

Audited Financial Statements and  
Other Financial Information

**Town of Blue Hill, Maine**

December 31, 2022



*Proven Expertise & Integrity*

TOWN OF BLUE HILL, MAINE

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DECEMBER 31, 2022

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## INDEPENDENT AUDITOR'S REPORT

Select Board  
Town of Blue Hill  
Blue Hill, Maine

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Blue Hill, Maine, as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Town of Blue Hill, Maine's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Blue Hill, Maine as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Blue Hill, 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.

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## 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 Blue Hill, 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Blue Hill, Maine's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Blue Hill, Maine's ability to continue as a going concern for a reasonable period of time.

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

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5 through 12 and 70 through 80 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 to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Blue Hill, Maine's basic financial statements. The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset 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 20-A MRSA §6051, Sub-chapter 1(K) of the Maine Revised Statutes as amended and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to

the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2024, on our consideration of the Town of Blue Hill, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Blue Hill, 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 Blue Hill, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
January 3, 2024



**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Blue Hill, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Blue Hill'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 general fund budgetary comparison schedule, pension and OPEB schedules and other supplementary information which 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 also 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 Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town'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 Town's type of activity. The type of activity presented for the Town of Blue Hill is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, protection, health and sanitation, recreation and culture, education, public works 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 Town of Blue Hill, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Blue Hill are categorized as governmental funds.

*Governmental funds:* All of the basic services provided by the Town 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 Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

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 Town of Blue Hill presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund 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 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Changes in Net OPEB Liability - MMEHT Health Plan, Schedule of Changes in Net OPEB Liability and Related Ratios - MMEHT Health Plan, Schedule of Changes in Net OPEB Liability - MEABT Health Plan, Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Health Plan, Schedule of Contributions - OPEB - Health Plans, Schedule of Proportionate Share of the Net OPEB Liability - Group Life, Schedule of Contributions - OPEB - Group Life and Notes to Required Supplementary Information.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position increased by \$895,815 from \$20,784,070 to \$21,679,885.

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 \$401,300 to a total balance of \$5,773,675 at the end of this year.

**Table 1**  
**Town of Blue Hill, Maine**  
**Net Position**  
**December 31,**

	<b>2022</b>	<b>2021 (Restated)</b>
<b>Assets:</b>		
Current Assets	\$ 7,843,877	\$ 6,697,709
Noncurrent Assets - Capital Assets	<u>17,804,419</u>	<u>18,163,727</u>
Total Assets	<u>25,648,296</u>	<u>24,861,436</u>
<b>Deferred Outflows of Resources:</b>		
Deferred Outflows Related to OPEB	267,821	339,338
Deferred Outflows Related to Pensions	<u>52,313</u>	<u>105,983</u>
Total Deferred Outflows of resources	<u>320,134</u>	<u>445,321</u>
<b>Liabilities:</b>		
Current Liabilities	379,720	358,394
Noncurrent Liabilities	<u>3,639,072</u>	<u>3,910,161</u>
Total Liabilities	<u>4,018,792</u>	<u>4,268,555</u>
<b>Deferred Inflows of Resources:</b>		
Prepaid Taxes	19,044	37,525
Deferred Inflows Related to OPEB	246,503	216,338
Deferred Inflows Related to Pensions	<u>4,206</u>	<u>269</u>
Total Deferred Inflows of Resources	<u>269,753</u>	<u>254,132</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	15,111,253	15,219,393
Restricted	794,957	192,302
Unrestricted	<u>5,773,675</u>	<u>5,372,375</u>
Total Net Position	<u>\$ 21,679,885</u>	<u>\$ 20,784,070</u>

**Table 2**  
**Town of Blue Hill, Maine**  
**Change in Net Position**  
**For the Years Ended December 31,**

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 529,361	\$ 755,210
Operating grants and contributions	201,436	1,560,983
<i>General Revenues:</i>		
Taxes	8,942,017	8,718,519
Grants and contributions not restricted to specific programs	2,074,557	399,543
Miscellaneous	66,998	176,649
Total Revenues	<u>11,814,369</u>	<u>11,610,904</u>
<b>Expenses</b>		
General government	745,386	563,135
Protection	89,741	222,788
Health and sanitation	587,250	530,740
Recreation and culture	50,543	53,105
Education	7,616,295	7,034,262
Public works	1,235,741	933,979
County tax	364,452	373,514
Unclassified	213,975	177,333
Interest on long-term debt	15,171	68,349
Total Expenses	<u>10,918,554</u>	<u>9,957,205</u>
Change in Net Position	895,815	1,653,699
Net Position - January 1, Restated	<u>20,784,070</u>	<u>19,130,371</u>
Net Position - December 31	<u><u>\$ 21,679,885</u></u>	<u><u>\$ 20,784,070</u></u>

**Revenues and Expenses**

Revenues for the Town's governmental activities increased by 1.75% while total expenses increased by 9.65%. The increase in revenues was primarily due to grants and contributions not restricted to specific programs. The largest increases in expenses were due to general government, education and public works.

## Financial Analysis of the Town's Fund Statements

*Governmental funds:* The financial reporting focus of the Town'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 Town'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**  
**Town of Blue Hill, Maine**  
**Fund Balances - Governmental Funds**  
**December 31,**

	<b>2022</b>	<b>2021</b>	<b>Increase/ (Decrease)</b>
Major Fund:			
General Fund:			
Nonspendable	\$ 50,324	\$ -	\$ 50,324
Restricted	385,691	890,720	(505,029)
Committed	925,316	785,949	139,367
Assigned	458,891	680,521	(221,630)
Unassigned	5,270,178	3,739,602	1,530,576
Total Major Fund	<b>\$ 7,090,400</b>	<b>\$ 6,096,792</b>	<b>\$ 993,608</b>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 272,748	\$ 123,376	\$ 149,372
Capital Projects Funds:			
Committed	2,870	2,870	-
Permanent Funds:			
Nonspendable	83,350	83,350	-
Committed	51,368	50,000	1,368
Restricted	2,844	548	2,296
Total Nonmajor Funds	<b>\$ 413,180</b>	<b>\$ 260,144</b>	<b>\$ 153,036</b>

The changes to total fund balances for the general fund and nonmajor fund opinion units occurred due to the regular activity of operations.

## Budgetary Highlights

The significant differences between the original and final budget for the general fund were the use of committed fund balances and applied receipts.

The general fund actual revenues exceeded budgeted amounts by \$469,375. This was the result of all revenue categories being receipted in excess of the budgeted amounts except for intergovernmental - homestead exemption and intergovernmental - local road assistance.

The general fund actual expenditures were below budgeted amounts by \$1,230,502. All areas were at or below budget except for WW treatment plant operations, 911 program and signs and debt service - interest.

## Capital Asset and Debt Administration

### Capital Assets

As of December 31, 2022, the net book value of capital assets recorded by the Town decreased by \$359,308. This was the result of capital additions of \$488,757 less net disposals of \$2,774 and current year depreciation of \$845,291.

**Table 4**  
**Town of Blue Hill, Maine**  
**Capital Assets (Net of Depreciation)**  
**December 31,**

	<u>2022</u>	<u>2021</u> <u>(Restated)</u>
Land	\$ 2,865,867	\$ 2,802,180
Buildings and improvements	6,182,308	6,329,875
Machinery, equipment and vehicles	3,068,065	3,207,762
Infrastructure	5,688,179	5,823,910
Total	<u>\$17,804,419</u>	<u>\$18,163,727</u>

### Debt

At December 31, 2022, the Town had \$2,693,166 in bonds and notes from direct borrowings outstanding versus \$2,944,335 in the previous year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

### **Currently Known Facts, Decisions or Conditions**

The Town has disclosed a subsequent event in Note 24 of Notes to Financial Statements.

### **Economic Factors and Next Year's Budgets and Rates**

The Town continues to maintain a sufficient unassigned fund balance to sustain government operations for a period of approximately six months, while also maintaining reserve accounts for future capital and program needs.

### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Administrator at 18 Union Street, Blue Hill, Maine 04614.



TOWN OF BLUE HILL, MAINE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 7,052,444
Investments	20,727
Accounts receivable (net of allowance for uncollectibles):	
Taxes	421,490
Liens	47,861
Other	251,031
Prepaid items	7,393
Tax acquired property	42,931
Total current assets	7,843,877
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	2,865,867
Depreciable assets, net of accumulated depreciation	14,938,552
Total noncurrent assets	17,804,419
<b>TOTAL ASSETS</b>	<b>25,648,296</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to OPEB	267,821
Deferred outflows related to pensions	52,313
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>320,134</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 25,968,430</b>

STATEMENT A (CONTINUED)

TOWN OF BLUE HILL, MAINE

STATEMENT OF NET POSITION  
DECEMBER 31, 2022

	<u>Governmental Activities</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 114,546
Accrued expenses	3,602
Current portion of long-term obligations	<u>254,485</u>
Total current liabilities	<u>379,720</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	1,188,829
Notes from direct borrowings payable	1,249,852
Net OPEB liability	1,182,171
Net pension liability	<u>18,220</u>
Total noncurrent liabilities	<u>3,639,072</u>
<b>TOTAL LIABILITIES</b>	<u>4,018,792</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Prepaid taxes	19,044
Deferred inflows related to OPEB	246,503
Deferred inflows related to pensions	<u>4,206</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>269,753</u>
<b>NET POSITION</b>	
Net investment in capital assets	15,111,253
Restricted	794,957
Unrestricted	<u>5,773,675</u>
<b>TOTAL NET POSITION</b>	<u>21,679,885</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 25,968,430</u></u>

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

TOWN OF BLUE HILL, MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Government Activities
Governmental activities:					
General government	\$ 745,386	\$ 55,550	\$ -	\$ -	\$ (689,836)
Protection	89,741	15,890	-	-	(73,851)
Health and sanitation	587,250	431,446	-	-	(155,804)
Recreation and culture	50,543	11,275	-	-	(39,268)
Education	7,616,295	-	-	-	(7,616,295)
Public works	1,235,741	-	49,064	-	(1,186,677)
County tax	364,452	-	-	-	(364,452)
Unclassified	213,975	15,200	152,372	-	(46,403)
Interest on long-term debt	15,171	-	-	-	(15,171)
Total government	<u>\$ 10,918,554</u>	<u>\$ 529,361</u>	<u>\$ 201,436</u>	<u>\$ -</u>	<u>(10,187,757)</u>

