



CITY OF CALAIS, MAINE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED, JUNE 30, 2022

City of Calais, Maine

Annual financial report

For the fiscal year ended June 30, 2022

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City of Calais, Maine

Annual financial report

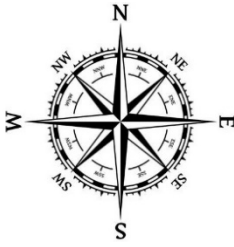
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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Calais, Maine

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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.

Emphasis of Matter

As described on page 25 in the notes to basic financial statements, the Calais Water Department reports on a calendar year basis as opposed to a fiscal year. The Calais Water Department's financial position is reported as of December 31, 2021, and the changes in financial position and cash flows for the year then ended. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Peter J. Hall CPA LLC
PETER J HALL CPA LLC

**South Portland, Maine
June 26, 2023**

City of Calais, Maine

Management's Discussion and Analysis

As management of the City of Calais, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022.

Financial highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$26,777,575 (net position). The unrestricted net position, which represents the amounts available to meet the City's ongoing obligations to citizens and creditors, was a deficit of \$2,050,052. This deficit in unrestricted net position is caused by two of the City's proprietary funds: sewer and ambulance. Sewer and ambulance ended the fiscal year with deficit unrestricted net position balances of \$2,818,441 and \$516,428, respectively.
- The City's total net position increased \$3,060,443 primarily due to revenues exceeding expenditures in the governmental funds, as well as \$584,919 forgiveness of debt related to improvements at the high school. Revenues exceeding expenses in the proprietary funds are due to forgiveness of debt of \$812,362 related to sewer projects.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$6,824,344, an increase of \$1,010,137 in comparison with the prior year. Of this amount, \$3,064,436, or 45%, is available for spending at the government's discretion (*unassigned fund balance*), although when taking the deficit unrestricted net position balances of the sewer and ambulance into account, the City would have a deficit unassigned fund balance.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$3,385,789, or approximately 65% of total general fund expenditures and transfers out. The general fund's unrestricted fund balance helps mitigate the \$3,252,601 deficit unrestricted net position in the proprietary funds.
- At the end of the current fiscal year, the School Department had an ending fund balance of \$1,212,508, or 13% of School Department expenditures. The day treatment program ended the current fiscal year with a fund balance of \$366,694, or 17% of day treatment expenditures.

Overview of the financial statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, recreation, and education. The business-type activities of the City include sewer, water, and ambulance services. The water fund is reported on a December 31 year end to coincide with requirements of the Maine Public Utilities Commission.

The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the school department, and the day treatment program, which are considered to be major funds. Data from the other eleven governmental funds are

combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its general fund and school department. A budgetary comparison statement has been provided for each to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 14-18 of this report.

Proprietary funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and ambulance operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer, water, and ambulance operations, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds. The *private-purpose trust fund* is used to report resources held for scholarships awarded to students who attended Calais Schools. The *custodial funds* report resources, not in a trust, that are held by the City for other parties outside of the City's reporting entity, for the Calais School District Trustees and the Calais Fire Department Association.

The fiduciary fund financial statements can be found on pages 22-23 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-52 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 53-56.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 57-68 of this report.

Government-wide overall financial analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,777,575, at the close of the most recent fiscal year.

	Governmental activities		Business-type activities	
	2022	2021	2022	2021
Assets				
Current and other assets	\$ 9,851,255	7,352,783	(2,330,776)	(1,925,606)
Capital assets	7,210,283	6,378,928	26,372,073	26,284,507
Total assets	17,061,538	13,731,711	24,041,297	24,358,901
Total deferred outflows of resources	1,508,246	1,241,780	-	-
Liabilities				
Long-term liabilities	4,852,023	6,344,587	6,348,414	6,726,695
Other liabilities	2,076,343	1,150,776	1,030,246	1,347,458
Total liabilities	6,928,366	7,495,363	7,378,660	8,074,153
Total deferred inflows of resources	1,526,480	45,744	-	-
Net position				
Net investment in capital assets	6,075,601	4,379,721	19,915,238	18,416,387
Restricted	2,834,131	2,706,291	-	-
Unrestricted	1,205,206	346,372	(3,252,601)	(2,131,639)
Total net position	\$ 10,114,938	7,432,384	16,662,637	16,284,748

Current and other assets increased in governmental activities by \$2.5 million from the prior year. Cash and cash equivalents have increased \$865 thousand which corresponds with the increase in governmental fund balance. Accounts receivable increased \$885 thousand mostly due to large receivables related to the elementary and secondary school emergency relief (ESSER) fund.

Capital assets increased \$831 thousand due to the purchase of three buses as well as projects at the school that were funded with ESSER funds and the issuance of debt, most of which was forgiven. The projects include upgrades to the high school and the construction of an addition to the day treatment program building.

Other liabilities in governmental activities increased \$925 thousand from the previous year due to an increase in the School Department's line of credit and unearned revenues received by the City for the American Rescue Plan. The School Department utilized their line of credit to purchase school buses for the upcoming school year due to the loss of their transportation service provider.

Long-term liabilities, which consist of notes, leases, compensated absences and postemployment benefit obligations, decreased by \$1.87 million from the previous year for governmental and business-type activities combined. The City's net pension liability decreased \$1.3 million due to the decrease in the City's share of the state's pension plan liability. Notes payable decreased by \$690 thousand due to regularly

scheduled principal payments of \$1.1 million and forgiveness of debt of \$1.4 million exceeding the issuance of \$1.8 million of new debt.

By far, the largest portion of the City's net position, \$25,990,839, reflects its investment in capital assets (e.g., land, buildings, equipment, vehicles, and infrastructure), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$2,834,131 represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the City's unrestricted net position was a deficit balance of \$2,050,052. The deficit is caused primarily by the deficits in the sewer fund (\$2,818,441) and the ambulance fund (\$516,428).

The City's overall net position increased \$3,060,443 from the prior fiscal year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

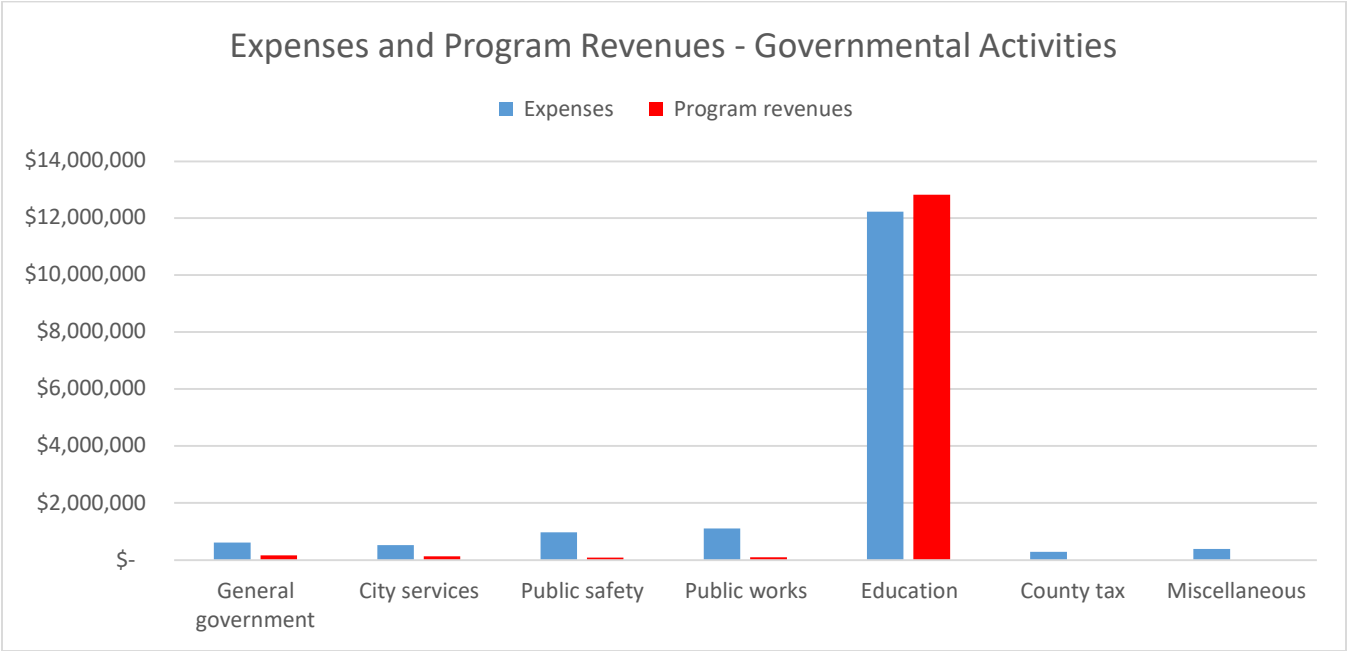
	Governmental activities		Business-type activities	
	2022	2021	2022	2021
Revenues				
Program revenues	\$			
Charges for services	2,586,215	2,657,833	2,400,781	2,457,973
Operating grants and cont.	9,697,313	9,836,838	17,920	38,309
Capital grants and cont.	995,920	68,644	812,362	483,777
General revenues				
Property taxes	4,314,690	4,335,410	-	-
Unrestricted grants and cont.	1,111,237	879,301	-	-
Other	8,416	25,331	17,466	15,863
Total revenues	18,713,791	17,803,357	3,248,529	2,995,922
Expenses				
General government	612,785	687,579	-	-
City services	517,957	434,353	-	-
Public safety	967,086	946,617	-	-
Public works	1,101,680	976,773	-	-
Education	12,226,258	12,664,660	-	-
County tax	279,314	278,425	-	-
Miscellaneous	322,932	293,287	-	-
Interest on debt	60,936	4,251	-	-
Capital maintenance	-	17,052	-	-
Sewer	-	-	1,304,914	1,185,713
Water	-	-	508,763	580,737
Ambulance	-	-	999,252	937,006
Total expenses	16,088,948	16,302,997	2,812,929	2,703,456
Transfers	57,711	46,480	(57,711)	(46,480)
Increase (decrease) in net position	2,682,554	1,546,840	377,889	245,986
Net position - beginning	7,432,384	7,669,912	16,284,748	16,038,762
Net position - ending	\$ 10,114,938	9,216,752	16,662,637	16,284,748

Governmental activities. During the current fiscal year, net position for governmental activities increased \$2,682,554 from the prior fiscal year for an ending balance of \$10,114,938. Governmental funds saw an increase in fund balance of \$1,010,137. Capitalized expenditures amounted to \$1,213,276, principal payments on debt were \$478,066, and forgiveness of debt totaled \$584,919. Depreciation on capital assets was \$381,921 during the year.

Revenues increased \$910 thousand from the prior year due to a \$585 thousand forgiveness of debt. State revenue sharing, which is included in unrestricted grants and contributions, increased \$264 thousand from the prior year.

Expenses were down \$214 thousand from the prior year. Education expenses decreased \$438 thousand, due to \$894 thousand of capitalized costs for ongoing projects, some of which are utilizing ESSER funds. Education expenditures have increased \$482 thousand from the prior year. The decrease in education expenses was offset by an increase in public works expenses of \$125 thousand.

As shown in the chart below, revenues generated by the City’s programs are not sufficient to cover the costs. The City relies on property taxes, excise taxes, investment income and other general revenues to cover the costs associated with the various programs.



Business-type activities. For the City’s business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$16,662,637. The total increase in net position for business-type activities (sewer, water, and ambulance) was \$377,889 or 2.3% from the prior fiscal year. The increase, in large part, is attributable to \$812 thousand of debt being forgiven upon issuance. Sewer fund expenses increased \$119 thousand, most of this can be attributed to the increase in depreciation expense as multiple multi-year projects were completed and are now being depreciated.

