUND BALANCES										
Nonspendable	196,863	53,108	-	1,009	10,031	11,199	3,500	-	-	275,710
Restricted	342,627	780,102	-	4,114	8,411	6,976	44,668	5,849	1,055	1,193,802
Unassigned	-	-	(292)	-	-	-	-	-	-	(292)
Total fund balances	539,490	833,210	(292)	5,123	18,442	18,175	48,168	5,849	1,055	1,469,220
Total liabilities and fund balances	\$ 563,888	851,621	2,551	5,123	18,442	18,175	48,168	5,857	8,057	1,521,882

TOWN OF BELGRADE, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Permanent Fund
For the year ended December 31, 2023

	Cemetery Portfolio	Don C. Stevens School Enrichment	Don C. Stevens School Scholarship	Guy A. Yeaton Cemetery	Lacroix Cemetery	Robert A. Guptil Historical	Cemetery Perpetual	Alice Cram	Fire Department Memorial	Total Permanent Funds
Revenues:										
Interest	62,759	94,129	282	561	2,021	1,938	2,213	647	691	165,241
Other	-	-	-	-	-	-	6,950	-	5,000	11,950
Total revenues	\$ 62,759	94,129	282	561	2,021	1,938	9,163	647	5,691	177,191
Expenditures:										
Current:										
Public works	-	-	-	-	-	-	-	-	6,885	6,885
Education	-	13,074	1,000	-	-	277	-	-	-	14,351
Total expenditures	-	13,074	1,000	-	-	277	-	-	6,885	21,236
Net change in fund balances	62,759	81,055	(718)	561	2,021	1,661	9,163	647	(1,194)	155,955
Fund balance, beginning of year	476,731	752,155	426	4,562	16,421	16,514	39,005	5,202	2,249	1,313,265
Fund balance, end of year	\$ 539,490	833,210	(292)	5,123	18,442	18,175	48,168	5,849	1,055	1,469,220

TOWN OF BELGRADE, MAINE
Special Revenue Funds
Special Grants and Programs
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2023

	Fund balances beginning of year	Revenues		Expenditures	Transfers	Fund balances end of year
		Other	Donations			
01 Sandra Fowler	\$ 424	-	-	16	-	408
42 Library donations	5,306	-	1,215	-	-	6,521
43 Library trustees	960	269	-	100	-	1,129
44 Maggie Schneider	4,653	-	-	240	-	4,413
45 Library carryforward	987	-	-	-	-	987
46 Library fees	8,136	651	-	-	-	8,787
47 Labun estate	8,223	-	-	810	-	7,413
49 FD grant	6,000	-	-	-	-	6,000
50 Bottle redemption	15,902	-	3,569	-	-	19,471
51 Dalton property	921	11,195	-	609	(11,195)	312
52 Emergency fuel	12,125	-	50	-	19,250	31,425
53 United way	32	-	-	-	-	32
54 Tree committee	5,009	-	-	-	-	5,009
55 CFAS donations	6,359	-	-	-	-	6,359
56 Animal control officer	16,779	3,934	-	910	-	19,803
58 Town office beautification	80	-	-	80	-	-
59 Audio books	2,421	-	-	-	-	2,421
60 Weinberg adult nonfiction	120	-	-	-	-	120
61 Well contamination remediation	209,627	-	-	1,665	200,000	407,962
63 ARPA	-	204,357	-	126,357	(78,000)	-
65 Pickleball	-	-	5,600	-	-	5,600
66 DILTS	-	-	6,365	-	-	6,365
67 Senior resources	-	-	491	-	-	491
Total	\$ 304,064	220,406	17,290	130,787	130,055	541,028