STATEMENT B (CONTINUED)  
TOWN OF BLUE HILL, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(10,187,757)</u>
General revenues:	
Property taxes, levied for general purposes	8,245,223
Excise taxes	696,794
Grants and contributions not restricted to specific programs	2,074,557
Miscellaneous	<u>66,998</u>
Total general revenues	<u>11,083,572</u>
Change in net position	895,815
NET POSITION - JANUARY 1, RESTATED	<u>20,784,070</u>
NET POSITION - DECEMBER 31	<u><u>\$ 21,679,885</u></u>

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

## TOWN OF BLUE HILL, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,922,227	\$ 130,217	\$ 7,052,444
Investments	20,727	-	20,727
Accounts receivable (net of allowance for uncollectibles):			
Taxes	421,490	-	421,490
Liens	47,861	-	47,861
Other	251,031	-	251,031
Prepaid items	7,393	-	7,393
Tax acquired property	42,931	-	42,931
Due from other funds	-	282,963	282,963
<b>TOTAL ASSETS</b>	<u><u>\$ 7,713,660</u></u>	<u><u>\$ 413,180</u></u>	<u><u>\$ 8,126,840</u></u>
<b>LIABILITIES</b>			
Accounts payable	\$ 114,546	\$ -	\$ 114,546
Accrued expenses	3,602	-	3,602
Due to other governments	7,087	-	7,087
Due to other funds	282,963	-	282,963
<b>TOTAL LIABILITIES</b>	<u><u>408,198</u></u>	<u><u>-</u></u>	<u><u>408,198</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	19,044	-	19,044
Deferred tax revenues	196,018	-	196,018
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>215,062</u></u>	<u><u>-</u></u>	<u><u>215,062</u></u>
<b>FUND BALANCES</b>			
Nonspendable	50,324	83,350	133,674
Restricted	385,691	275,592	661,283
Committed	877,425	54,238	931,663
Assigned	458,891	-	458,891
Unassigned	5,318,069	-	5,318,069
<b>TOTAL FUND BALANCES</b>	<u><u>7,090,400</u></u>	<u><u>413,180</u></u>	<u><u>7,503,580</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 7,713,660</u></u>	<u><u>\$ 413,180</u></u>	<u><u>\$ 8,126,840</u></u>

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

## TOWN OF BLUE HILL, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2022

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 7,503,580
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, net of accumulated depreciation	17,804,419
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	196,018
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	267,821
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	52,313
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Notes from direct borrowings payable	(1,308,098)
Net OPEB liability	(1,182,171)
Net pension liability	(18,220)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(246,503)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(4,206)</u>
Net position of governmental activities	<u><u>\$ 21,679,885</u></u>

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

## TOWN OF BLUE HILL, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 8,245,223	\$ -	\$ 8,245,223
Excise taxes	696,794	-	696,794
Intergovernmental revenues	2,123,621	152,372	2,275,993
Charges for services	529,361	-	529,361
Miscellaneous revenues	63,334	3,664	66,998
<b>TOTAL REVENUES</b>	<b>11,658,333</b>	<b>156,036</b>	<b>11,814,369</b>
EXPENDITURES			
Current:			
General government	676,987	-	676,987
Protection	99,304	-	99,304
Health and sanitation	473,578	-	473,578
Recreation and culture	50,543	-	50,543
Education	7,404,507	-	7,404,507
Public works	1,150,995	-	1,150,995
County tax	364,452	-	364,452
Unclassified	234,365	3,000	237,365
Debt service:			
Principal	194,823	-	194,823
Interest	15,171	-	15,171
<b>TOTAL EXPENDITURES</b>	<b>10,664,725</b>	<b>3,000</b>	<b>10,667,725</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>993,608</b>	<b>153,036</b>	<b>1,146,644</b>
<b>FUND BALANCES - JANUARY 1</b>	<b>6,096,792</b>	<b>260,144</b>	<b>6,356,936</b>
<b>FUND BALANCES - DECEMBER 31</b>	<b>\$ 7,090,400</b>	<b>\$ 413,180</b>	<b>\$ 7,503,580</b>

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

## TOWN OF BLUE HILL, 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, 2022

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,146,644</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	488,757
Capital asset disposals	(2,774)
Depreciation expense	<u>(845,291)</u>
	<u>(359,308)</u>
Deferred outflows of resources related to OPEB are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the the funds	<u>(71,517)</u>
Deferred outflows of resources related to pensions are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the the funds	<u>(53,670)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>251,167</u>
Deferred inflows of resources related to OPEB are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the the funds	<u>(30,165)</u>
Deferred inflows of resources related to pensions are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the the funds	<u>(3,937)</u>
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:	
Net OPEB liability	25,534
Net pension liability	<u>(8,933)</u>
	<u>16,601</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 895,815</u></u>

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



TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Blue Hill was incorporated under the laws of the State of Maine. The Town operates under the Select Board form of government and provides the following services: general government, protection, health and sanitation, recreation and culture, education, public works and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61. The Town has evaluated all potential component units. The financial statements include the Blue Hill Fire Co. as a discretely presented component unit. This component unit does have separately issued financial statements.

All funds of the Town, with the exception of the Blue Hill School Department, are reported as of and for the fiscal year ended December 31, 2022. June 30th is the fiscal year-end of the Blue Hill School Department and the last separate financial statements were issued as of and for the year ended June 30, 2022. The amounts included in the Town's 2022 financial statements related to pensions for the Blue Hill School Department are as of and for the year ended June 30, 2022.

**Implementation of New Accounting Standards**

During the year ended December 31, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 98 "The Annual Comprehensive Financial Report". This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Government-Wide and Fund Financial Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities of the Town as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources,

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Nonmajor Funds

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.
- d. Permanent Funds are used to account for assets held by the Town 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 Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

The emphasis in fund financial statements is on the major funds in governmental activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Budget**

The Town of Blue Hill's policy is to adopt an annual budget for operations. The budget is 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 basic financial statements.

1. Early in the second half of the prior fiscal year the Town prepared a budget for the fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings on the budget were held.
3. The proposed budget was then approved by a majority of the Town citizens.

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Deposits and Investments**

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

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

The Town of Blue Hill has no formal investment policy but instead follows the State of Maine Statutes.

**Receivables**

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of December 31, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$106,119 for the year ended December 31, 2022.

**Tax Acquired Property**

Real property becomes tax acquired when tax liens placed on property and associated costs remain unpaid eighteen months after the filing of the tax lien in accordance with 36 M.R.S.A. § 943. The amount of the taxes and associated costs become assets classified as tax acquired property receivables that are secured by the real property that foreclosed.

After real property becomes tax acquired the Select Board is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the Town as authorized by or the provisions of the Town Warrant.

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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”.

**Transactions Between Funds**

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

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized.

Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Long-term Obligations**

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, net OPEB liability and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**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 State Employee and Teacher (SET) Plan and additions to/deductions from the SET Plan's fiduciary net position have been determined on the same basis as they are reported by the SET 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.

**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 Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and relied on an actuarial report provided to them by the Maine Education Association Benefits Trust (MEABT), which determined the School's fiduciary net position as a single employer defined benefit plan based on information provided solely by MEABT to complete the actuarial report. Additions to/deductions from the MEABT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MEABT. 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 net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the State Employee and Teacher (SET) Plan and additions to/deductions from the SET Plan's fiduciary net position have been determined on the same basis as they are reported by the SET 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.

**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 Town 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.

**Fund Balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.



TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assignment of fund balance is expressed by the Select Board.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

**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 Town currently has two types of this item, deferred outflows related to OPEB and deferred outflows related to pensions. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and/or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Town has deferred tax revenues, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualifies for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to OPEB and deferred inflows related to pensions qualify for reporting in this category as well. These items are reported only 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.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied July 29, 2022 on the assessed value listed as of April 1, 2022, for all real and personal property located in the Town. Taxes were due on October 15, 2022. Interest on unpaid taxes commenced on October 16, 2022 at 4% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

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 \$157,458 for the year ended December 31, 2022.

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 tax liens and associated costs remain unpaid.

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end, unless otherwise specified in the associated warrant article. The Town does not utilize encumbrance accounting for its general fund.

**Use of Estimates**

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town follows state statutes for the investment of funds, which authorize the Town 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. These apply to all Town funds but not all fund types can be invested in all of these investments.

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town 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 December 31, 2022, the Town's cash balance of \$7,052,444 was comprised of bank deposits and cash equivalents amounting to \$7,496,694. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. The entire amount was insured by federal depository insurance and therefore not exposed to custodial credit risk.

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 10,000
Money market accounts	19,602
ICS accounts	<u>7,467,092</u>
	<u>\$ 7,496,694</u>

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

Investments in certificates of deposit of \$20,727 were fully insured by federal depository insurance. Therefore, none of the Town's investments were exposed to custodial credit risk.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town 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.

Credit risk - Statutes for the State of Maine authorize the Town 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. The Town does not have an investment policy on credit risk.