The water fund, which is presented for the year ending December 31, 2021, had an increase in net position of \$60,609. Both ambulance funds saw a decrease in their net position for the year ending June 30, 2022, with the ambulance fund decreasing \$57,902 and the NWSARAS ambulance fund decreasing \$3,510.

Financial analysis of governmental funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At June 30, 2022, the City's governmental funds reported combined fund balances of \$6,824,344, an increase of \$1,010,137 in comparison with the prior year. Of this amount, \$3,064,436, or 45%, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is (1) not in spendable form, \$208,945; (2) not spendable because it is legally required to be maintained intact, \$494,540; (3) restricted for particular purposes, \$2,195,898; (4) committed for particular purposes, \$796,875; or (5) assigned for particular purposes, \$63,650.

Analysis of Individual Funds

The general fund is the chief operating fund of the City. At the end of the current fiscal year, fund balance of the general fund was \$3,448,384, an increase of \$636,942. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers. Unassigned fund balance of \$3,322,139 represents 63.6% of total general fund expenditures, while total fund balance represents 66% of that same amount. When you take the deficits in the sewer fund of \$2,818,441 and ambulance fund of \$516,428 into account, the unassigned fund balance would be a \$12,730 deficit.

The school department and day treatment program, both major funds, had increases in fund balance of \$68,429 and \$32,450, respectively. The school department budgeted for a decrease of \$346,472 (use of fund balance) for the year ended June 30, 2022. Revenues exceeded budgeted figures by \$222,410, with the largest variances being secondary tuition and state educational subsidy. Expenditures came in under budget by \$192,491.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the business-type activities portion of the government-wide financial statements, but in more detail.

Unrestricted net position for the sewer and ambulance funds are deficit balances of \$2,818,441 and \$516,428, respectively. The water fund, which is reported as of December 31, 2021, had an unrestricted net position of \$10,280 and the NWSARAS ambulance fund had an unrestricted net position of \$71,988.

As noted earlier in the discussion of business-type activities, the increase for the sewer fund was due to the forgiveness of \$812,362 of debt.

General fund budgetary highlights

Original budget compared to final budget. During the year, there was one budget amendment to add \$11,000 to the city building line under general government, with the amount coming from unassigned fund balance.

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

Revenue source	Estimated revenues	Actual revenues	Difference
State revenue sharing	\$ 533,886	811,562	277,676
State education subsidy	5,287,336	5,417,469	130,133
MaineCare	292,600	189,827	(102,773)
Efficiency Maine	-	116,708	116,708
Secondary tuition	864,155	996,222	132,067

The City received more state revenue sharing and state educational subsidy than what was originally projected during the budget process. The School Department had less children who were eligible than anticipated as well as changes in reimbursement causing Mainecare to come in under budgeted figures. The School Department received funds from Efficiency Maine for energy efficient projects that were completed at the schools. Most of the excess revenues in secondary tuition are from CCLC tuition students. There is an over-expenditure in regular instruction that relates to this revenue.

Expenditures	Estimated expenditures	Actual expenditures	Difference
Police	\$ 606,210	384,173	222,037
Capital outlay	420,500	473,461	(52,961)
Special education	1,449,048	1,223,778	225,270
Career and technical education	1,199,500	1,094,823	104,677
Transportation	400,734	673,092	(272,358)

Police expenditures were under budget due to two open positions that remained unfilled for most of the year. This caused savings in wages and benefits. The overage in capital outlay was due to increased transfers to the capital project funds for upcoming projects. Special education came in under budget due to changes in staffing causing less salary and benefit expenditures. There were also less Calais students attending day treatment. Career and technical education was unable to purchase budgeted equipment during the year and also saw savings in supplies and salaries. Transportation was over budget due to the purchase of three school buses at the end of the year. The School Department was informed that their transportation service provider would no longer be providing transportation services for Calais. This was the beginning of purchasing a bus fleet for the School Department. The remaining buses have been purchased during the 2023 fiscal year,

Capital asset and debt administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$33,582,356 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, and infrastructure. The total increase in capital assets for the current fiscal year was 2.8%.

		Governmental activities		Business-type activities	
		2022	2021	2022	2021
Land	\$	2,907,505	2,907,505	75,896	75,896
Construction in progress		338,240	47,076	1,615,250	3,133,989
Buildings and improvements		850,742	822,527	4,335,385	2,567,124
Equipment and furniture		1,116,912	1,000,412	67,310	36,129
Right-to-use equipment		109,997	-	-	-
Vehicles		677,062	512,575	202,400	271,047
Infrastructure		1,209,825	1,088,833	20,075,832	20,200,322
		<u>7,210,283</u>	<u>6,378,928</u>	<u>26,372,073</u>	<u>26,284,507</u>

Major capital assets events during the current fiscal year included the following:

- Various projects related to streets at a cost of \$150,334.
- Various sewer upgrades at a cost of \$873,503.
- Various improvement projects at the Calais High School at a cost of \$248,408.
- Expansion of the day treatment building has begun, with \$168,065 being spent during the year.
- Three communication boards were purchased totaling \$124,761.
- The purchase of three school buses at a total cost of \$260,897.

Additional information on the City's capital assets can be found in Note III.E of this report.

Long-term Debt. At the end of the current fiscal year, the City had total notes outstanding of \$8,004,259. The remainder of the City's long-term obligations are comprised of leases payable and bond anticipation notes.

		Governmental activities		Business-type activities	
		2022	2021	2022	2021
Bond anticipation notes	\$	-	-	205,418	1,229,329
Notes payable		1,676,452	2,002,110	6,327,807	6,695,465
Leases payable		110,998	-	-	-
		<u>1,787,450</u>	<u>2,002,110</u>	<u>6,533,225</u>	<u>7,924,794</u>

The City's total debt decreased by \$1,606,229 (16%) during the current fiscal year. The following are the reasons for the overall decrease.

During the current year the School Department entered into a new lease for copier equipment for \$123,670. The School Department also issued a \$727,558 note for various improvement projects at Calais

High School, \$509,291 of which was forgiven at issuance. The City paid off two bond anticipation notes with the issuance of two new clean water notes totaling \$1,097,500, \$812,362 of which was forgiven.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of the valuation of taxable property within the jurisdiction. The current debt limitation for the City is \$27,322,500, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note III.F through III.I of this report.

Economic factors and next year's budgets and rates

The following economic factors currently affect the City and were considered in developing the 2022-2023 fiscal year budget.

- Based on projections from the Office of the State Treasurer, the budget for State revenue sharing was increased \$229,403 over the previous year. The City's assessed county tax expense increased \$21,653, or 7.75%.
- The largest expense increases were to:
 - Employee wages included 3% cost of living adjustments and anticipated minimum wage increases of \$1.00 per hour. Minimum wage affects our cemetery laborers, librarians, summer recreation help and call fire division.
 - Health insurance premiums increased approximately 4.7%.
 - Vehicle fuel was budgeted to be as high as \$6.00 per gallon for unleaded, and \$6.50 per gallon for diesel.
- Due to a 5% increase in assessed property values, the mill rate for 2022-2023 taxes dropped from 21.6 to 19.0.

Sewer debt expenses were approximately \$150,000 less than the previous year due to the final payment on debt incurred in 2002. Rather than decrease the budgeted sewer expenses, the City Council reallocated the funds to pay off or pay down other existing sewer debt.

At the end of the current fiscal year, the fund balance in the general fund was \$3,448,384. The City has appropriated \$63,650 of this amount for spending in the 2022-2023 fiscal year budget. This action was taken as an additional measure to lessen the burden to local taxpayers.

Requests for information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 11 Church Street, Calais, Maine, 04619.

BASIC FINANCIAL STATEMENTS

BLUE DEVIL



PRIDE



City of Calais, Maine

Statement of net position

June 30, 2022

	Governmental activities	Business-type activities	Governmental activities
Assets			
Cash and cash equivalents	\$ 2,747,448	107,580	2,855,028
Investments	677,192	-	677,192
Cash held by Maine Municipal Bond Bank	652,768	76,390	729,158
Taxes receivable	323,061	-	323,061
Accounts receivable, net	1,867,026	588,671	2,455,697
Internal balances	3,226,998	(3,153,230)	73,768 *
Loans receivable, net	135,519	-	135,519
Prepaid items	186,444	-	186,444
Inventory	34,799	49,813	84,612
Capital assets, not being depreciated	3,245,745	1,691,146	4,936,891
Capital assets, net of accumulated depreciation	3,964,538	24,680,927	28,645,465
Total assets	17,061,538	24,041,297	41,102,835
Deferred outflows of resources			
Pension related	842,111	-	842,111
OPEB related	666,135	-	666,135
Total deferred outflows of resources	1,508,246	-	1,508,246
Liabilities			
Accounts payable	510,984	789,898	1,300,882
Accrued wages and benefits	795,929	12,349	808,278
Accrued liabilities	85,586	-	85,586
Line of credit	260,897	-	260,897
Unearned revenue	422,947	-	422,947
Accrued interest	-	22,581	22,581
Bond anticipation notes	-	205,418	205,418
Noncurrent liabilities:			
Due within one year	574,880	527,084	1,101,964
Due in more than one year	4,277,143	5,821,330	10,098,473
Total liabilities	6,928,366	7,378,660	14,307,026
Deferred inflows of resources			
Pension related	1,452,665	-	1,452,665
OPEB related	73,815	-	73,815
Total deferred inflows of resources	1,526,480	-	1,526,480
Net position			
Net investment in capital assets	6,075,601	19,915,238	25,990,839
Restricted	2,836,788	-	2,836,788
Unrestricted	1,202,549	(3,252,601)	(2,050,052)
Total net position	\$ 10,114,938	16,662,637	26,777,575

* due to reporting the water department as of December 31, 2021

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

City of Calais, Maine

Statement of activities

For the year ended June 30, 2022

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Primary government:							
Governmental activities:							
General government	\$ 612,785	36,991	58,166	58,269	(459,359)		(459,359)
City services	517,957	78,614	39,518	9,800	(390,025)		(390,025)
Public safety	967,086	70,174	4,008	4,005	(888,899)		(888,899)
Public works	1,101,680	40,509	55,274	-	(1,005,897)		(1,005,897)
Education	12,226,258	2,359,927	9,540,347	923,846	597,862		597,862
County tax	279,314	-	-	-	(279,314)		(279,314)
Miscellaneous	322,932	-	-	-	(322,932)		(322,932)
Interest on debt	60,936	-	-	-	(60,936)		(60,936)
Total governmental activities	16,088,948	2,586,215	9,697,313	995,920	(2,809,500)		(2,809,500)
Business-type activities:							
Sewer	1,304,914	847,455	12,275	812,362		367,178	367,178
Water	508,763	626,881	-	-		118,118	118,118
Ambulance	999,252	926,445	5,645	-		(67,162)	(67,162)
Total business-type activities	2,812,929	2,400,781	17,920	812,362		418,134	418,134
Total primary government	\$ 18,901,877	4,986,996	9,715,233	1,808,282	(2,809,500)	418,134	(2,391,366)
General revenues and transfers:							
Property taxes					4,314,690	-	4,314,690
Grants and contributions not restricted to specific programs					1,111,237	-	1,111,237
Unrestricted investment earnings					5,260	12,466	17,726
Miscellaneous					3,156	5,000	8,156
Transfers					57,711	(57,711)	-
Total general revenues and transfers					5,492,054	(40,245)	5,451,809
Change in net position					2,682,554	377,889	3,060,443
Net position - beginning					7,432,384	16,284,748	23,717,132
Net position - ending					\$ 10,114,938	16,662,637	26,777,575