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2022 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ -	\$ 282,963
Nonmajor special revenue funds	272,748	-
Nonmajor permanent funds	10,215	-
	<u>\$ 282,963</u>	<u>\$ 282,963</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2022:

	Balance 1/1/22 (Restated)	Additions	Disposals	Balance, 12/31/22
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 2,737,240	\$ -	\$ -	\$ 2,737,240
Construction in progress	-	128,627	-	128,627
	<u>2,737,240</u>	<u>128,627</u>	<u>-</u>	<u>2,865,867</u>
Depreciated assets:				
Buildings and improvements	11,188,106	23,390	-	11,211,496
Machinery and equipment	7,724,565	41,702	(16,591)	7,749,676
Infrastructure	15,020,913	295,038	-	15,315,951
	<u>33,933,584</u>	<u>360,130</u>	<u>(16,591)</u>	<u>34,277,123</u>
Less: accumulated depreciation	<u>(18,507,097)</u>	<u>(845,291)</u>	<u>13,817</u>	<u>(19,338,571)</u>
	<u>15,426,487</u>	<u>(485,161)</u>	<u>(2,774)</u>	<u>14,938,552</u>
Net capital assets	<u>\$ 18,163,727</u>	<u>\$ (356,534)</u>	<u>\$ (2,774)</u>	<u>\$17,804,419</u>

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 4 - CAPITAL ASSETS (CONTINUED)

<u>Current year depreciation</u>	
General government	\$ 35,157
Education	172,649
Health and sanitation	113,672
Protection	46,781
Highway department	441,084
Town wide	35,948
Total depreciation expense	<u>\$ 845,291</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended December 31, 2022:

	<u>Balance, 1/1/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, 12/31/22</u>	<u>Current Portion</u>
Bonds payable	\$ 1,579,891	\$ -	\$(194,823)	\$ 1,385,068	\$ 196,239
Notes from direct borrowings payable	1,364,442	-	(56,344)	1,308,098	58,246
	<u>\$ 2,944,333</u>	<u>\$ -</u>	<u>\$(251,167)</u>	<u>\$ 2,693,166</u>	<u>\$ 254,485</u>

The following is a summary of outstanding bonds and notes from direct borrowings payable:

Bonds payable:

Maine Municipal Bond Bank, 2015 Bond \$853,513. Interest Only payments due May 1 of each year and principal and interest due November of each year. Interest is payable at varying fixed interest rates of 0.035% to 3.756% per annum.	\$ 305,068
2012 General Obligation Bond of \$200,000 for work done on High Street Bridge. The sixteen year bond is held by Bar Harbor Bank & Trust. Interest and principal are payable annually on August 10, with a fixed principal of \$13,333 plus interest payable at an annual fixed interest rate of 2.57% per annum.	80,000
2017 General Obligation \$1,500,000 Bond with Bar Harbor Banking & Trust for improving the school building. The bond is for 15 years with annual principal payments of \$100,000 plus annual fixed interest at 2.49% per annum	<u>1,000,000</u>
Total bonds payable	<u>\$1,385,068</u>

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Notes payable:

2011 U.S. Department of Agriculture note for sewer line extension project. The general obligation bond is for 28 years with annual payments of \$102,394, including fixed interest at 3.375% per annum.

	<u>1,308,098</u>
Total notes payable	<u>1,308,098</u>
Total bonds and notes payable	<u><u>\$2,693,166</u></u>

The following is a summary of outstanding bonds and notes from direct borrowings principal and interest requirements for the following fiscal years ending December 31:

	<u>Bonds payable</u>		<u>Notes from direct borrowings payable</u>		<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 196,239	\$ 10,494	\$ 58,246	\$ 44,148	\$ 309,127
2024	197,781	8,087	60,211	42,183	308,262
2025	169,023	5,515	62,243	40,150	276,931
2026	169,974	3,647	64,344	38,050	276,015
2027	123,705	1,571	65,516	35,878	226,670
2028-2032	528,346	1,742	367,808	144,162	1,042,058
2026-2030	-	-	434,209	77,761	511,970
2031-2035	-	-	195,521	9,896	205,417
	<u>\$ 1,385,068</u>	<u>\$ 31,056</u>	<u>\$ 1,308,098</u>	<u>\$ 432,228</u>	<u>\$ 3,156,450</u>

All bonds and notes from direct borrowings payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended December 31, 2022 is as follows:

	Balance 1/1/22 (Restated)	Additions	Deletions	Balance, 12/31/22	Current Portion
Net OPEB liability	\$ 1,207,705	\$ 132,841	\$(158,375)	\$ 1,182,171	\$ -
Net pension liability	9,287	111,372	(102,439)	18,220	-
	<u>\$ 1,216,992</u>	<u>\$ 244,213</u>	<u>\$(260,814)</u>	<u>\$ 1,200,391</u>	<u>\$ -</u>

See Notes 16, 17 and 18 for detailed information on each of the other long-term obligations.

NOTE 7 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at December 31, 2022:

Invested in capital assets	\$ 37,142,990
Accumulated depreciation	(19,338,571)
Outstanding capital related debt	<u>(2,693,166)</u>
	<u>\$ 15,111,253</u>

NOTE 8 - NONSPENDABLE FUND BALANCE

At December 31, 2022, the Town had the following nonspendable fund balance:

General fund:	
Prepaid items	\$ 7,393
Tax acquired property	42,931
Nonmajor permanent funds (Schedule H)	<u>83,350</u>
	<u>\$ 133,674</u>



TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 9 - RESTRICTED NET POSITION

At December 31, 2022, the Town had the following restricted net position:

General fund:	
250th anniversary	\$ 1,731
Education	204,011
State revenue sharing	172,827
State road assistance	3,512
Float repair/replacement	375
Skating rink	35
South Street sidewalk	3,200
Nonspendable	50,324
Nonmajor special revenue funds (Schedule D)	
ARPA	272,748
Nonmajor permanent funds (Schedule H)	
Mountain View Cemetery - nonspendable	11,875
Mountain View Cemetery - expendable	405
Seaside Cemetery - nonspendable	68,475
Seaside Cemetery - expendable	2,339
Grindle Lot - nonspendable	3,000
Grindle Lot - expendable	100
	<u>\$ 794,957</u>

NOTE 10 - RESTRICTED FUND BALANCES

At December 31, 2022, the Town had the following restricted fund balances:

General fund:	
250th anniversary	\$ 1,731
Education	204,011
State revenue sharing	172,827
State road assistance	3,512
Float repair/replacement	375
Skating rink	35
South Street sidewalk	3,200
Nonmajor special revenue funds (Schedule D)	272,748
Nonmajor permanent funds (Schedule H)	2,844
	<u>\$ 661,283</u>

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 11 - COMMITTED FUND BALANCES

At December 31, 2022, the Town had the following committed fund balances:

General fund:	
Secondary tuition	\$ 65,000
Special education	35,000
School capital improvement	100,000
Education technology	12,500
Maintenance department	14,301
Dodge fountain	10,000
Clam management	19,417
Playground	65,114
Cemetery repairs/replacement	1,770
Walking trail	8,639
Elm trees	3,485
Marine resources	20,004
Town hall improvement	20,049
Revaluation	89,690
AA field	310
Town wharf/fire house paving	1,801
Parker Point Road	38,375
Parks and recreation	53,105
July 4th celebration	11,363
Fire truck and equipment	16,615
Fire dams 1 and 2	9,493
Treatment plant	217,233
Land purchases interest	2,129
Land purchases	62,032
Subtotal general fund	<u>877,425</u>
Nonmajor capital projects funds (Schedule F)	2,870
Nonmajor permanent funds (Schedule H)	51,368
	<u>\$ 931,663</u>

NOTE 12 - ASSIGNED FUND BALANCES

At December 31, 2022, the Town had the following assigned fund balances:

General fund:	
Funds from sales of tax acquired property	<u>\$ 458,891</u>

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 13 - EXPENDITURES OVER APPROPRIATIONS

The Town had the following overspent appropriations at December 31, 2022:

WW treatment plant operations (Article 43)	\$	8,240
911 program and signs (Article 35)		48
Debt service - interest (Article 32)		33
	\$	<u>8,321</u>

NOTE 14 - 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 participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at December 31, 2022.

The Town is a member of the Maine Municipal Association - Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a "claims made" form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 14 - RISK MANAGEMENT (CONTINUED)

The Town is also a member of the Maine Municipal Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of December 31, 2022. 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.

NOTE 15 - RETIREMENT PLAN

Employees of the Town reasonably expected to receive at least \$5,000 in compensation for the calendar year, can elect to participate in the Savings Incentive Match Plan (Simple IRA) offered by the Town. The plan is administered by Vanguard Fiduciary Trust Company. Employees who elect coverage under the plan can contribute up to \$14,000 of their earnings in 2022. For each calendar year, the Town will contribute a matching contribution to each eligible employee's Simple IRA equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year. The Town's costs totaled \$5,924 for the year ended December 31, 2022.

NOTE 16 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

**Plan Description**

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at [www.mainepeers.org](http://www.mainepeers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. 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. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions. As of June 30, 2021, there were 238 employers, including the State of Maine, participating 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 0.93%.

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. The School Department's teachers are required to contribute 7.65% of their compensation to the retirement system. The School Department's payroll for teachers covered by this program was approximately \$2,280,824 for the year ended June 30, 2022. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.29% of the School Department's contractually required contributions, which are actuarially determined as an amount that,

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 (UAL). Contributions paid by the State were approximately \$325,930 for the year ended June 30, 2022. Title 5 of the Maine Revised Statutes Annotated also requires the School Department to contribute at an actuarially determined normal cost rate of 3.84%, which totaled \$89,672 for 2022. In addition, the School Department is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 14.89% of compensation and totaled \$89,672 the year ended June 30, 2022.

**Pension Liabilities**

At December 31, 2022, the Town reported a liability of \$18,220 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating school units, actuarially determined. At June 30, 2022, the Town's proportion was 0.001227%, which was an increase of 0.00013% from its proportion measured as of June 30, 2021.

At December 31, 2022, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 18,220
State's proportionate share of the net pension liability associated with the Department	<u>2,364,208</u>
Total	<u>\$2,382,428</u>

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the year ended December 31, 2022, the Town recognized total pension expense of \$111,372 and revenue of \$111,372 for the SET plan. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 908	\$ -
Changes of assumptions	3,538	-
Net difference between projected and actual earnings on pension plan investments	-	3,588
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,035	618
Contributions subsequent to the measurement date	44,832	-
Total	<u>\$ 52,313</u>	<u>\$ 4,206</u>

\$44,832 for the SET plan was 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 years ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	SET Plan
Plan year ended June 30:	
2023	\$ 4,289
2024	(989)
2025	(1,718)
2026	1,693
2027	-
Thereafter	-

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Actuarial Methods and Assumptions**

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2021, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

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

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

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

*Asset Valuation Method*

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

*Amortization*

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements. All other gains, losses and changes are amortized over ten-year periods beginning on the date as of which they occur.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2021 are as follows:



TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Investment Rate of Return* - 6.50% per annum for the year ended June 30, 2021 compounded annually.

*Salary Increases, Merit and Inflation* - Teachers - 2.80% -13.03%

*Mortality Rates* - For the plan, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC\_2020 model.

*Cost of Living Benefit Increases* - 2.20% per annum for the year ended June 30, 2021.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2021 are summarized in the following table.

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

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.50% for 2022 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Discount Rate	1% Increase
<u>SET Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Employer's proportionate share of the net pension liability	\$ 35,679	\$ 18,220	\$ 3,683

**Changes in Net Pension Liability**

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

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2021 through 2017, this was three years for the SET Plan.

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Differences between Expected and Actual Investment Earnings*

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

*Changes in Assumptions*

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

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows 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' 2021 Annual Comprehensive Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MMEHT

MAINE MUNICIPAL EMPLOYEES' HEALTH TRUST

**Plan Description**

The Town and Town retirees contribute to the Town'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 Town and/or the Town 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 Town 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 criteria 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, 2022, the following employees were covered by the benefit terms:

Active members	5
Retirees and spouses	-
Total	<u>5</u>

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
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NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MMEHT (CONTINUED)

**Contributions**

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

**Retiree Premium Amounts**

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS 200	\$1,086.21	\$2,436.48
<u>Medicare</u>		
Medicare-Eligible Retirees	\$600.50	\$1,201.00

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

At December 31, 2022, the Town reported a liability of \$23,341 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2022 and was determined by an actuarial valuation as of that date. The Town'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 December 31, 2022, the Town recognized OPEB expense of \$2,536. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MMEHT (CONTINUED)

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 68,757
Changes of assumptions	6,060	3,028
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 6,060</b>	<b>\$ 71,785</b>

\$0 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended December 31:	
2023	\$ (5,164)
2024	(7,581)
2025	(8,831)
2026	(8,831)
2027	(8,831)
Thereafter	(26,487)

**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, 2022. 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 2.06% per annum for December 31, 2022 was based upon a measurement date of December 30, 2021. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MMEHT (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	1.06%	2.06%	3.06%
Total OPEB liability	\$ 28,335	\$ 23,341	\$ 19,343
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 28,335</u>	<u>\$ 23,341</u>	<u>\$ 19,343</u>
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:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 18,654	\$ 23,341	\$ 29,490
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 18,654</u>	<u>\$ 23,341</u>	<u>\$ 29,490</u>
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, 2022, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MMEHT (CONTINUED)

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

*Assumptions*

The actuarial assumptions used in the January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. As of January 1, 2021, they are as follows:

Discount Rate - 2.06% per annum for year end 2022 reporting. 2.12% per annum for 2021 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 2022\_fa was used for this valuation. The following assumptions were input into this model:

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



TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MMEHT (CONTINUED)

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

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

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

Administrative and claims expense - 3% per annum.

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

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

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

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

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

Administrative expenses - Included in the per capita claims cost.

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

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MMEHT (CONTINUED)

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:

Healthy Annuitant- Based on 112% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC\_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC\_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC\_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Retiree Continuation Percentage:

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

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

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

**Changes in Net OPEB Liability**

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2022 with the following exceptions:

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MMEHT (CONTINUED)

*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, 2022 was (\$68,757).

*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 January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. 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 Town Office at 18 Union Street, Blue Hill, Maine 04614.

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MEABT

MAINE EDUCATION ASSOCIATION BENEFITS TRUST

**Plan Description**

The State of Maine and School retirees contribute to the School's OPEB Plan with the Maine Education Association Benefits Trust (MEABT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MEABT (CONTINUED)

be terminated at any time by the State, the School and/or the School retirees. MEABT is a fully funded, self-insured trust which provides benefits to education organizations and acts as the agent to the School concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MEABT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MEABT participants and are administered by a number of third-party administrators contracted by MEABT. 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*. MEABT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting MEABT at (888) 622-4418.

**Benefits Provided**

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The employee must have participated in a plan for the 12 months prior to retirement and have 10 years (under age 50) or 5 years (age 50 or above) of continuous active service and enrollment in the health plan to be eligible for this Plan. The retiree who terminates coverage may elect to re-enroll in coverage if they participated in the health plan for 12 months prior to terminating coverage, as long as re-enrollment occurs within 5 years from coverage termination and as long as the retiree is not past age 62. The retiree must have maintained continuous health insurance coverage during the break in coverage with MEABT to be eligible for re-enrollment and is only eligible for re-enrollment once.

**Employees Covered by Benefit Terms**

At June 30, 2022, the following employees were covered by the benefit terms:

Active members	0
Retirees and spouses	<u>0</u>
Total	<u><u>0</u></u>

**Cost Sharing Provisions/Contributions**

Retirees are eligible for a State subsidy of 55% of the blended single premium for the retiree. The blended premium is determined by blending rates for active members and retired members, as determined by State law. The retiree contributes the

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
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NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MEABT (CONTINUED)

remaining 45% of blended single premium and spouse must contribute 100% of the blended premium amount coverage elected.

**Employee/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>Employee</u>	<u>Employee/ Spouse</u>	<u>Employee/ Child(ren)</u>	<u>Employee/ Family</u>
Choice Plus	\$835.95	\$1,884.03	\$1,479.43	\$2,293.15
Standard \$200 Ded	\$902.70	\$2,034.78	\$1,597.76	\$2,476.59
Standard \$500 Ded	\$794.13	\$1,789.84	\$1,405.46	\$2,178.48
 <b><u>Medicare</u></b>				
Medicare-Eligible Retirees	\$393.32	\$786.64	N/A	N/A

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

At December 31, 2022, the Town reported a liability of \$1,158,830 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date. The Town'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 December 31, 2022, the Town recognized OPEB expense of \$47,923. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
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NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MEABT (CONTINUED)

	MEABT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 160,093
Changes of assumptions	246,708	14,625
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	15,053	-
<b>Total</b>	<b>\$ 261,761</b>	<b>\$ 174,718</b>

\$15,053 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MEABT
Plan year ended June 30:	
2022	\$ 28,555
2023	13,505
2024	20,815
2025	11,504
2026	11,506
Thereafter	1,158

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2021. 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 2.16% per annum for June 30, 2021 was based upon a measurement date of June 24, 2021. The sensitivity of total OPEB liability to changes in discount rate are as follows:

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
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NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MEABT (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	1.16%	2.16%	3.16%
Total OPEB liability	\$ 1,338,070	\$ 1,158,830	\$ 1,010,364
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 1,338,070</u>	<u>\$ 1,158,830</u>	<u>\$ 1,010,364</u>
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 total OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 984,210	\$ 1,158,830	\$ 1,375,957
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 984,210</u>	<u>\$ 1,158,830</u>	<u>\$ 1,375,957</u>
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 June 30, 2021, 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.

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MEABT (CONTINUED)

The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

*Assumptions*

The demographic actuarial assumptions are the Teacher assumptions that were used by the Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation at June 30, 2021 and are based on the experience study covering the period from June 30, 2015 through June 30, 2020. The proposed assumptions were adopted by the Board of Trustees at their March 11, 2021 meeting.

The economic assumptions are based on GASB 75 paragraph 36. Since the Plan is not funded via a qualified trust, the discount rates are selected based on the 20-year tax-exempt bond buyer rates as of the measurement dates. The other economic assumptions, ie trend rates, were developed based on historical and future projections of long term health care rates:

Discount Rate - 2.16% per annum for year-end 2021 reporting, 2.21% per annum for year-end 2020 reporting.

Trend Assumptions:

Health care trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 2021\_b. The following assumptions were applied in this model as below:

Trend Assumption Inputs

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capita 2030+	1.23%
Extra Trend due to Taste/Technology 2030+	1.10%
Expected Health Share of GDP 2030	20.0%
Health Share of GDP Resistance Point	25.0%
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 judgments 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. Sample medical trends are listed in the table below.



TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MEABT (CONTINUED)

Pre-Medicare - Initial trend of 6.21% applied in FYE 2020 and 6.83% applied in FYE 2022 grading over 18 years to 3.25% per annum.

Medicare - Initial trend of 0.0% applied in FYE 2021 and 6.30% applied in FYE 2022 grading over 18 years to 3.25% 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 Public Employees Retirement System State Employee and Teacher Retirement Program at June 30, 2021 and based on the experience study covering the period from June 30, 2015 through June 30, 2020. The proposed assumptions were adopted by the Board of Trustees at their March 11, 2021 meeting. As of June 30, 2021, they are as follows:

Retirement Rates - Rates vary for plans based on age and service

Rates of Turnover - Rates vary for plans based on service

Disability Incidence - Rates vary for plans based on age

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

Family Enrollment Composition - It is assumed that 80% is married with an eligible spouse.

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

Administrative expenses - Included in the per capita claims cost

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

Salaries - Salaries were not provided by the client. Assumed salaries are inferred using the Teachers Age/Service Salary scatter from the Maine State Teachers Retirement System's salary age/service scatter from the June 30, 2020 Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation. Based on the dates of hire assumed above and the participant's actual age, pay was assigned using the salary age service scatter,

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MEABT (CONTINUED)

unless otherwise supplied by the district group during its review of the active data.

Dates of Hire - Were not available from the client and were available from the State Retirement Agency. Dates of hire were inferred using the Maine State Retirement System's Age/Service scatter from the June 30, 2020 Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation. Those under 1 year of service, the date was assumed to be January 1, 2020 and all other groups were assumed to be hired on July 1 of each service midpoint.