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

City of Calais, Maine

Balance sheet
Governmental funds
June 30, 2022

		General	School department	Day treatment program	Total nonmajor funds	Total governmental funds
Assets						
Cash and cash equivalents	\$	1,229,156	1,031,203	-	487,089	2,747,448
Investments		-	-	-	677,192	677,192
Taxes receivable		323,061	-	-	-	323,061
Accounts receivable, net		54,044	236,796	294,467	1,281,719	1,867,026
Due from other funds		3,286,195	1,219,547	425,884	848,681	5,780,307
Loans receivable, net		-	-	-	135,519	135,519
Prepaid items		40,094	146,350	-	-	186,444
Inventory		22,501	-	-	12,298	34,799
Total assets	\$	4,955,051	2,633,896	720,351	3,442,498	11,751,796
Liabilities						
Accounts payable		133,814	78,570	256,257	42,343	510,984
Accrued wages and benefits		28,106	609,709	97,400	60,714	795,929
Accrued liabilities		39,258	46,328	-	-	85,586
Line of credit		-	260,897	-	-	260,897
Unearned revenue		159,008	-	-	263,939	422,947
Due to other funds		848,681	425,884	-	1,278,744	2,553,309
Total liabilities		1,208,867	1,421,388	353,657	1,645,740	4,629,652
Deferred inflows of resources						
Unavailable revenue - property taxes		297,800	-	-	-	297,800
Total deferred inflows of resources		297,800	-	-	-	297,800
Fund balances						
Nonspendable		62,595	146,350	-	494,540	703,485
Restricted		-	1,066,158	366,694	763,046	2,195,898
Committed		-	-	-	796,875	796,875
Assigned		63,650	-	-	-	63,650
Unassigned		3,322,139	-	-	(257,703)	3,064,436
Total fund balances		3,448,384	1,212,508	366,694	1,796,758	6,824,344
Total liabilities, deferred inflows of resources, and fund balances	\$	4,955,051	2,633,896	720,351	3,442,498	

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.	7,210,283
Other long-term assets are not available to pay for current expenditures and are deferred in the funds	
Unavailable revenue - property taxes	297,800
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Cash held by the Maine Municipal Bond Bank related to notes payable	652,768
Notes payable	(1,676,452)
Leases payable	(110,998)
Compensated absences	(214,699)
Net pension liability with related deferred inflows and outflows	(676,403)
Net OPEB liability with related deferred inflows and outflows	(77,224)
Total OPEB liability with related deferred inflows and outflows	(2,114,481)
Net position of governmental funds	10,114,938

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

City of Calais, Maine

Statement of revenues, expenditures, and changes in fund balances

Governmental funds

For the year ended June 30, 2022

	General	School department	Day treatment program	Total nonmajor funds	Total governmental funds
Revenues					
Property taxes	\$ 4,404,690	-	-	-	4,404,690
Intergovernmental	1,157,877	6,311,908	1,312,998	2,152,654	10,935,437
Charges for services	206,559	1,449,859	856,173	73,624	2,586,215
Student activity fees and fundraisers	-	-	-	113,571	113,571
Investment income (loss)	5,260	-	-	(35,870)	(30,610)
Miscellaneous	30,791	32,126	-	146,652	209,569
Total revenues	5,805,177	7,793,893	2,169,171	2,450,631	18,218,872
Expenditures					
Current:					
General government	644,712	-	-	115,161	759,873
City services	418,160	-	-	58,833	476,993
Public safety	887,186	-	-	14,640	901,826
Public works	876,374	-	-	17,854	894,228
Education	-	8,519,787	2,136,721	2,323,016	12,979,524
County tax	279,314	-	-	-	279,314
Miscellaneous	322,932	-	-	-	322,932
Debt service	20,000	445,910	-	15,581	481,491
Capital outlay	245,055	123,670	-	-	368,725
Total expenditures	3,693,733	9,089,367	2,136,721	2,545,085	17,464,906
Excess (deficiency) of revenues over (under) expenditures	2,111,444	(1,295,474)	32,450	(94,454)	753,966
Other financing sources (uses)					
Transfers in	57,711	1,255,233	-	291,980	1,604,924
Transfers out	(1,532,213)	(15,000)	-	-	(1,547,213)
Notes and leases issued	-	123,670	-	74,790	198,460
Total other financing sources (uses)	(1,474,502)	1,363,903	-	366,770	256,171
Net change in fund balances	636,942	68,429	32,450	272,316	1,010,137
Fund balances - beginning	2,811,442	1,144,079	334,244	1,524,442	5,814,207
Fund balances - ending	\$ 3,448,384	1,212,508	366,694	1,796,758	6,824,344

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

City of Calais, Maine

Reconciliation of the statement of revenues, expenditures, and changes in fund balances - governmental funds to the government-wide statement of activities For the year ended June 30, 2022

Net change in fund balances - total governmental funds	\$	1,010,137
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Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of these assets is allocated over their useful lives and reported as depreciation expense.

Capital outlays	1,213,276
Depreciation expense	(381,921)
Book value of disposed capital assets	

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Earned but unavailable taxes	(90,000)
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Notes issued	(74,790)
Leases issued	(123,670)
Principal paid on notes	465,394
Principal paid on leases	12,672
Note principal forgiven	584,919

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(22,007)
Changes in pension liabilities and related deferred outflows and inflows of resources	225,285
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(136,741)

Change in net position of governmental activities	\$	<u>2,682,554</u>
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The notes to financial statements are an integral part of this statement.

City of Calais, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2022

	Original budget	Final budget	Actual	Variance positive (negative)
Revenues				
Property taxes	\$ 4,325,782	4,325,782	4,404,690	78,908
Intergovernmental	875,493	875,493	1,157,877	282,384
Charges for services	215,300	215,300	206,559	(8,741)
Interest	3,500	3,500	5,260	1,760
Miscellaneous	20,375	20,375	30,791	10,416
Total revenues	5,440,450	5,440,450	5,805,177	364,727
Expenditures				
Current:				
General government	657,850	668,850	651,162	17,688
City services	437,255	437,255	426,597	10,658
Public safety	1,107,310	1,107,310	888,186	219,124
Public works	942,760	942,760	909,061	33,699
Education (transfer out)	1,290,070	1,290,070	1,255,233	34,837
County tax	279,314	279,314	279,314	-
Miscellaneous	337,177	337,177	322,932	14,245
Debt service	20,000	20,000	20,000	-
Capital outlay	420,500	420,500	473,461	(52,961)
Total expenditures	5,492,236	5,503,236	5,225,946	277,290
Excess (deficiency) of revenues over (under) expenditures	(51,786)	(62,786)	579,231	642,017
Other financing sources (uses)				
Transfers in	69,400	69,400	57,711	(11,689)
Use of fund balance	53,400	64,400	-	(64,400)
Total other financing sources (uses)	122,800	133,800	57,711	(76,089)
Net change in fund balance	71,014	71,014	636,942	565,928
Fund balance - beginning			2,811,442	
Fund balance - ending			\$ 3,448,384	

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

City of Calais, Maine

School department

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2022

		Original budget	Final budget	Actual	Variance positive (negative)
Revenues					
Local assessments (transfer in)	\$	1,290,070	1,290,070	1,255,233	(34,837)
Intergovernmental		5,695,502	5,695,502	5,839,570	144,068
Charges for services		1,347,119	1,347,119	1,449,859	102,740
Miscellaneous		21,687	21,687	32,126	10,439
Total revenues		8,354,378	8,354,378	8,576,788	222,410
Expenditures					
Current:					
Regular instruction		2,938,334	2,938,334	2,863,577	74,757
Special education		1,449,048	1,449,048	1,223,778	225,270
Career and technical education		1,199,500	1,199,500	1,094,823	104,677
Other instruction		175,975	175,975	157,580	18,395
Student and staff support		434,616	434,616	383,771	50,845
System administration		423,406	423,406	386,351	37,055
School administration		379,946	379,946	373,547	6,399
Transportation		400,734	400,734	673,092	(272,358)
Facilities maintenance		838,364	838,364	890,930	(52,566)
Debt service		445,927	445,927	445,910	17
Total expenditures		8,685,850	8,685,850	8,493,359	192,491
Excess (deficiency) of revenues over (under) expenditures		(331,472)	(331,472)	83,429	414,901
Other financing sources (uses)					
Transfers out		(15,000)	(15,000)	(15,000)	-
Use of fund balance		346,472	346,472	-	(346,472)
Total other financing sources (uses)		331,472	331,472	(15,000)	(346,472)
Net change in fund balance		-	-	68,429	68,429
Fund balance - beginning				1,144,079	
Fund balance - ending			\$	1,212,508	

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

City of Calais, Maine

Statement of net position

Proprietary funds

June 30, 2022

Water presented as of December 31, 2021

	Sewer	Water	Ambulance	NWSARAS ambulance	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 3,378	2,021	39,430	62,751	107,580
Cash held by MMBB	41,090	35,300	-	-	76,390
Accounts receivable, net	283,032	197,795	92,605	15,239	588,671
Inventory	-	49,813	-	-	49,813
Total current assets	327,500	284,929	132,035	77,990	822,454
Noncurrent assets					
Land	-	75,896	-	-	75,896
Construction in progress	1,522,644	92,606	-	-	1,615,250
Buildings and improvements	10,451,710	117,321	-	-	10,569,031
Equipment and vehicles	234,428	645,299	579,650	-	1,459,377
Infrastructure	17,236,408	10,213,078	-	-	27,449,486
Less accumulated depreciation	(11,037,474)	(3,382,243)	(377,250)	-	(14,796,967)
Total noncurrent assets	18,407,716	7,761,957	202,400	-	26,372,073
Total assets	18,735,216	8,046,886	334,435	77,990	27,194,527
Liabilities					
Current liabilities:					
Accounts payable	666,159	118,484	4,117	1,138	789,898
Accrued wages and benefits	-	-	9,732	2,617	12,349
Accrued interest	18,930	3,651	-	-	22,581
Due to other funds	2,419,762	117,214	614,007	2,247	3,153,230
Bond anticipation notes	205,418	-	-	-	205,418
Notes payable - current	282,145	224,833	20,106	-	527,084
Total current liabilities	3,592,414	464,182	647,962	6,002	4,710,560
Noncurrent liabilities:					
Compensated absences	-	-	20,607	-	20,607
Notes payable	3,053,563	2,733,601	13,559	-	5,800,723
Total noncurrent liabilities	3,053,563	2,733,601	34,166	-	5,821,330
Total liabilities	6,645,977	3,197,783	682,128	6,002	10,531,890
Net position					
Net investment in capital assets	14,907,680	4,838,823	168,735	-	19,915,238
Unrestricted	(2,818,441)	10,280	(516,428)	71,988	(3,252,601)
Total net position	\$ 12,089,239	4,849,103	(347,693)	71,988	16,662,637

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

City of Calais, Maine

Statement of revenues, expenditures, and changes in net position

Proprietary funds

For the year ended June 30, 2022

Water presented for the year ended December 31, 2021

	Sewer	Water	Ambulance	NWSARAS ambulance	Total
Operating revenues					
Charges for services	\$ 842,505	626,881	746,559	179,886	2,395,831
Interest and lien fees	4,950	-	-	-	4,950
Miscellaneous	12,275	-	5,645	-	17,920
Total operating revenues	859,730	626,881	752,204	179,886	2,418,701
Operating expenses					
Personnel services	238,382	193,310	617,229	140,311	1,189,232
Contractual services	140,530	39,043	41,693	12,240	233,506
Utilities	97,061	30,065	1,312	1,105	129,543
Repairs and maintenance	31,821	614	40,122	7,711	80,268
Materials and supplies	36,133	35,126	15,947	6,051	93,257
Miscellaneous	3,353	12,405	3,398	1,539	20,695
Bad debt expense	6,427	2,870	48,111	12,407	69,815
Depreciation	673,927	180,714	49,400	-	904,041
Total operating expenses	1,227,634	494,147	817,212	181,364	2,720,357
Operating income (loss)	(367,904)	132,734	(65,008)	(1,478)	(301,656)
Nonoperating revenues (expenses)					
Intergovernmental	812,362	-	-	-	812,362
Interest income	11,514	202	481	269	12,466
Gain (loss) on disposal of property	-	(1,119)	5,000	-	3,881
Interest expense	(77,280)	(13,497)	(676)	-	(91,453)
Total nonoperating revenues (expenses)	746,596	(14,414)	4,805	269	737,256
Income (loss) before transfers	378,692	118,320	(60,203)	(1,209)	435,600
Transfers in (out)	-	(57,711)	2,301	(2,301)	(57,711)
Change in net position	378,692	60,609	(57,902)	(3,510)	377,889
Net position - beginning	11,710,547	4,788,494	(289,791)	75,498	16,284,748
Net position - ending	\$ 12,089,239	4,849,103	(347,693)	71,988	16,662,637

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

City of Calais, Maine

Statement of cash flows

Proprietary funds

For the year ended June 30, 2022

Water presented for the year ended December 31, 2021

	Sewer	Water	Ambulance	NWSARAS ambulance	Total
Cash flows from operating activities					
Receipts from customers	\$ 875,517	624,388	773,476	182,359	2,455,740
Payments to suppliers	319,495	(129,829)	(104,531)	(31,904)	53,231
Payments to employees for salaries and benefits	(238,382)	(193,310)	(625,104)	(138,929)	(1,195,725)
Net cash provided by (used for) operating activities	956,630	301,249	43,841	11,526	1,313,246
Cash flows from noncapital financing activities					
Transfers (to) from other funds	-	(57,711)	2,301	(2,301)	(57,711)
(Increase) decrease in due from other funds	-	-	-	36,516	36,516
Increase (decrease) in due to other funds	304,294	(20,550)	(121,790)	2,247	164,201
Net cash provided by (used for) noncapital financing activities	304,294	(78,261)	(119,489)	36,462	143,006
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(873,502)	(26,618)	-	-	(900,120)
Proceeds from the sale of capital assets	-	-	5,000	-	5,000
Proceeds from bond anticipation notes	41,077	-	-	-	41,077
Principal paid on bond anticipation notes	(1,064,988)	-	-	-	(1,064,988)
Proceeds from capital debt	1,077,784	-	-	-	1,077,784
Principal paid on capital debt	(421,725)	(211,266)	(19,805)	-	(652,796)
Interest paid on capital debt	(82,204)	(14,743)	(676)	-	(97,623)
Net cash provided by (used for) capital and related financing activities	(1,323,558)	(252,627)	(15,481)	-	(1,591,666)
Cash flows from investing activities					
Interest income	11,514	202	481	269	12,466
Net cash provided by (used for) investing activities	11,514	202	481	269	12,466
Net increase (decrease) in cash and cash equivalents	(51,120)	(29,437)	(90,648)	48,257	(122,948)
Cash and cash equivalents - beginning	54,498	31,458	130,078	14,494	230,528
Cash and cash equivalents - ending	\$ 3,378	2,021	39,430	62,751	107,580
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	(367,904)	132,734	(65,008)	(1,478)	(301,656)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	673,927	180,714	49,400	-	904,041
(Increase) decrease in accounts receivable	22,214	377	69,383	14,880	106,854
(Increase) decrease in inventory	-	(5,633)	-	-	(5,633)
Increase (decrease) in accounts payable	628,393	(6,943)	(2,059)	(3,258)	616,133
Increase (decrease) in accrued wages and benefits	-	-	2,748	1,382	4,130
Increase (decrease) in compensated absences	-	-	(10,623)	-	(10,623)
Net cash provided by (used for) operating activities	956,630	301,249	43,841	11,526	1,313,246

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

City of Calais, Maine

Statement of fiduciary net position

Fiduciary funds

June 30, 2022

	Private-purpose trust funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ -	219,320
Investments	65,847	-
Due from other funds	-	-
Total assets	<u>65,847</u>	<u>219,320</u>
Liabilities		
Accounts payable	-	-
Due to other funds	-	-
Total liabilities	<u>-</u>	<u>-</u>
Net position		
Restricted	<u>65,847</u>	<u>219,320</u>
Total net position	<u>\$ 65,847</u>	<u>219,320</u>

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

City of Calais, Maine

Statement of changes in fiduciary net position

Fiduciary funds

For the year ended June 30, 2022

	Private-purpose trust funds	Custodial Funds
Additions		
Contributions	\$ -	112,538
Investment earnings:		
Investment earnings	1,070	883
Investment costs	(424)	-
Unrealized gain (loss)	(3,051)	-
Total additions	<u>(2,405)</u>	<u>113,421</u>
Deductions		
Scholarships	-	-
Public safety	-	13,441
Education	-	42,683
Total deductions	<u>-</u>	<u>56,124</u>
Net increase (decrease) in fiduciary net position	(2,405)	57,297
Net position - beginning	<u>68,252</u>	<u>162,023</u>
Net position - ending	\$ <u><u>65,847</u></u>	<u><u>219,320</u></u>

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

City of Calais, Maine

Notes to the financial statements

June 30, 2022

I. Summary of significant accounting policies

The financial statements of the City of Calais, Maine (City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting entity

The City is a municipal corporation governed by an elected mayor and six-member Governing Council (City Council). The School Department is governed by an elected five-member School Board. The accompanying financial statements present information for the primary government. The City is not financially accountable for any other organizations and therefore does not report any component units.

Joint venture

The City of Calais has entered into a joint venture with the Town of Baileyville. Downeast Broadband Utility (the Utility) was formed in 2017 through an interlocal agreement between the two communities. The Utility's primary purposes according to the agreement was to establish, construct, and maintain a fiber network to provide broadband service in the Town of Baileyville and the City of Calais. The Utility has grown to include the Town of Alexander and Indian Township. The Utility has authorization to establish rates, collect revenues, and undertake all other actions necessary and appropriate for a regional municipal utility district. This joint venture is considered a separate reporting entity and has not been included within the financial statements of the City.

In fiscal year 2022, the City of Calais contributed \$0 to the Utility. For the year ended June 30, 2022, the Utility did not have a financial audit completed; however unaudited figures show the following as of the year then ended: total assets \$2,990,132, total liabilities \$3,832,889, and a net operating loss of \$20,655.

The City is contingently liable for a line of credit that the Utility issued in the City's name. At June 30, 2022, the line of credit had a balance of \$1,894,021.

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the general fund and the enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *school department fund* is the School Department's primary operating fund. It accounts for all financial resources of the school department, except those accounted for in another fund.

The *day treatment program fund* accounts for the day treatment program administered by the school department.

The City reports the following major enterprise funds:

The *sewer fund* accounts for the operation of the City's sewer department.

The *water fund* accounts for the operation of the City's water department. Due to the requirements under the Maine Public Utilities Commission, the Calais water department has determined that a December year end is most appropriate for external financial reporting. All amounts reported in the City's financial statements for the water fund are reported as of December 31, 2021, which represents the latest available audited information.

The *ambulance fund* accounts for the operation of the City's ambulance services.

The *NWSARAS ambulance fund* accounts for ambulance services provided to the Town of Danforth.

Additionally, the City reports the following fund type:

The *private-purpose trust fund* accounts for scholarships and other programs that benefit students.

The *custodial funds* account for monies held for the Calais School Department Trustees and the Calais Fire Department Association, to which the City provides accounting services.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within

60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, charges for service, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

F. Budgetary information

Budgetary basis of accounting

An annual budget of the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). The capital project funds are appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one year.

The general fund budget is legally adopted by the Town Council through the passage of an appropriation resolution. By State law, that portion appropriated for educational purposes must be validated through a referendum vote. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America except for teachers' salaries, which are budgeted on a cash basis, and Maine Public Employees Retirement System on-behalf payments as described in the stewardship, compliance and accountability footnote. The level of control (level at which expenditures may not exceed budget) is the article level. Generally, all unexpended budgetary accounts lapse to fund balance at the close of the fiscal year.

Excess of expenditures over appropriations

The following appropriations were overspent as of June 30, 2022.

Capital outlay	\$52,961	Transportation	272,358
Facilities maintenance	52,566		

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

Cash and cash equivalents

The City's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the City's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end. State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of fuel, food, and expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, water and sewer lines, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For infrastructure assets the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$10,000 are reported as capital assets.

As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in note I.G. Leases below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings and improvements	10-50
Furniture, equipment, and vehicles	3-25
Right-to-use leased equipment	5-10
Infrastructure	10-100

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. They are deferred amounts related to pension and OPEB. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the City reports deferred amounts related to pension and OPEB.

Net position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of notes and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Although not a formal policy, the City considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The City's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the City's Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the City Council adopts another ordinance to remove or revise the limitation.

Assigned fund balance represents amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Although not a formal policy, the City considers restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Leases

Lessee: The City is a lessee for a noncancellable lease of copier equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

H. Revenues and expenditures/expenses

Program revenues

Amounts reported as *program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Property taxes were committed on August 9, 2021, on the assessed value listed as of the previous April 1. Taxes are due on October 1, 2021. Taxes unpaid by the due date are assessed interest at a rate of 6%. Tax liens are placed on real property of delinquent tax accounts within twelve months following the date taxes are committed for collection. Maine law permits the Town to levy taxes up to 105% of its net property tax requirement (budgeted expenditures less budgeted non-property tax revenues) for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$71,014 for the year ended June 30, 2022.

Compensated absences

The City's policy permits employees to accumulate earned but unused vacation and sick leave, which are eligible for payment upon separation from government service. Sick leave is valued based on the vesting method that calculates the amount of sick leave that is expected to become eligible for payout at termination. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. Stewardship, compliance, and accountability

A. Violations of legal or contractual provisions

Note I.F. Excess of expenditures over appropriations describes any budgetary violations that occurred for the year ended June 30, 2022.

B. Deficit fund balance

At June 30, 2022, the following funds had deficit balances:

Ambulance fund	\$347,693	Shore and harbor grant	4,971
DEP pumpout grant	7,099	UME education grant	905
Donation - skateboard	687	Scholarship account	2,500
Pavilion project	325	Tennis donations	501
Figure foundation	310	Pike book fund	113
Downtown TIF	2,861	Rotary grant	694
Local funds	1,445	Recommissioned computer	377
CES afterschool program	18,561	Mano en mano	3,311
Momentum	7,455	Title IA - disadvantaged	2,281
Title IA program improvement	5,480	Local entitlement	21,539
Coronavirus relief funds 1	9,250	Coronavirus relief funds 2	5,812
ESSER 2	23	Project AWARE	1,600
Perkins learning center	612	School lunch	77,374
Triangle Park sidewalk project	43,662	Recreation pool donations	15,699
St. Croix Tech Center reserve	1,468	Middle and high school projects	867

These deficits will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in).

III. Detailed notes on activities and funds

A. Cash and investments

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City, and confirming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital), liquidity, and yield. The City is not invested in any obligations typically known as derivatives.