Rate of Mortality:

Healthy Annuitants: Based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table adjusted as follows:

- 98.1% and 87.5% respectively of the rates for males before age 85 and females before age 80
- 106.4% and 122.3% respectively of the rates for males on and after age 85 and females on and after age 80

Rates are projected generationally using the RPEC\_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC\_2020 model are those included in the published MP-2020 scale.

Healthy Employees: Based on 93.1% and 91.9% of the 2010 Public Plan Teacher Benefits Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC\_2020 model as described in the healthy annuitant mortality.

Disabled Annuitants: Based on 94.2% and 123.8% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC\_2020 model described in the healthy annuitant mortality.

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MEABT (CONTINUED)

Retiree Continuation Percentage:

Retirees who are currently in the Medicare Advantage Plan (Medicare participants) are assumed to remain in the Medicare Advantage Plan.

Retirees who are over the age of 65 and enrolled in a Pre-Medicare plan are assumed to never be eligible for Medicare and are assumed to remain enrolled in the Pre-Medicare plan.

Retirees who are currently under the age of 64 and enrolled in a Pre-Medicare plan are assumed to be eligible for Medicare and are assumed to remain in the Pre-Medicare Plan until age 64 and enroll in the Medicare Advantage Plan at age 65.

Spouses who are currently in a Pre-Medicare plan will follow the same assumptions as the retired member. Thus if the member is never eligible for Medicare, the spouse is not either.

Significant actuarial assumptions employed by the actuary for claims and expense purposes are the based on the actual community rated premiums of the entire group. As of June 30, 2021, they are as follows:

Monthly Per Capital Claims and Expense Cost - Claims are based on community rated premiums through July 1, 2020 and projects through June 30, 2021 and associate enrollment in the various options offered. Annual administrative and claims adjudication expenses are assumed to be included in the annual premiums.

Medical Plan Election - Employees are assumed to continue in their current medical plan for their entire career. 50% of retirees are assumed to switch from the Choice Plan to the Standard Plan.

Medicare Eligibility - Assumed to be age 65, with the exception of retirees over age 65 who are not in the Medicare Advantage Plan are assumed to never be eligible for Medicare, all current actives with a hire date before March 31, 1986 are assumed to never be eligible for Medicare.

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - MEABT (CONTINUED)

**Changes in Total OPEB Liability**

Changes in total OPEB liability are recognized in OPEB expense for the year ended June 30, 2021 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. As of July 1, 2021, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2021, there were no differences between expected and actual experience.

*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 over the average expected remaining service life of all active and inactive Plan members. As of July 1, 2021, this average was 8 years. 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 was six years for year ending June 30, 2021. For the fiscal year ended June 30, 2021, there were no changes in assumptions.

*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 Town Office at 18 Union Street, Blue Hill, Maine 04614.

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - GROUP LIFE  
INSURANCE PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
STATE EMPLOYEE AND TEACHER PLAN

**Plan Description**

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. As of June 30, 2021, there were 228 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET 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 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 Department teachers, 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. The State participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended December 31, 2022 was approximately \$3,982.

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) - GROUP LIFE INSURANCE PLAN (CONTINUED)

**OPEB Liabilities and OPEB Expense**

At December 31, 2022, the Town reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Town. The total portion of the net OPEB liability that was associated with the Town were as follows:

School's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the School		<u>33,405</u>
Total	\$	<u><u>33,405</u></u>

For the year ended June 30, 2022, the Town recognized net OPEB expense of \$3,542 and revenue of \$3,542 for support provided by the State of Maine.

NOTE 20 - CONTINGENCIES

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At December 31, 2022, the Town's share of outstanding debt for the County of Hancock was \$0 and the school contingency was \$0 as well.

In the normal course of operations, the Town receives grant funds from Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with condition precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Blue Hill School Department receives subsidy funding payments through the State of Maine. The State subsidy payment amount is adjusted quarterly for the Department's share of MaineCare Seed, which is the required local share of MaineCare revenue that the State pays on behalf of the Department and then recovers through the ED 279. Adjustments made by the State in the fiscal year of 2022 could include expenditures from the fiscal year of 2022 that would normally be accrued. The actual amount cannot be determined at this time; however, it is the position of the Blue Hill School Department that this practice is consistent with the formal recommendation of the Maine Department of Education to all Maine units concerning this matter.

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 21 - TRANSFER STATION JOINT VENTURE

The Town of Blue Hill, Maine, is a 2/3 owner of a solid waste transfer station with the Town of Surry, Maine. The records of the transfer station are maintained by the Town of Blue Hill. The title of all general fixed assets of the transfer station are held by the Town of Blue Hill. The transfer station is supported by appropriations from the Towns of Blue Hill and Surry as well as contracted billings from several other Towns. The shares for each Town at December 31, 2022 are as follows:

	Blue Hill (2/3 Share)	Surry (1/3 Share)	Total
Assets	\$ 949,773	\$ 474,887	\$ 1,424,660
Liabilities	\$ 306	\$ 153	\$ 459
Deferred Inflows	\$ 553	\$ 277	\$ 830
Net Position	\$ 948,914	\$ 474,457	\$ 1,423,371
Revenues	\$ 723,923	\$ 361,961	\$ 1,085,884
Expenses	\$ 617,099	\$ 308,549	\$ 925,648
Changes in Net Position	\$ 106,824	\$ 53,412	\$ 160,236

Although the Town of Blue Hill is 2/3 owner in the Transfer Station, voting rights are equally shared by the two Towns. The Town of Blue Hill has explicit and measurable right to 2/3 of the Transfer Station's net resources as per the Transfer Station's interlocal agreement. The continued existence of the Transfer Station is dependent upon the continued funding by the Town of Blue Hill. The Town's investment in the joint venture is reported in the capital assets on the government-wide financial statements since the Transfer Station is presently accounted for as a governmental fund by management. A copy of the Blue Hill / Surry Transfer Station audit is available at the Blue Hill and Surry Town Offices.

The Transfer Station is a member of a non-profit corporation, the Municipal Review Committee, Inc. (MRC), whose mission is to ensure the continuing availability of long-term, reliable, safe and environmentally sound methods of solid waste disposal. Per communications from the MRC, members' proportionate interests in the net position of the MRC vary from year to year based on a variety of factors, including relative tonnage amounts from various sources. MRC's draft preliminary audit for the eighteen month period ending December 31, 2020 sets the value of the Transfer Station's share of the MRC's net position at \$323,793. This reflects two major markdowns: the complete write-off of the loan to Coastal Resources, former operator of the Fiberright facility, of \$1.5 million; and the markdown of the value of the Hampden site where the Fiberright facility is located as a result of MRC's transfer of the access road and other infrastructure to the Town of Hampden. The net position values for members as of the end of 2021 have not been calculated.

TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 21 – TRANSFER STATION JOINT VENTURE (CONTINUED)

As of March 31, 2018, the waste disposal contract between MRC and Penobscot Energy Recovery Company (PERC) expired. As a result of this expiring contract and negotiated agreement, MRC no longer has ownership interest in PERC as of March 31, 2018.

In September 2016, in anticipation of the end of the PERC contract, the Towns of Blue Hill and Surry, as the owners of the Transfer Station, signed a new “Municipal Joinder Agreement” with MRC, as did 100+ other member towns. This Agreement committed the Transfer Station to send its solid waste to a new facility to be developed by Fiberight, LLC. in Hampden, or as otherwise directed by MRC, for 15 years after the facility began commercial operation, which occurred on November 1, 2019. The commitment was thus to run until November 1, 2034. The Fiberight plant closed in 2020 for financial reasons and since then, per MRC’s direction, the Transfer Station’s solid waste has been delivered to the PERC facility in Orrington or to the Juniper Ridge landfill in Old Town. Bondholders and MRC are working to find a new owner/operator for the Hampden facility. To increase the facility's attractiveness to a new owner/ operator, in 2020 the MRC Board used a "Fundamental Matter" provision in its by-laws to extend the time that its members' trash is committed to the facility to 15 years from the date that a new owner/operator begins commercial operations, which date as of December 31, 2022 is unknown.

NOTE 22 - COMPARATIVE DATA/RECLASSIFICATIONS

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

NOTE 23 - RESTATEMENT

In 2022, the Town determined that certain transactions were omitted or recorded incorrectly. Therefore, a restatement to the governmental activities fund balances and net position was required. The capital asset balance was increased by \$15,933 to account for capital assets not recorded in the prior year and the accumulated depreciation. The net pension liability was increased by \$3,396. The current assets were restated by \$3 for rounding errors. The net restatement to the governmental activities net position was an increase of \$19,332 from \$20,764,738 to \$20,784,070.



TOWN OF BLUE HILL, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 24 - SUBSEQUENT EVENT

A solar energy company filed a complaint against the Town in Maine Superior Court, alleging that the Town's amendment to its Commercial Site Plan Review Ordinance in April 2023 impermissibly nullified a site plan permit that the plaintiff had previously received from the Town's Planning Board to construct and operate a solar farm in the Town. The plaintiff seeks a declaratory judgment that its permit is valid, as well as judicial review of the Town's actions under Maine Rule of Civil Procedure 80B. The plaintiff does not seek damages but does request that the court award its attorney fees.

The case is in the early stages, and no discovery has been conducted. The plaintiff has filed a motion to specify the future course of proceedings, which remains pending. When the court reaches the plaintiff's motion, it will determine the procedure to address the Rule 80B and declaratory judgment claims, including a briefing and discovery schedule. The Town opposes the plaintiff's claims. It is too early to provide any estimate of the Town's risk or potential exposure.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of Changes in Net OPEB Liability - MMEHT Health Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - MMEHT Health Plan
- Schedule of Changes in Net OPEB Liability - MEABT Health Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Health Plan
- Schedule of Contributions - OPEB - Health Plans
- Schedule of Proportionate Share of the Net OPEB Liability - Group Life
- Schedule of Contributions - OPEB - Group Life
- Notes to Required Supplementary Information

## TOWN OF BLUE HILL, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1	\$ 6,096,792	\$ 6,096,792	\$ 6,096,792	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	8,238,352	8,238,352	8,245,223	6,871
Excise taxes	611,260	611,260	696,794	85,534
Intergovernmental revenues:				
State revenue sharing	150,000	150,000	236,908	86,908
Homestead exemption	167,826	167,826	153,085	(14,741)
Local road assistance	49,950	49,950	49,064	(886)
BETE reimbursement	458	458	484	26
Education	-	1,632,612	1,632,612	-
Other intergovernmental income	-	-	51,468	51,468
Charges for services	324,000	324,000	529,361	205,361
Interest income	-	-	22,197	22,197
Interest/fees on taxes	-	-	14,858	14,858
Miscellaneous revenues	14,500	14,500	26,279	11,779
Amounts Available for Appropriation	<u>15,653,138</u>	<u>17,285,750</u>	<u>17,755,125</u>	<u>469,375</u>
Charges to Appropriations (Outflows):				
General government	810,600	882,100	676,987	205,113
Protection	160,790	160,790	99,304	61,486
Health and sanitation	491,100	491,100	473,578	17,522
Recreation and culture	160,000	160,000	50,543	109,457
Education	5,935,771	7,568,383	7,404,507	163,876
Public works	1,569,710	1,569,710	1,150,995	418,715
County tax	394,000	394,000	364,452	-
Unclassified	459,183	459,183	234,365	224,818
Debt service:				
Principal	194,823	194,823	194,823	-
Interest	15,138	15,138	15,171	(33)
Total Charges to Appropriations	<u>10,191,115</u>	<u>11,895,227</u>	<u>10,664,725</u>	<u>1,230,502</u>
Budgetary Fund Balance, December 31	<u>\$ 5,462,023</u>	<u>\$ 5,390,523</u>	<u>\$ 7,090,400</u>	<u>\$ 1,699,877</u>
Utilization of committed fund balance	\$ 298,469	\$ 369,969	\$ -	\$ (369,969)
Utilization of unassigned fund balance	336,300	336,300	-	(336,300)
	<u>\$ 634,769</u>	<u>\$ 706,269</u>	<u>\$ -</u>	<u>\$ (706,269)</u>

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

TOWN OF BLUE HILL, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
LAST 10 FISCAL YEARS\*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>SET Plan:</u>									
Department's proportion of the net pension liability (asset)	0.001%	0.001%	0.078%	0.000%	0.000%	0.001%	0.000%	0.003%	0.011%
Department's proportionate share of the net pension liability (asset)	\$ 18,220	\$ 9,287	\$ 12,683	\$ -	\$ -	\$ 2,034	\$ 2,668	\$ 45,823	\$ 123,190
State's proportionate share of the net pension liability (asset) associated with the Department	2,364,208	1,415,107	2,829,477	2,597,809	2,378,982	2,580,743	3,105,014	2,463,366	1,818,854
Total	<u>\$ 2,382,428</u>	<u>\$ 1,424,394</u>	<u>\$ 2,842,160</u>	<u>\$ 2,597,809</u>	<u>\$ 2,378,982</u>	<u>\$ 2,582,777</u>	<u>\$ 3,107,682</u>	<u>\$ 2,509,189</u>	<u>\$ 1,942,044</u>
Department's covered payroll	\$ 2,284,259	\$ 2,257,824	\$ 2,265,049	\$ 2,166,385	\$ 2,149,472	\$ 2,064,923	\$ 2,128,753	N/A	N/A
Department's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.80%	0.41%	0.56%	0.00%	0.00%	0.10%	0.13%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	85.79%	90.90%	81.03%	84.52%	85.17%	80.78%	80.80%	81.20%	83.91%

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

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

TOWN OF BLUE HILL, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION  
LAST 10 FISCAL YEARS\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>SET Plan:</u>								
Contractually required contribution	\$ 89,672	\$ 97,197	\$ 95,048	\$ 89,922	\$ 86,005	\$ 72,403	\$ 69,569	\$ 61,854
Contributions in relation to the contractually required contribution	<u>(89,672)</u>	<u>(97,197)</u>	<u>(95,048)</u>	<u>(89,922)</u>	<u>(86,005)</u>	<u>(72,403)</u>	<u>(69,569)</u>	<u>(61,854)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Department's covered payroll	\$ 2,280,824	\$ 2,284,259	\$ 2,257,824	\$ 2,265,049	\$ 2,166,385	\$ 2,149,472	\$ 2,064,923	\$ 2,128,753
Contributions as a percentage of covered payroll	3.93%	4.26%	4.21%	3.97%	3.97%	3.37%	3.37%	2.91%

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

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

## TOWN OF BLUE HILL, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MMEHT HEALTH PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Increase (Decrease)		
	Net OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 1/1/21 (Reporting December 31, 2021)	\$ 96,798	\$ -	\$ 96,798
Changes for the year:			
Service cost	6,165	-	6,165
Interest	2,158	-	2,158
Changes of benefits	-	-	-
Differences between expected and actual experience	(77,280)	-	(77,280)
Changes of assumptions	(2,193)	-	(2,193)
Contributions - employer	-	2,307	(2,307)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(2,307)	(2,307)	-
Administrative expense	-	-	-
Net changes	<u>(73,457)</u>	<u>-</u>	<u>(73,457)</u>
Balances at 1/1/22 (Reporting December 31, 2022)	<u>\$ 23,341</u>	<u>\$ -</u>	<u>\$ 23,341</u>

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

TOWN OF BLUE HILL, MAINE

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Total OPEB liability</u>					
Service cost (BOY)	\$ 6,165	\$ 5,421	\$ 4,921	\$ 5,334	\$ 4,670
Interest (includes interest on service cost)	2,158	2,478	2,939	2,445	2,126
Changes of benefit terms	-	-	(1,797)	-	-
Differences between expected and actual experience	(77,280)	-	(256)	-	2,858
Changes of assumptions	(2,193)	4,997	14,247	(5,399)	5,566
Benefit payments, including refunds of member contributions	(2,307)	(2,218)	(1,384)	(1,331)	(785)
Net change in total OPEB liability	<u>\$ (73,457)</u>	<u>\$ 10,678</u>	<u>\$ 18,670</u>	<u>\$ 1,049</u>	<u>\$ 14,435</u>
Total OPEB liability - beginning	\$ 96,798	\$ 86,120	\$ 67,450	\$ 66,401	\$ 51,966
Total OPEB liability - ending	<u>\$ 23,341</u>	<u>\$ 96,798</u>	<u>\$ 86,120</u>	<u>\$ 67,450</u>	<u>\$ 66,401</u>
<u>Plan fiduciary net position</u>					
Contributions - employer	2,307	2,218	1,384	1,331	785
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(2,307)	(2,218)	(1,384)	(1,331)	(785)
Administrative expense	-	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 23,341</u>	<u>\$ 96,798</u>	<u>\$ 86,120</u>	<u>\$ 67,450</u>	<u>\$ 66,401</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-	-
Covered payroll	\$ 180,968	\$ 232,300	\$ 232,300	\$ 218,780	\$ 218,780
Net OPEB liability as a percentage of covered payroll	12.9%	41.7%	37.1%	30.8%	30.4%

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

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

## TOWN OF BLUE HILL, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT HEALTH PLAN  
FOR THE YEAR ENDED JUNE 30, 2021

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/20 (Reporting June 30, 2021)	\$ 1,110,907	\$ -	\$ 1,110,907
Changes for the year:			
Service cost	33,917	-	33,917
Interest	25,090	-	25,090
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	8,100	-	8,100
Contributions - employer	-	19,184	(19,184)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(19,184)	(19,184)	-
Administrative expense	-	-	-
Net changes	47,923	-	47,923
Balances at 6/30/21 (Reporting June 30, 2022)	<u>\$ 1,158,830</u>	<u>\$ -</u>	<u>\$ 1,158,830</u>

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



## TOWN OF BLUE HILL, MAINE

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

	2022	2021	2020	2019
<u>Total OPEB liability</u>				
Service cost (BOY)	\$ 33,917	\$ 10,605	\$ 8,966	\$ 9,573
Interest (includes interest on service cost)	25,090	38,686	40,164	38,276
Changes of benefit terms	-	(83,833)	-	-
Differences between expected and actual experience	-	(224,131)	-	-
Changes of assumptions	8,100	296,562	55,871	(43,881)
Benefit payments, including refunds of member contributions	(19,184)	(43,004)	(35,340)	(34,119)
Net change in total OPEB liability	<u>\$ 47,923</u>	<u>\$ (5,115)</u>	<u>\$ 69,661</u>	<u>\$ (30,151)</u>
Total OPEB liability - beginning	\$ 1,110,907	\$ 1,116,022	\$ 1,046,361	\$ 1,076,512
Total OPEB liability - ending	\$ 1,158,830	\$ 1,110,907	\$ 1,116,022	\$ 1,046,361
<u>Plan fiduciary net position</u>				
Contributions - employer	19,184	43,004	35,340	34,119
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(19,184)	(43,004)	(35,340)	(34,119)
Administrative expense	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 1,158,830</u>	<u>\$ 1,110,907</u>	<u>\$ 1,116,022</u>	<u>\$ 1,046,361</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-
Covered payroll	\$ 2,389,785	\$ 2,331,498	\$ 2,311,301	\$ 2,249,441
Net OPEB liability as a percentage of covered payroll	48.5%	47.6%	48.3%	46.5%

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

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

TOWN OF BLUE HILL, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB - HEALTH PLANS  
LAST 10 FISCAL YEARS\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>MEABT:</u>				
Employer contributions	\$ 19,184	\$ 43,004	\$ 35,340	\$ 34,119
Benefit payments	<u>(19,184)</u>	<u>(43,004)</u>	<u>(35,340)</u>	<u>(34,119)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 2,389,785	 \$ 2,331,498	 \$ 852,055	 \$ 852,055
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 auditor's report and notes to financial statements.