B. Cash deposits with financial institutions

Custodial credit risk - deposits. In the case of deposits, this is the risk that, in the event of a bank's failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2022, the City's bank balance was \$3,740,765, all of which was covered by F.D.I.C. or collateralized with securities held by the pledging or financial institution's trust department.

C. Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, mutual funds with portfolios of securities issued or guaranteed by the United States Government, or agreements to repurchase these same obligations, negotiable and non-negotiable certificates of deposit, municipal bonds, commercial paper, and corporate bonds.

Interest rate risk. Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The City does not have an investment policy for interest rate risk.

As of June 30, 2022, the City had the following investments:

Investment type	Fair Value	Investment maturities (in years)		
		Less than 1 year	1-5 years	More than 5 years
Money market	\$44,665	44,665	-	-
Certificates of deposit	698,374	220,307	478,067	-
Total investments	\$743,039	264,972	478,067	-

Credit risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City does not have an investment policy for credit risk. The money market and certificates of deposit are not rated.

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

Concentration of credit risk. The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer. The City does not have an investment policy for concentration of credit risk.

Fair value of investments. The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows: *Level 1* - quoted prices for identical investments in active markets; *Level 2* - observable inputs other than those in Level 1; and *Level 3* - unobservable inputs. Certificates of deposit are classified in level 2 and are valued using broker quotes that utilize observable market inputs.

D. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for doubtful accounts) line for certain funds and aggregated columns. Below is the detail of receivables for the ambulance fund, NWSARAS ambulance fund, and the economic development loan fund, including the applicable allowances for doubtful accounts:

	Ambulance	NWSARAS ambulance	Economic develop loan
Accounts receivable	\$127,098	15,942	-
Loans receivable	-	-	410,218
Allowance for doubtful accounts	(34,493)	(703)	(274,699)
<u>Total receivable, net</u>	<u>\$92,605</u>	<u>15,239</u>	<u>135,519</u>

E. Capital assets

Capital assets activity for the year ended June 30, 2022, was as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year
Governmental activities				
Capital assets, not being depreciated				
Land	\$2,907,505	-	-	2,907,505
Construction in progress	47,076	566,807	275,643	338,240
<u>Total capital assets, not being depreciated</u>	<u>2,954,581</u>	<u>566,807</u>	<u>275,643</u>	<u>3,245,745</u>
Capital assets, being depreciated				
Buildings and improvements	1,989,462	78,233	-	2,067,695
Furniture and equipment	2,335,858	261,823	-	2,597,681
Right-to-use leased equipment	-	123,749	-	123,749
Vehicles	2,040,675	260,897	-	2,301,572
Infrastructure	1,314,109	197,410	-	1,511,519
<u>Total capital assets, being depreciated</u>	<u>7,680,104</u>	<u>922,112</u>	<u>-</u>	<u>8,602,216</u>
Less accumulated depreciation for				
Buildings and improvements	1,166,935	50,018	-	1,216,953
Furniture and equipment	1,335,446	145,323	-	1,480,769
Right-to-use leased equipment	-	13,752	-	13,752
Vehicles	1,528,100	96,410	-	1,624,510
Infrastructure	225,276	76,418	-	301,694
<u>Total accumulated depreciation</u>	<u>4,255,757</u>	<u>381,921</u>	<u>-</u>	<u>4,637,678</u>
<u>Total capital assets, being depreciated, net</u>	<u>3,424,347</u>	<u>540,191</u>	<u>-</u>	<u>3,964,538</u>
<u>Total governmental activities capital assets</u>	<u>\$6,378,928</u>	<u>676,804</u>	<u>275,643</u>	<u>7,210,283</u>

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

General government	\$12,665
City services	38,211
Public safety	64,167
Public works	153,324
Education	113,554
<u>Total depreciation expense</u>	<u>\$381,921</u>

	Balance Beginning of year	Additions	Deletions	Balance end of year
Business-type activities				
Capital assets, not being depreciated				
Land	\$75,896	-	-	75,896
Construction in progress	3,133,989	966,108	2,484,847	1,615,250
Total capital assets, not being depreciated	3,209,885	966,108	2,484,847	1,691,146
Capital assets, being depreciated				
Buildings and improvements	8,468,771	2,100,260	-	10,569,031
Equipment and vehicles	1,501,736	23,143	65,502	1,459,377
Infrastructure	27,061,424	388,062	-	27,449,486
Total capital assets, being depreciated	37,031,931	2,511,465	65,502	39,477,894
Less accumulated depreciation for				
Buildings and improvements	5,901,647	331,999	-	6,233,646
Equipment and vehicles	1,194,560	59,490	64,383	1,189,667
Infrastructure	6,861,102	512,552	-	7,373,654
Total accumulated depreciation	13,957,309	904,041	64,383	14,796,967
Total capital assets, being depreciated, net	23,074,622	1,607,422	1,119	24,680,927
Total business-type activities capital assets	\$26,284,507	2,573,530	2,485,966	26,372,073

Depreciation expense was charged to the functions/programs of the business-type activities of the primary government as follows:

Sewer	\$673,927
Water	180,714
Ambulance	49,400
Total depreciation expense	\$904,041

F. Short-term debt and lines of credit

The City issued bond anticipation notes for interim financing until long-term bonds are issued. The bond anticipation notes were for the sewer fund: \$400,000 with an interest rate of 1.00% and due July 5, 2021; and \$700,000 with an interest rate of 1% and due on July 5, 2021; \$960,000 with an interest rate of 1.00% and due on December 16, 2022. Bond anticipation note activity for the year ended June 30, 2022, was as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year
Bond anticipation notes				
Clean water revolving	\$364,988	-	364,988	-
Clean water revolving	700,000	-	700,000	-
Sewer – Main Street	164,341	41,077	-	205,418
Total bond anticipation notes	\$1,229,329	41,077	1,064,988	205,418

The City of Calais currently has a line of credit with the First, with a credit limit of \$900,000 and an interest rate of 1.03%. As of June 30, 2022, the City has not yet drawn on this line of credit and the full principal balance is available to provide financing for the City. The Calais School Department also has a line of credit with the First, with a credit limit of \$800,000 and an interest rate of 1.35%. Interest is payable and due each month based on the outstanding balance. Line of credit activity for the year ended June 30, 2022, was as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year
Lines of credit				
City - \$900,000	\$-	-	-	-
School - \$800,000	-	260,897	-	260,897
<u>Total lines of credit</u>	<u>\$-</u>	<u>260,897</u>	<u>-</u>	<u>260,897</u>

G. Changes in long-term liabilities

Changes in the City's long-term liabilities for the year ended June 30, 2022, are as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year	Amount due within one year
Governmental activities					
Notes payable	\$1,999,207	727,558	1,050,313	1,676,452	459,600
Leases	-	123,670	12,672	110,998	19,488
Compensated absences	192,692	22,007	-	214,699	95,792
Net pension liability	1,390,957	-	1,325,108	65,849	-
Net OPEB liability	72,205	-	18,305	53,900	-
Total OPEB liability - MEABT	2,689,526	40,599	-	2,730,125	-
<u>Total governmental activities</u>	<u>\$6,344,587</u>	<u>913,834</u>	<u>2,406,398</u>	<u>4,852,023</u>	<u>574,880</u>
Business-type activities					
Notes payable	\$6,695,465	1,097,500	1,465,158	6,327,807	527,084
Compensated absences	31,230	-	10,623	20,607	-
<u>Total business-type activities</u>	<u>\$6,726,695</u>	<u>1,097,500</u>	<u>1,475,781</u>	<u>6,348,414</u>	<u>527,084</u>

H. Notes payable

The City issues notes payable to provide funds for the acquisition and construction of major capital facilities, infrastructure, and equipment. Bonds and notes payable at June 30, 2022, are as follows:

	Original borrowing	Interest rates	Final maturity	Outstand- ing at year end
Governmental activities				
Information center	\$135,000	2.50%	2027	\$72,313
Street sweeper	45,568	2.81%	2024	23,867
School renovations	7,766,994	3.0%-7.0%	2025	1,165,050
Day treatment land and building	375,000	3.31%	2027	196,955
Middle and High School improvements	727,558	0.00%	2034	218,267
Total governmental activities				1,676,452
Business-type activities				
Sewer refunding	\$978,822	1.00%	2030	415,040
Sewer refunding	943,371	1.00%	2030	400,009
Sewer SRF	1,243,000	1.00%	2031	590,038
Sewer refunding	1,231,000	1.50%	2031	599,453
Sewer	777,000	2.25%	2040	552,988
Sewer	500,000	1.38%	2045	424,117
Sewer - clean water	431,000	1.00%	2041	81,874
Sewer	397,500	1.00%	2041	98,187
Sewer	700,000	1.00%	2041	174,002
Water	1,963,998	0.00%	2032	818,329
Water SRF	914,500	0.00%	2037	489,911
Water	261,000	0.00%	2039	83,738
Water	44,500	0.00%	2039	25,959
Water	835,000	0.00%	2040	350,700
Water	695,000	0.00%	2042	254,834
Water refinance	127,241	2.75%	2026	54,394
Water	305,000	1.00%	2044	185,880
Water	195,593	1.00%	2037	117,356
Water	596,484	1.00%	2037	343,725
Water - drinking water	342,766	1.00%	2040	233,608
Ambulance	60,000	1.53%	2024	33,665
Total business-type activities				6,327,807
Total notes payable				\$8,004,259

The debt service requirements for the City's bonds and notes are as follows:

Year ending <u>June 30</u>	<u>Governmental activities</u>		<u>Business-type activities</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
2023	\$459,600	49,280	527,084	54,720	17,676	1,108,360
2024	468,277	30,002	511,869	50,131	17,028	1,077,307
2025	465,448	10,195	502,573	45,702	17,024	1,040,942
2026	78,859	2,751	506,898	41,291	17,019	646,818
2027	73,307	947	511,295	36,807	17,015	639,371
2028-2032	109,134	-	2,207,402	120,069	67,005	2,503,610
2033-2037	21,827	-	979,189	57,249	23,286	1,081,551
2038-2042	-	-	499,828	17,905	9,296	527,029
2043-2045	-	-	81,669	1,926	-	83,595
Totals	\$1,676,452	93,175	6,327,807	425,800	185,349	8,708,583

The City has signed an agreement to borrow \$175,000 with an interest rate of 3.79% to be paid back over six years to purchase a dump truck. The note will begin when the City receives and pays for the dump truck.

I. Leases

Leases payable

During the current fiscal year, the City entered into a six-year lease agreement as lessee for the use of copier equipment. An initial lease liability was recorded in the amount of \$123,670 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$110,998. The City is required to make monthly principal and interest payments of \$1,879. The City used an incremental borrowing rate of 3% when calculating the lease liability. The copier equipment has a six-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$123,749 and had accumulated amortization of \$13,752.

The future principal and interest lease payments as of June 30, 2022, were as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$19,488	3,060	22,548
2024	20,077	2,471	22,548
2025	20,687	1,861	22,548
2026	21,317	1,231	22,548
2027	21,963	585	22,548
2028	7,466	51	7,517
Totals	\$110,998	9,259	120,257

J. Pension plans

Plan description

The City participates in the Participating Local District (PLD) Consolidated and the State Employee and Teacher (SET) Plans, which are cost-sharing, multiple-employer defined benefit pension plans administered by the Maine Public Employees Retirement System (MPERS), which is a component unit of the State of Maine. MPERS assets are held in trust for the plan beneficiaries. MPERS is established and administered under the laws of the State of Maine.