TOWN OF BLUE HILL, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB  
LIABILITY - GROUP LIFE  
LAST 10 FISCAL YEARS\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>SET Life Insurance:</u>					
Proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
School's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the School	33,405	16,753	36,081	37,900	40,357
Total	<u>\$ 33,405</u>	<u>\$ 16,753</u>	<u>\$ 36,081</u>	<u>\$ 37,900</u>	<u>\$ 40,357</u>
Covered payroll	\$ 2,284,259	\$ 2,257,824	\$ 2,265,049	\$ 2,166,385	\$ 2,149,472
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	62.90%	55.40%	49.51%	49.22%	48.04%

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

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

TOWN OF BLUE HILL, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB - GROUP LIFE  
LAST 10 FISCAL YEARS\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>SET Life Insurance:</u>					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,280,824	\$ 2,284,259	\$ 2,257,824	\$ 2,265,049	\$ 2,166,385
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

TOWN OF BLUE HILL, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2022

**Changes of Assumptions**

MEPERS SET Plan:

The discount rate was reduced from 6.75% to 6.50%. In addition, the salary increases for the plan increased from 2.75% to 2.80% - 13.03% per year.

Maine Municipal Health Trust:

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

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

Mortality, termination, retirement and salary rates.

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

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

Maine Education Association Benefit Trust:

There was a change in the discount rate from 2.21% to 2.16% per GASB 75 discount rate selection.

MEPERS Group Life Plan:

There have been no changes in actuarial assumptions since the last measurement date.

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

## Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF BLUE HILL, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
<b>General Government -</b>					
Administration	\$ 463,800	\$ -	\$ 463,800	\$ 441,379	\$ 22,421
Select Board	27,000	-	27,000	16,148	10,852
Code enforcement/plumbing	40,000	-	40,000	36,246	3,754
Town Hall	106,000	71,500	177,500	135,862	41,638
Assessing	41,500	-	41,500	41,500	-
Revaluation	89,500	-	89,500	-	89,500
Comprehensive plan	30,000	-	30,000	-	30,000
Animal control	6,300	-	6,300	4,928	1,372
Planning board	6,500	-	6,500	924	5,576
	<u>810,600</u>	<u>71,500</u>	<u>882,100</u>	<u>676,987</u>	<u>205,113</u>
<b>Health and Sanitation</b>					
WW Treatment plant operations	227,100	-	227,100	235,340	(8,240)
Sludge disposal	10,000	-	10,000	6,087	3,913
Transfer station	254,000	-	254,000	232,151	21,849
	<u>491,100</u>	<u>-</u>	<u>491,100</u>	<u>473,578</u>	<u>17,522</u>
<b>Public Works -</b>					
Highway and sidewalks	1,393,450	-	1,393,450	1,149,687	243,763
Sidewalks	145,000	-	145,000	-	145,000
Maintenance reserve	30,000	-	30,000	-	30,000
911 Program and signs	1,260	-	1,260	1,308	(48)
	<u>1,569,710</u>	<u>-</u>	<u>1,569,710</u>	<u>1,150,995</u>	<u>418,715</u>
<b>Protection</b>					
Ambulance	85,000	-	85,000	84,441	559
Fire truck reserve	50,000	-	50,000	-	50,000
Dispatch	6,550	-	6,550	6,527	23
Forest fire suppression	2,500	-	2,500	-	2,500
Emergency management	240	-	240	-	240
Law enforcement	6,000	-	6,000	634	5,366
Street lights	10,500	-	10,500	7,702	2,798
	<u>160,790</u>	<u>-</u>	<u>160,790</u>	<u>99,304</u>	<u>61,486</u>
<b>Recreation and Culture -</b>					
Recreation	30,000	-	30,000	14,397	15,603
Town Park playground	30,000	-	30,000	1,171	28,829
Public fields and lawns	25,000	-	25,000	14,107	10,893
Public gardens and plantings	6,000	-	6,000	3,050	2,950
Cemeteries	65,000	-	65,000	16,406	48,594
Street/Town trees maintenance	4,000	-	4,000	1,412	2,588
	<u>160,000</u>	<u>-</u>	<u>160,000</u>	<u>50,543</u>	<u>109,457</u>

TOWN OF BLUE HILL, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt Service -					
Principal	194,823	-	194,823	194,823	-
Interest	15,138	-	15,138	15,171	(33)
	<u>209,961</u>	<u>-</u>	<u>209,961</u>	<u>209,994</u>	<u>(33)</u>
County Tax	<u>394,000</u>	<u>-</u>	<u>394,000</u>	<u>364,452</u>	<u>29,548</u>
Education	<u>5,935,771</u>	<u>1,632,612</u>	<u>7,568,383</u>	<u>7,404,507</u>	<u>163,876</u>
Unclassified -					
General assistance	10,000	-	10,000	4,436	5,564
Unanticipated expenses	25,000	-	25,000	940	24,060
Marine resources	44,500	-	44,500	24,496	20,004
Memorial Day	1,000	-	1,000	-	1,000
Land survey	10,000	-	10,000	-	10,000
Walking path	8,639	-	8,639	-	8,639
Community service organizations	202,586	-	202,586	202,336	250
Overlay	157,458	-	157,458	2,157	155,301
	<u>459,183</u>	<u>-</u>	<u>459,183</u>	<u>234,365</u>	<u>224,818</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 10,191,115</u>	<u>\$ 1,704,112</u>	<u>\$ 11,895,227</u>	<u>\$ 10,664,725</u>	<u>\$ 1,230,502</u>

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



## TOWN OF BLUE HILL, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 2,870	\$ 127,347	\$ 130,217
Due from other funds	272,748	-	10,215	282,963
<b>TOTAL ASSETS</b>	<u>\$ 272,748</u>	<u>\$ 2,870</u>	<u>\$ 137,562</u>	<u>\$ 413,180</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	83,350	83,350
Restricted	272,748	-	2,844	275,592
Committed	-	2,870	51,368	54,238
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>272,748</u>	<u>2,870</u>	<u>137,562</u>	<u>413,180</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 272,748</u>	<u>\$ 2,870</u>	<u>\$ 137,562</u>	<u>\$ 413,180</u>

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

## TOWN OF BLUE HILL, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental gains/(losses)	\$ 152,372	\$ -	\$ -	\$ 152,372
	<u>-</u>	<u>-</u>	<u>3,664</u>	<u>3,664</u>
TOTAL REVENUES	<u>152,372</u>	<u>-</u>	<u>3,664</u>	<u>156,036</u>
EXPENDITURES				
Other	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
TOTAL EXPENDITURES	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
NET CHANGE IN FUND BALANCES	149,372	-	3,664	153,036
FUND BALANCES - JANUARY 1	<u>123,376</u>	<u>2,870</u>	<u>133,898</u>	<u>260,144</u>
FUND BALANCES - DECEMBER 31	<u>\$ 272,748</u>	<u>\$ 2,870</u>	<u>\$ 137,562</u>	<u>\$ 413,180</u>

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

## Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

## TOWN OF BLUE HILL, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2022

	<u>ARPA</u>	<u>Total</u>
<b>ASSETS</b>		
Due from other funds	\$ 272,748	\$ 272,748
<b>TOTAL ASSETS</b>	<u>\$ 272,748</u>	<u>\$ 272,748</u>
<b>LIABILITIES</b>		
Due to other funds	\$ -	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>		
Nonspendable	-	-
Restricted	272,748	272,748
Committed	-	-
Assigned	-	-
Unassigned	-	-
<b>TOTAL FUND BALANCES</b>	<u>272,748</u>	<u>272,748</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 272,748</u>	<u>\$ 272,748</u>

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

## TOWN OF BLUE HILL, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>ARPA</u>	<u>Total</u>
REVENUES		
Intergovernmental	<u>\$ 152,372</u>	<u>\$ 152,372</u>
TOTAL REVENUES	<u>152,372</u>	<u>152,372</u>
EXPENDITURES		
Other	<u>3,000</u>	<u>3,000</u>
TOTAL EXPENDITURES	<u>3,000</u>	<u>3,000</u>
NET CHANGE IN FUND BALANCES	149,372	149,372
FUND BALANCES - JANUARY 1	<u>123,376</u>	<u>123,376</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 272,748</u></u>	<u><u>\$ 272,748</u></u>

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

## Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

## TOWN OF BLUE HILL, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2022

	School Construction Project	WWTF Extension Project	Total
	<u>          </u>	<u>          </u>	<u>          </u>
ASSETS			
Cash and cash equivalents	\$ 1,150	\$ 1,720	\$ 2,870
TOTAL ASSETS	<u>\$ 1,150</u>	<u>\$ 1,720</u>	<u>\$ 2,870</u>
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	1,150	1,720	2,870
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>1,150</u>	<u>1,720</u>	<u>2,870</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,150</u>	<u>\$ 1,720</u>	<u>\$ 2,870</u>

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

TOWN OF BLUE HILL, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	School Construction Project	WWTF Extension Project	Total
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Interest income	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Other	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - JANUARY 1	<u>1,150</u>	<u>1,720</u>	<u>2,870</u>
FUND BALANCES - DECEMBER 31	<u>\$ 1,150</u>	<u>\$ 1,720</u>	<u>\$ 2,870</u>

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



## Permanent Funds

Permanent funds are used to account for assets held by the Town of Blue Hill, 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 Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of cemeteries.

TOWN OF BLUE HILL, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2022

	Mountain View Cemetery	Seaside Cemetery	Grindle Lot	Perpetual Care Reserve	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,368	\$ 65,556	\$ 2,869	\$ 47,554	\$ 127,347
Due from other funds	912	5,258	231	3,814	10,215
<b>TOTAL ASSETS</b>	<b>\$ 12,280</b>	<b>\$ 70,814</b>	<b>\$ 3,100</b>	<b>\$ 51,368</b>	<b>\$ 137,562</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	11,875	68,475	3,000	-	83,350
Restricted	405	2,339	100	-	2,844
Committed	-	-	-	51,368	51,368
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>12,280</b>	<b>70,814</b>	<b>3,100</b>	<b>51,368</b>	<b>137,562</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 12,280</b>	<b>\$ 70,814</b>	<b>\$ 3,100</b>	<b>\$ 51,368</b>	<b>\$ 137,562</b>

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

## TOWN OF BLUE HILL, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Mountain View Cemetery	Seaside Cemetery	Grindle Lot	Perpetual Care Reserve	Total
<b>REVENUES</b>					
Investment income, net of unrealized gains/(losses)	\$ 327	\$ 1,886	\$ 83	\$ 1,368	\$ 3,664
<b>TOTAL REVENUES</b>	<u>327</u>	<u>1,886</u>	<u>83</u>	<u>1,368</u>	<u>3,664</u>
<b>EXPENDITURES</b>					
Other	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	327	1,886	83	1,368	3,664
<b>FUND BALANCES - JANUARY 1</b>	<u>11,953</u>	<u>68,928</u>	<u>3,017</u>	<u>50,000</u>	<u>133,898</u>
<b>FUND BALANCES - DECEMBER 31</b>	<u>\$ 12,280</u>	<u>\$ 70,814</u>	<u>\$ 3,100</u>	<u>\$ 51,368</u>	<u>\$ 137,562</u>

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

## General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position.

## TOWN OF BLUE HILL, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
DECEMBER 31, 2022

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 1,379,562	\$ 1,563,271	\$ 26,228	\$ -	\$ 2,969,061
Education	25,194	6,219,250	536,452	-	6,780,896
Health and sanitation	884,167	2,256,211	5,130,597	-	8,270,975
Protection	395,352	459,350	1,168,263	25,230	2,048,195
Highway department	61,300	501,054	103,590	15,290,721	15,956,665
Town wide	120,292	212,360	784,546	-	1,117,198
Total General Capital Assets	2,865,867	11,211,496	7,749,676	15,315,951	37,142,990
Less: Accumulated Depreciation	-	(5,029,188)	(4,681,611)	(9,627,772)	(19,338,571)
Net General Capital Assets	<u>\$ 2,865,867</u>	<u>\$ 6,182,308</u>	<u>\$ 3,068,065</u>	<u>\$ 5,688,179</u>	<u>\$ 17,804,419</u>

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

## TOWN OF BLUE HILL, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Capital Assets 1/1/22 (Restated)	Additions	Disposals	General Capital Assets 12/31/22
General government	\$ 2,890,207	\$ 78,854	\$ -	\$ 2,969,061
Education	6,767,312	30,175	(16,591)	6,780,896
Health and sanitation	8,270,975	-	-	8,270,975
Protection	2,048,195	-	-	2,048,195
Highway department	15,600,327	356,338	-	15,956,665
Town wide	<u>1,093,808</u>	<u>23,390</u>	<u>-</u>	<u>1,117,198</u>
Total General Capital Assets	36,670,824	488,757	(16,591)	37,142,990
Less: Accumulated Depreciation	<u>(18,507,097)</u>	<u>(845,291)</u>	<u>13,817</u>	<u>(19,338,571)</u>
Net General Capital Assets	<u>\$ 18,163,727</u>	<u>\$ (356,534)</u>	<u>\$ (2,774)</u>	<u>\$ 17,804,419</u>

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



Proven Expertise & Integrity

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

Select Board  
Town of Blue Hill  
Blue Hill, 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, the aggregate discretely presented component units and the aggregate remaining fund information of the Town of Blue Hill, Maine as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Town of Blue Hill, Maine's basic financial statements and have issued our report thereon dated January 3, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Blue Hill, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Blue Hill, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Blue Hill, Maine's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609  
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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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Blue Hill, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*. We noted certain other matters that we reported to management of the Town of Blue Hill, Maine in a separate letter dated November 10, 2023.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
January 3, 2024



## State Compliance Description

State compliance includes financial information and reports that are presented for purposes of additional analysis as required by Title 20-A MRSA §6051 of the Maine Revised Statutes as amended. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditor's Report on State Requirements
- Reconciliation of Audit Adjustments to Annual Financial Data Submitted to the Maine Education Financial System

TOWN OF BLUE HILL, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal AL Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed-through State of Maine - Department of Education and Cultural Services:				
Child Nutrition Cluster:				
National School Lunch Program - Lunch	10.555	N/A	\$ -	\$ 110,539
National School Lunch Program - Breakfast	10.556	N/A	-	26,551
Subtotal Child Nutrition Cluster			<u>-</u>	<u>137,090</u>
Food Distribution Cluster:				
Food Distribution - Donated Commodities	10.565	N/A	-	9,583
Subtotal Food Distribution Cluster			<u>-</u>	<u>9,583</u>
Total U.S. Department of Agriculture			<u>-</u>	<u>146,673</u>
U.S. Department of Education				
Passed-through State of Maine - Department of Education and Cultural Services:				
Title I Grants to Local Educational Agencies	84.010A	013-05A-3107-13	<u>-</u>	<u>63,244</u>
Special Education Cluster (IDEA):				
Special Education - Grants to States (IDEA, Part B)	84.027A	013-05A-3305-03	<u>-</u>	<u>110,438</u>
Subtotal Special Education Cluster (IDEA)			<u>-</u>	<u>110,438</u>
Rural Education	84.358A	013-05A-3305-03	<u>-</u>	<u>41,238</u>
Rural Education Achievement Program	84.358B	N/A	<u>-</u>	<u>21,358</u>
Supporting Effective Instruction State Grants	84.367A	013-05A-3042-11	<u>-</u>	<u>50,191</u>
Student Support and Academic Enrichment Program	84.424	013-05A-3345-13	<u>-</u>	<u>11,713</u>
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act - ESSERF I	84.425D	013-05A-7006-90	<u>-</u>	<u>11,621</u>
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act - ESSERF II	84.425D	013-05A-7041-90	<u>-</u>	<u>43,970</u>
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act - ARP ESSERF III	84.425U	013-05A-7071-94	<u>-</u>	<u>123,447</u>
Subtotal Education Stabilization Fund Under the Coronavirus Aid,			<u>-</u>	<u>179,038</u>
Total U.S. Department of Education			<u>-</u>	<u>477,220</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ -</u>	<u>\$ 623,893</u>

TOWN OF BLUE HILL, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Blue Hill, Maine under programs of the federal government for the year ended December 31, 2022. 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). Because the Schedule presents only a selected portion of the operations of the Town of Blue Hill, Maine it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Blue Hill, Maine.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Town of Blue Hill, Maine has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



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## INDEPENDENT AUDITOR'S REPORT ON STATE REQUIREMENTS

Select Board  
Town of Blue Hill  
Blue Hill, Maine

We have audited the financial statements of the Town of Blue Hill, Maine for the year ended December 31, 2022 and have issued our report thereon dated January 3, 2024. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place and have reviewed the annual financial report that was submitted to the Maine Department of Education for accuracy. In addition, we have reviewed the Town of Blue Hill, Maine's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, the Town of Blue Hill, Maine complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Blue Hill, Maine was in noncompliance with or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Town of Blue Hill, Maine and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the Maine Education Financial System maintained at the Maine Department of Education.

This report is intended solely for the information of the Select Board, management and the Maine Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

*RHR Smith & Company*

Buxton, Maine  
January 3, 2024

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TOWN OF BLUE HILL, MAINE

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL  
DATA SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM  
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Funds	Capital Projects Funds	Total
June 30 Balance Per MEFS	\$ 957,083	\$ (271,246)	\$ -	\$ 685,837
Beginning Balances	8,893	(302,914)	15,000	(279,021)
Local Reserve Allocation	60,000	-	-	60,000
Miscellaneous Revenues	1,967	-	-	1,967
Regular Instruction Expenditures	(211,407)	-	-	(211,407)
Special Education Expenditures	(85,685)	-	-	(85,685)
System Administration Expenditures	(15,842)	-	-	(15,842)
Transportation Expenditures	(3,662)	-	-	(3,662)
Student/Staff Support Expenditures	(19,104)	-	-	(19,104)
School Administration Expenditures	(6,899)	-	-	(6,899)
Operation/Maintenance Expenditures	(1,897)	-	-	(1,897)
Other Instruction Expenditures	(3,158)	-	-	(3,158)
Nutrition Transfer	(18,500)	18,500	-	-
Capital Improvement Reserve Transfer	15,000	-	(15,000)	-
Wellness Grant Revenue	-	500	-	500
Wellness Grant Expenditures	-	1,065	-	1,065
Transition Grant Expenditures	-	(1,932)	-	(1,932)
Title I Revenue	-	78,446	-	78,446
Title I Expenditures	-	(16,939)	-	(16,939)
Title IV Revenue	-	50,000	-	50,000
Title IV Expenditures	-	(20,514)	-	(20,514)
Local Entitlement Revenue	-	99,362	-	99,362
Local Entitlement Expenditures	-	34,797	-	34,797
ARP Local Entitlement Revenue	-	24,133	-	24,133
ESSER Revenue	-	17,394	-	17,394
ESSER Expenditures	-	(963)	-	(963)
ESSER II Revenue	-	155,770	-	155,770
ESSER II Expenditures	-	(10,585)	-	(10,585)
ARP ESSER III Revenue	-	66,378	-	66,378
ARP ESSER III Expenditures	-	(1,826)	-	(1,826)
Title V Revenues	-	28,427	-	28,427
Title V Expenditures	-	(28,427)	-	(28,427)
REAP Revenue	-	25,441	-	25,441
REAP Expenditures	-	(3,495)	-	(3,495)
Title II Revenue	-	47,068	-	47,068
Title II Expenditures	-	(14,529)	-	(14,529)
School Lunch Revenues	-	191,931	-	191,931
School Lunch Expenditures	-	(27,316)	-	(27,316)
National Board Revenues	-	3,838	-	3,838
National Board Expenditures	-	(3,838)	-	(3,838)
Student Activity Revenues	-	22,651	-	22,651
Student Activity Expenditures	-	(34,554)	-	(34,554)
Obligation Under Compensated Absences	(35,028)	-	-	(35,028)
Audited GAAP Basis Fund Balance June 30	<u>\$ 641,761</u>	<u>\$ 126,623</u>	<u>\$ -</u>	<u>\$ 768,384</u>