Benefits provided

Benefit terms are established in Maine statute; in the case of the PLD plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. MPERS 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 SET members; separate legislation enacted the same reduced requirement for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for SET members 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. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits which are established by statute for SET members and by contract with other participating employers under applicable statutory provisions.

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 MPERS Board of Trustees and is currently 0.93%.

Contributions

Retirement benefits are funded by contributions from employee and employers and by earnings from investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Employee and employer contribution rates are each a percentage of applicable employee compensation. Employee contribution rates are defined by law, or by the MPERS Board of Trustees and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

PLD plan – Employees were required to contribute 7.05% and 7.8% of their annual pay for the age 65 AC Plan and the age 60 AC Plan, respectively. The City's contractually required rate for the year

ended June 30, 2022, was 10.3% of annual pay. The City made contributions to the pension plan of \$198,823 for the year ended June 30, 2022.

SET plan - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees were required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2022, was 18.13% of annual payroll of which 3.84% of payroll was required from the City and 14.29% was required from the State. The City made contributions to the pension plan of \$139,923 for the year ended June 30, 2022.

Proportionate share of the net pension (asset) liability

PLD plan - At June 30, 2022, the City reported an asset of \$88,717 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the pension liability was based on the City's contributions recognized by the plan during the measurement period, adjusted for contributions for employer-specific and employer-paid employee contributions. The City's proportionate share was 0.2761% at the end of the measurement period and 0.2861% for the beginning of the period, which represents a decrease of 0.01%.

SET plan - At June 30, 2022, the City reported a liability of \$154,566 for its proportionate share of the net pension liability. The State's proportionate share of the net pension liability associated with the City was \$2,042,971, for a total of \$2,197,537. The pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the pension liability was based on unfunded actuarial liability contributions to the plan. The City's proportionate share was 0.0183% at the end of the measurement period and 0.0156% for the beginning of the period, which represents an increase of 0.0027%.

Actuarial assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions:

	<u>PLD plan</u>	<u>SET plan</u>
Actuarial valuation date	June 30, 2021	June 30, 2021
Measurement date	June 30, 2021	June 30, 2021
Actuarial cost method	Entry age normal	Entry age normal
Assumptions		
Investment rate of return	6.50%	6.50%
Inflation rate	2.75%	2.75%
Annual salary increases	2.75%-11.48%	2.80%-13.03%
Cost of living adjustments	1.91%	2.20%

Mortality rates for PLD members 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. Mortality rates for teachers are based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

The actuarial assumptions used for the year ended June 30, 2021 actuarial valuation were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major 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 geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	6.0%
U.S. government	2.3%
Private equity	7.6%
Real assets:	
Real estate	5.2%
Infrastructure	5.3%
Natural resources	5.0%
Traditional credit	3.0%
Alternative credit	7.2%
Diversifiers	5.9%

Discount rate

The discount rate used to measure the collective total pension liability was 6.5% for 2021 for each 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 and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate sensitivity analysis

The following presents the City's proportionate share of the net pension liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
PLD plan - proportionate share net pension (asset) liability	\$1,262,501	(88,717)	(1,206,353)
SET plan – proportionate share net pension (asset) liability	405,909	154,566	(54,702)

Pension expense and deferred items summary

For the year ended June 30, 2022, the City recognized pension expense (credit) of (\$21,883) and \$177,592 for its proportionate share of the pension expense for the PLD and SET plans, respectively. Additionally, the City recognized revenue of \$457,778 for support provided by the State for the SET plan. At June 30, 2022, the City reported its proportionate share of the deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
PLD plan		
Differences between expected and actual experience	\$57,389	6,030
Differences between expected and actual investment earnings	-	1,209,252
Changes of assumptions	297,906	-
Changes in proportion	1,497	23,614
Contributions paid subsequent to the measurement date	198,823	-
<u>Totals PLD plan</u>	<u>555,615</u>	<u>1,238,896</u>
SET plan		
Differences between expected and actual experience	2,291	3,160
Differences between expected and actual investment earnings	-	210,609
Changes of assumptions	105,381	-
Changes in proportion	38,901	-
Contributions paid subsequent to the measurement date	139,923	-
<u>Totals SET plan</u>	<u>286,496</u>	<u>213,769</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$842,111</u>	<u>1,452,665</u>

Deferred outflows of resources reported \$338,746 related to pensions resulting from the City's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending		
<u>June 30</u>	<u>PLD plan</u>	<u>SET plan</u>
2023	(\$144,790)	19,290
2024	(126,017)	20,059
2025	(275,269)	(47,841)
2026	(336,028)	(58,704)

Pension plan fiduciary net position

The MPERS fiduciary net position has been determined using the same basis used to determine the net pension liability, deferred outflows and inflows of resources related to pension, and pension expense. For this purpose, revenues are recognized when earned and expenses are recognized when incurred.

Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Detailed information about the MPERS fiduciary net position is available in a separately issued MPERS financial report. That report may be obtained on the MPERS website at www.maineopers.org.

K. Other postemployment benefit (OPEB) obligations – life insurance

Plan description

The City participates in the Participating Local District (PLD) Consolidated and the State Employee and Teacher (SET) Group Life Insurance Plans, which are cost-sharing, multiple-employer defined benefit OPEB plans administered by the Maine Public Employees Retirement System (MPERS), which is a component unit of the State of Maine. MPERS assets are held in trust for the plan beneficiaries. MPERS is established and administered under the laws of the State of Maine.

Benefits provided

The group life insurance plans provide basic group life insurance benefits, during retirement, to retirees who participated in the plans 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 group life insurance is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions and funding policy

Premium rates are those determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period.

The City made contributions to the PLD plan of \$6,699 for the year ended June 30, 2022. Employees are not required to contribute to the PLD plan. The State of Maine made contributions to the SET plan on-behalf of the City of \$14,560 for the year ended June 30, 2022. The City and employees are not required to contribute to the SET plan.

Proportionate share of the net OPEB liability

PLD plan - At June 30, 2022, the City reported a liability of \$53,900 for its proportionate share of the net OPEB liability. The OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the OPEB liability was based on the City's contributions recognized by the plan during the

measurement period. The City's proportionate share was 0.5221% at the end of the measurement period and 0.5473% for the beginning of the period, which represents a decrease of 0.0252%.

SET plan - At June 30, 2022, the City reported no liability for its proportionate share of the net OPEB liability. The State's proportionate share of the net OPEB liability associated with the City was \$62,154, for a total of \$62,154. The OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the OPEB liability was 0% at the end of the measurement period.

Actuarial assumptions

The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions:

	<u>PLD plan</u>	<u>SET plan</u>
Actuarial valuation date	June 30, 2021	June 30, 2021
Measurement date	June 30, 2021	June 30, 2021
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	Fair value	Fair value
Assumptions		
Investment rate of return	6.50%	6.50%
Inflation rate	2.75%	2.75%
Annual salary increases	2.75%-11.48%	2.80%-13.03%

Mortality rates for PLD members 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. Mortality rates for teachers are based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

The actuarial assumptions used for the year ended June 30, 2021 actuarial valuation were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020.

Long-term expected rate of return

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

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	6.0%
Real estate	5.2%
Traditional credit	3.0%
U.S. government securities	2.3%

Discount rate

The discount rate used to measure the collective total OPEB liability was 6.5% for 2021 for the plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount rate sensitivity analysis

The following presents the City's proportionate share of the net OPEB liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
PLD plan - proportionate share net OPEB liability	\$80,012	53,900	32,953

OPEB expense and deferred items summary

For the year ended June 30, 2022, the City recognized OPEB expense (credit) of (\$4,078) and \$780 for its proportionate share of the OPEB expense for the PLD and SET plans, respectively. Additionally the City recognized revenue of \$14,560 for support provided by the State for the SET plan. At June 30, 2022, the City reported its proportionate share of the deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
PLD plan		
Differences between expected and actual experience	\$6,091	-
Differences between expected and actual investment earnings	-	16,543
Changes of assumptions	9,093	36,347
Changes in proportion	12,646	4,963
Contributions paid subsequent to the measurement date	6,699	-
<u>Total deferred outflows and inflows of resources</u>	<u>\$34,529</u>	<u>57,853</u>

Deferred outflows of resources reported \$6,699 related to OPEB resulting from the City's contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in

the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending	
<u>June 30</u>	<u>PLD plan</u>
2023	(\$10,029)
2024	(3,912)
2025	(6,818)
2026	(9,180)
2027	(42)
Thereafter	(42)

OPEB plan fiduciary net position

The MPERS fiduciary net position has been determined using the same basis used to determine the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Detailed information about the MPERS fiduciary net position is available in a separately issued MPERS financial report. That report may be obtained on the MPERS website at www.mainebers.org.

L. Other postemployment benefit (OPEB) obligations – health insurance

Plan description

The State offers a post-retirement benefit plan providing health insurance to certain retiring School Department employees. The State sponsors a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (MEABT). The State Legislature has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Plan membership

At June 30, 2020, membership consisted of:

Inactive members currently receiving benefits	51
Inactive members entitled to but not yet receiving benefits	-
<u>Active members</u>	<u>83</u>
<u>Total</u>	<u>134</u>

Benefits provided

Healthcare insurance benefits are provided for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement, and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 55% of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members. The retiree pays 45% of the blended premium rate for coverage elected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree (and/or spouse).

Net OPEB liability

At June 30, 2022, the City reported a total OPEB liability of \$2,730,125. The OPEB liability was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2020.

Actuarial assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry age normal
Assumptions	
Inflation rate	2.00%
Annual salary increases	2.80%-13.03%
Healthcare cost trend rates - non-Medicare decreasing to	6.21% in 2021 3.25% in 2040
Healthcare cost trend rates - Medicare decreasing to	0.00% in 2021 3.25% in 2040

The rates of mortality are based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table.

Actuarial assumptions used for the June 30, 2020 valuation 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.

Discount rate

Using the Bond Buyer 20-Bond GO Index, the discount rate used to measure the total OPEB liability was 2.16%. These rates are assumed to be an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in total OPEB liability

Balances beginning of year	\$2,689,526
Changes for the period	
Service cost	36,637
Interest	59,432
Changes of benefits	-
Differences between expected and actual experience	-
Changes of assumptions	18,789
Benefit payments	(74,259)
Net changes	40,599
Balances end of year	\$2,730,125

Discount rate and healthcare rate sensitivity analysis

The following is a sensitive analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability calculated using the discount rate of 2.16% as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Total OPEB liability	\$3,146,933	2,730,125	2,386,326

The table below presents the total OPEB liability calculated using the healthcare rates disclosed above as well as what the total OPEB liability would be if it were calculated using a healthcare rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Total OPEB liability	\$2,347,019	2,730,125	3,199,329

OPEB expense and deferred items summary

For the year ended June 30, 2022, the City recognized OPEB expense of \$228,936. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Differences between expected and actual experience	\$7,282	-
Changes of assumptions	551,000	15,962
Contributions paid subsequent to the measurement date	73,324	-
Total deferred outflows and inflows of resources	\$631,606	15,962

Deferred outflows of resources reported \$73,324 related to OPEB resulting from the City's contributions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in

the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending	
<u>June 30</u>	
2023	\$132,867
2024	148,828
2025	128,748
2026	128,748
2027	3,129

M. Fund balance

Components of fund balance

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General fund				
Inventory and prepaids	\$62,595	-	-	-
Budget appropriation	-	-	-	63,650
School department	146,350	1,066,158	-	-
Day treatment	-	366,694	-	-
Special revenue funds				
City services	-	60,635	6,973	-
Public safety	-	13,091	2,226	-
Public works	-	-	29,618	-
Economic development loans	-	481,939	-	-
School grants and other purposes	-	103,179	29,300	-
Student activities	-	-	186,975	-
Capital project funds				
Town capital projects	-	3,512	541,783	-
Permanent funds				
Held in perpetuity	494,540	-	-	-
Cemetery upkeep	-	48,325	-	-
Library building maintenance and books	-	48,261	-	-
Pool maintenance	-	4,104	-	-
Total	\$703,485	2,195,898	796,875	63,650

As of June 30, 2022, the school department fund balance totaled \$1,212,508 and is reported as nonspendable and restricted for education in the financial statements. Of this total, \$535,463 is assigned for use of surplus for the 2022-2023 fiscal year budget, and the remaining \$530,695 is considered unassigned.

N. Interfund balances

The outstanding balances between funds result from receipts and disbursements being made through consolidated cash accounts held by the general fund. The composition of interfund balances as of June 30, 2022, is as follows:

<u>Receivable fund (due from)</u>	<u>Payable fund (due to)</u>	<u>Amount</u>
General fund	Sewer fund	\$2,419,762
General fund	Water fund	190,982
General fund	Ambulance fund	614,007
General fund	NWSARAS ambulance	2,247
General fund	Nonmajor funds	59,197
School department	Nonmajor funds	1,219,547
Day treatment	School department	425,884
Nonmajor funds	General fund	848,681
<u>Total</u>		<u>\$5,780,307</u>

The water fund is reported as of December 31, 2021, and the interfund payable balance reported as of that date is \$117,214. The difference of \$73,768 is reported as the internal balance amount on the statement of net position.

O. Interfund transfers

The composition of interfund transfers for the year ended June 30, 2022, is as follows:

	<u>Transfers in</u>			<u>Total</u>
	<u>General fund</u>	<u>School department</u>	<u>Nonmajor funds</u>	
<u>Transfers out</u>				
General fund	\$-	1,255,233	276,980	1,532,213
School department	-	-	15,000	15,000
Water fund	57,711	-	-	57,711
<u>Total</u>	<u>\$57,711</u>	<u>1,255,233</u>	<u>291,980</u>	<u>1,604,924</u>

During the year, transfers are used to move revenues from the fund with collection authorization, the general fund, to the school department (\$1,255,233), special revenue funds (\$5,300), capital project funds (\$268,878), and the cemetery trust (\$2,802). The school department budgeted to move amounts to the school lunch fund (\$15,000). The water fund transfers \$57,711 to the general fund for its share of administrative costs.

P. Risk management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City carries commercial insurance and participates in public entity risk pools sponsored by the Maine Municipal Association and the Maine School

Management Association. Based on the coverages provided, the City is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2022.

Q. Contingencies

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

R. Restatement of net position

As of July 1, 2021, the City increased notes payable by \$1,784,368 to account for the elementary and high school renovation note and the day treatment land and building note. These notes were disclosed as overlapping debt in prior years. This restatement decreased beginning net position by \$1,784,368.

City of Calais, Maine

Required supplementary information

Schedule of City's proportionate share of the net pension liability

Maine Public Employees Retirement System

Last ten fiscal years (only eight years available)

	2022	2021	2020	2019	2018	2017	2016	2015
PLD plan								
City's proportion of the net pension liability	0.2761%	0.2861%	0.2857%	0.2843%	0.2872%	0.2832%	0.2737%	0.3073%
City's proportionate share of the net pension liability	\$ (88,717)	1,136,832	873,290	778,136	1,176,018	1,504,835	873,381	472,801
City's covered payroll	1,870,048	1,837,507	1,756,765	1,636,334	1,549,657	1,489,726	1,432,520	1,636,481
City's proportionate share of the net pension liability as a percentage of its covered payroll	-4.74%	61.87%	49.71%	47.55%	75.89%	101.01%	60.97%	28.89%
Plan fiduciary net position as a percentage of the total pension liability	100.86%	88.35%	90.62%	91.14%	96.43%	81.61%	88.27%	94.10%
SET plan								
City's proportion of the net pension liability	0.0183%	0.0156%	0.0134%	0.0151%	0.0142%	0.0150%	0.0137%	0.0162%
City's proportionate share of the net pension liability	\$ 154,566	254,125	196,310	203,348	206,957	265,264	185,628	174,495
State's proportionate share of the net pension liability associated with the City	2,042,971	4,385,462	3,485,830	3,325,142	3,402,301	4,460,648	3,645,902	3,125,546
Total	\$ 2,197,537	4,639,587	3,682,140	3,528,490	3,609,258	4,725,912	3,831,530	3,300,041
City's covered payroll	\$ 3,371,129	3,281,499	3,405,846	3,213,091	3,005,936	3,161,879	3,236,834	3,426,161
City's proportionate share of the net pension liability as a percentage of its covered payroll	4.58%	7.74%	5.76%	6.33%	6.88%	8.39%	5.73%	5.09%
Plan fiduciary net position as a percentage of the total pension liability	90.90%	81.03%	82.73%	82.90%	80.78%	76.21%	81.18%	83.91%

Schedule of City's pension contributions

Maine Public Employees Retirement System

Last ten fiscal years (only eight years available)

	2022	2021	2020	2019	2018	2017	2016	2015
PLD plan								
Contractually determined contribution	\$ 198,823	188,875	183,750	175,678	157,088	147,217	132,586	111,737
Contributions in relation to the contractually required contribution	(198,823)	(188,875)	(183,750)	(175,678)	(157,088)	(147,217)	(132,586)	(111,737)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-
City's covered payroll	1,930,324	1,870,048	1,837,507	1,756,765	1,636,334	1,549,657	1,489,726	1,432,520
Contributions as a percentage of covered payroll	10.30%	10.10%	10.00%	10.00%	9.60%	9.50%	8.90%	7.80%
SET plan								
Contractually determined contribution	\$ 139,923	140,239	136,403	135,213	127,520	100,975	106,239	85,776
Contributions in relation to the contractually required contribution	(139,923)	(140,239)	(136,403)	(135,213)	(127,520)	(100,975)	(106,239)	(85,776)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-
City's covered payroll	\$ 3,643,846	3,371,129	3,281,499	3,405,846	3,213,091	3,005,936	3,161,879	3,236,834
Contributions as a percentage of covered payroll	3.84%	4.16%	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%

City of Calais, Maine

Required supplementary information

Schedule of City's proportionate share of the net OPEB liability

Maine Public Employees Retirement System

Last ten fiscal years (only five years available)

	2022	2021	2020	2019	2018
PLD plan					
City's proportion of the net OPEB liability	0.5221%	0.5473%	0.4873%	0.4533%	0.4520%
City's proportionate share of the net OPEB liability	\$ 53,900	72,205	104,264	91,571	75,573
City's covered-employee payroll	1,870,048	1,837,507	1,756,765	1,636,334	1,549,657
City's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	2.88%	3.93%	5.93%	5.60%	4.88%
Plan fiduciary net position as a percentage of the total OPEB liability	67.26%	55.39%	43.18%	43.92%	47.42%
SET plan					
City's proportion of the net OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
City's proportionate share of the net OPEB liability	\$ -	-	-	-	-
State's proportionate share of the net OPEB liability associated with the City	62,154	117,806	113,459	110,371	104,614
Total	\$ 62,154	117,806	113,459	110,371	104,614
City's covered-employee payroll	\$ 3,371,129	3,281,499	3,405,846	3,213,091	3,005,936
City's proportionate share of the net OPEB liability as a percentage of its covered-employee 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%	49.51%	49.22%	48.04%	47.29%

Schedule of City's OPEB contributions

Maine Public Employees Retirement System

Last ten fiscal years (only five years available)

	2022	2021	2020	2019	2018
PLD plan					
Contractually determined contribution	\$ 6,699	7,205	6,753	5,873	5,979
Contributions in relation to the contractually required contribution	(6,699)	(7,205)	(6,753)	(5,873)	(5,979)
Contribution deficiency (excess)	\$ -	-	-	-	-
City's covered-employee payroll	1,930,324	1,870,048	1,837,507	1,756,765	1,636,334
Contributions as a percentage of covered-employee payroll	0.35%	0.39%	0.37%	0.33%	0.37%

City of Calais, Maine

Required supplementary information

Schedule of changes in the City's total OPEB liability and related ratios

Last ten fiscal years (only four years available)

	2022	2021	2020	2019
<u>Total OPEB liability - MEABT plan</u>				
Service cost	\$ 36,637	11,162	9,285	10,042
Interest	59,432	73,169	76,832	73,823
Changes of benefits	-	(185,082)	-	-
Differences between expected and actual experience	-	10,924	-	-
Changes of assumptions	18,789	742,772	100,404	(79,810)
Benefit payments	(74,259)	(84,843)	(81,521)	(78,703)
Net change in total OPEB liability - MEABT plan	40,599	568,102	105,000	(74,648)
 Total OPEB liability - beginning	 2,689,526	 2,121,424	 2,016,424	 2,091,072
Total OPEB liability - ending	\$ 2,730,125	2,689,526	2,121,424	2,016,424
 Covered-employee payroll	 \$ 3,518,255	 3,432,444	 3,632,910	 3,535,679
Total OPEB liability as a percentage of covered-employee payroll	77.60%	78.36%	58.39%	57.03%

City of Calais, Maine

Notes to required supplementary information

Pension plans

Changes of benefit terms - None

Changes of assumptions - The following are changes in actuarial assumptions used in valuations:

	2021	2020	2019	2018	2017	2016	2015	2014
Discount rate - PLD	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.25%	7.25%
Discount rate - SET	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.125%	7.25%
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases - PLD	2.75-11.48%	2.75% + merit	2.75-9.00%	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%	3.50-9.50%
Salary increases - SET	2.80-13.03%	2.75% + merit	2.75-14.50%	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases - PLD	1.91%	1.91%	2.20%	2.20%	2.20%	2.55%	3.12%	3.12%
Cost of living increases - SET	2.20%	2.20%	2.20%	2.20%	2.20%	2.55%	2.55%	2.55%

Mortality rates - **2015**: RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. **2016**: RP2014 Total Data Set Healthy Annuitant Mortality Table. **2021**: 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table (PLD) and 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table (SET).

Other postemployment benefit (OPEB) obligations - life insurance

Changes of benefit terms - None

Changes of assumptions - The following are changes in actuarial assumptions used in valuations:

	2021	2020	2019	2018	2017
Discount rate - PLD	6.50%	6.75%	4.98%	5.13%	5.41%
Discount rate - SET	6.50%	6.75%	6.75%	6.75%	6.875%

Other postemployment benefit (OPEB) obligations - health insurance

Changes of benefit terms - In 2020, implemented the Medicare Advantage plan.

Changes of assumptions - The following are changes in actuarial assumptions used in valuations:

	2021	2020	2019	2018	2017
Discount rate	2.16%	2.21%	3.50%	3.87%	3.58%

City of Calais, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2022

(with comparative totals for the year ended June 30, 2021)

		2022				
		Original budget	Final budget	Actual	Variance positive (negative)	2021 actual
Revenues						
Property taxes						
Real estate and personal property	\$	3,613,782	3,613,782	3,700,033	86,251	3,732,687
Excise taxes		638,000	638,000	626,440	(11,560)	653,931
Payments in lieu of taxes		28,000	28,000	28,320	320	28,346
Interest on taxes		46,000	46,000	49,897	3,897	61,946
Total property taxes		4,325,782	4,325,782	4,404,690	78,908	4,476,910
Intergovernmental						
State revenue sharing		533,886	533,886	811,562	277,676	547,438
Homestead exemption		251,556	251,556	251,556	-	284,950
Business equipment tax reimbursement		13,693	13,693	13,026	(667)	15,707
Veterans exemption		-	-	3,034	3,034	3,326
Tree growth exemption		27,000	27,000	32,059	5,059	27,880
Snowmobile reimbursement		1,000	1,000	609	(391)	649
General assistance		8,358	8,358	4,523	(3,835)	4,326
Urban rural initiative payment		40,000	40,000	41,508	1,508	38,300
Total intergovernmental		875,493	875,493	1,157,877	282,384	922,576
Charges for services						
Administration		15,000	15,000	16,355	1,355	14,637
Code enforcement		3,500	3,500	3,923	423	6,170
EMS administration		69,900	69,900	69,869	(31)	69,218
Motor vehicle agent fees		5,900	5,900	6,147	247	6,215
Library		5,500	5,500	3,446	(2,054)	3,287
Recreation		74,000	74,000	70,838	(3,162)	40,926
Transfer station		41,500	41,500	35,981	(5,519)	43,406
Total charges for services		215,300	215,300	206,559	(8,741)	183,859
Interest						
		3,500	3,500	5,260	1,760	2,940
Miscellaneous						
Sale of property		1,000	1,000	-	(1,000)	-
Police		1,150	1,150	360	(790)	465
Fire		500	500	3,648	3,148	28
Public works		8,525	8,525	10,626	2,101	8,216
Cemetery		9,000	9,000	13,001	4,001	12,559
Other		200	200	3,156	2,956	816
Total miscellaneous		20,375	20,375	30,791	10,416	22,084
Total revenues		5,440,450	5,440,450	5,805,177	364,727	5,608,369

City of Calais, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2022

(with comparative totals for the year ended June 30, 2021)

	2022				
	Original budget	Final budget	Actual	Variance positive (negative)	2021 actual
Expenditures					
Current:					
General government					
City council	15,188	15,188	15,187	1	15,230
City manager	87,025	87,025	87,421	(396)	84,301
City clerk	92,575	92,575	86,674	5,901	82,365
Finance department	194,275	194,275	192,076	2,199	183,064
Legal services	30,000	30,000	39,603	(9,603)	13,670
Assessing	99,345	99,345	98,493	852	92,154
City building	82,962	93,962	85,027	8,935	74,559
St. Croix fire house	2,030	2,030	870	1,160	1,588
Public buildings - north	54,450	54,450	45,811	8,639	46,694
Total general government	657,850	668,850	651,162	17,688	593,625
City services					
Library	165,530	165,530	155,890	9,640	143,154
Recreation	255,345	255,345	254,718	627	230,184
Subsidies and donations	16,380	16,380	15,989	391	16,029
Total city services	437,255	437,255	426,597	10,658	389,367
Public safety					
Police	606,210	606,210	384,173	222,037	511,845
Fire	422,100	422,100	427,162	(5,062)	398,373
Street and traffic lights	79,000	79,000	76,851	2,149	70,737
Total public safety	1,107,310	1,107,310	888,186	219,124	980,955
Public works					
Public works	722,410	722,410	693,537	28,873	613,290
Transfer station	96,675	96,675	102,976	(6,301)	100,175
Cemetery	123,675	123,675	112,548	11,127	113,693
Total public works	942,760	942,760	909,061	33,699	827,158
Education (transfer out)	1,290,070	1,290,070	1,255,233	34,837	1,351,336
County tax	279,314	279,314	279,314	-	278,425
Miscellaneous					
Hydrants	206,737	206,737	206,737	-	206,737
Insurance	73,650	73,650	77,769	(4,119)	70,301
Contingency	35,000	35,000	18,529	16,471	52
Other	21,790	21,790	19,897	1,893	16,108
Total miscellaneous	337,177	337,177	322,932	14,245	293,198
Debt service	20,000	20,000	20,000	-	17,118
Capital outlay	420,500	420,500	473,461	(52,961)	363,778
Total expenditures	5,492,236	5,503,236	5,225,946	277,290	5,094,960
Excess (deficiency) of revenues over (under) expenditures	(51,786)	(62,786)	579,231	642,017	513,409
Other financing sources (uses)					
Transfers in	69,400	69,400	57,711	(11,689)	61,980
Use of fund balance	53,400	64,400	-	(64,400)	-
Total other financing sources (uses)	122,800	133,800	57,711	(76,089)	61,980
Net change in fund balance	71,014	71,014	636,942	565,928	575,389
Fund balance - beginning			2,811,442		2,236,053
Fund balance - ending		\$	3,448,384		2,811,442

City of Calais, Maine

School department

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2022

(with comparative totals for the year ended June 30, 2021)

	2022				2021 actual
	Original budget	Final budget	Actual	Variance positive (negative)	
Revenues					
Local assessments (transfer in) \$	1,290,070	1,290,070	1,255,233	(34,837)	1,351,336
Intergovernmental					
State subsidy	5,287,336	5,287,336	5,417,469	130,133	5,050,821
MaineCare	292,600	292,600	189,827	(102,773)	167,819
Assessments	115,566	115,566	115,566	-	115,224
Efficiency Maine	-	-	116,708	116,708	-
Total intergovernmental	5,695,502	5,695,502	5,839,570	144,068	5,333,864
Charges for services					
Elementary tuition	190,064	190,064	181,147	(8,917)	253,065
Secondary tuition	864,155	864,155	996,222	132,067	1,078,023
Special education tuition	292,900	292,900	272,490	(20,410)	285,932
Total charges for services	1,347,119	1,347,119	1,449,859	102,740	1,617,020
Miscellaneous					
Other	21,687	21,687	32,126	10,439	32,849
Total miscellaneous	21,687	21,687	32,126	10,439	32,849
Total revenues	8,354,378	8,354,378	8,576,788	222,410	8,335,069
Expenditures					
Current:					
Regular instruction	2,938,334	2,938,334	2,863,577	74,757	2,721,419
Special education	1,449,048	1,449,048	1,223,778	225,270	1,156,098
Career and technical education	1,199,500	1,199,500	1,094,823	104,677	991,609
Other instruction	175,975	175,975	157,580	18,395	128,451
Student and staff support	434,616	434,616	383,771	50,845	360,853
System administration	423,406	423,406	386,351	37,055	412,767
School administration	379,946	379,946	373,547	6,399	354,926
Transportation	400,734	400,734	673,092	(272,358)	384,555
Facilities maintenance	838,364	838,364	890,930	(52,566)	832,283
Debt service	445,927	445,927	445,910	17	462,253
Total expenditures	8,685,850	8,685,850	8,493,359	192,491	7,805,214
Excess (deficiency) of revenues over (under) expenditures	(331,472)	(331,472)	83,429	414,901	529,855
Other financing sources (uses)					
Transfers out	(15,000)	(15,000)	(15,000)	-	(15,000)
Use of fund balance	346,472	346,472	-	(346,472)	-
Total other financing sources (uses)	331,472	331,472	(15,000)	(346,472)	(15,000)
Net change in fund balance			68,429		514,855
Fund balance - beginning			1,144,079		629,224
Fund balance - ending			\$ 1,212,508		1,144,079

City of Calais, Maine

Combining balance sheet
Nonmajor governmental funds
June 30, 2022

	Special revenue funds	Capital project funds	Permanent funds	Total nonmajor governmental funds
Assets				
Cash and cash equivalents	\$ 337,032	-	150,057	487,089
Investments	255,616	-	421,576	677,192
Accounts receivable, net	1,206,929	74,790	-	1,281,719
Due from other funds	359,071	485,934	3,676	848,681
Loans receivable, net	135,519	-	-	135,519
Inventory	12,298	-	-	12,298
Total assets	\$ 2,306,465	560,724	575,309	3,442,498
Liabilities				
Accounts payable	42,343	-	-	42,343
Accrued wages and benefits	60,714	-	-	60,714
Unearned revenue	263,939	-	-	263,939
Due to other funds	1,201,619	77,125	-	1,278,744
Total liabilities	1,568,615	77,125	-	1,645,740
Fund balances				
Nonspendable	-	-	494,540	494,540
Restricted	658,844	3,512	100,690	763,046
Committed	255,092	541,783	-	796,875
Unassigned	(176,086)	(61,696)	(19,921)	(257,703)
Total fund balances	737,850	483,599	575,309	1,796,758
Total liabilities and fund balances	\$ 2,306,465	560,724	575,309	3,442,498

City of Calais, Maine

Combining statement of revenues, expenditures, and changes in fund balances

Nonmajor governmental funds

For the year ended June 30, 2022

		Special revenue funds	Capital project funds	Permanent funds	Total nonmajor governmental funds
Revenues					
Intergovernmental	\$	2,152,654	-	-	2,152,654
Charges for services		73,624	-	-	73,624
Student activity fees and fundraisers		113,571	-	-	113,571
Investment income (loss)		(12,710)	-	(23,160)	(35,870)
Miscellaneous		70,378	72,074	4,200	146,652
Total revenues		2,397,517	72,074	(18,960)	2,450,631
Expenditures					
Current:					
General government		66,836	48,325	-	115,161
City services		31,381	23,702	3,750	58,833
Public safety		580	14,060	-	14,640
Public works		1,704	16,150	-	17,854
Education		2,247,359	75,657	-	2,323,016
Debt service		15,581	-	-	15,581
Total expenditures		2,363,441	177,894	3,750	2,545,085
Excess (deficiency) of revenues over (under) expenditures		34,076	(105,820)	(22,710)	(94,454)
Other financing sources (uses)					
Transfers in		20,300	268,878	2,802	291,980
Transfers out		-	-	-	-
Notes issued		-	74,790	-	74,790
Total other financing sources (uses)		20,300	343,668	2,802	366,770
Net change in fund balances		54,376	237,848	(19,908)	272,316
Fund balances - beginning		683,474	245,751	595,217	1,524,442
Fund balances - ending	\$	737,850	483,599	575,309	1,796,758

City of Calais, Maine

Combining balance sheet

Special revenue funds

June 30, 2022

		City grants and other funds	Economic development loan fund	Downtown TIF	School grants and other funds	School lunch	Student activities	Total special revenue funds
Assets								
Cash and cash equivalents	\$	-	150,057	-	-	-	186,975	337,032
Investments		-	255,616	-	-	-	-	255,616
Accounts receivable, net		-	-	-	1,183,560	23,369	-	1,206,929
Due from other funds		359,071	-	-	-	-	-	359,071
Loans receivable, net		-	135,519	-	-	-	-	135,519
Inventory		-	-	-	-	12,298	-	12,298
Total assets	\$	359,071	541,192	-	1,183,560	35,667	186,975	2,306,465
Liabilities								
Accounts payable		-	2,917	-	37,664	1,762	-	42,343
Accrued wages and benefits		-	-	-	60,714	-	-	60,714
Unearned revenue		263,939	-	-	-	-	-	263,939
Due to other funds		-	56,336	2,861	1,031,143	111,279	-	1,201,619
Total liabilities		263,939	59,253	2,861	1,129,521	113,041	-	1,568,615
Fund balances								
Nonspendable		-	-	-	-	-	-	-
Restricted		73,726	481,939	-	103,179	-	-	658,844
Committed		38,817	-	-	29,300	-	186,975	255,092
Assigned		-	-	-	-	-	-	-
Unassigned		(17,411)	-	(2,861)	(78,440)	(77,374)	-	(176,086)
Total fund balances		95,132	481,939	(2,861)	54,039	(77,374)	186,975	737,850
Total liabilities and fund balances	\$	359,071	541,192	-	1,183,560	35,667	186,975	2,306,465

City of Calais, Maine

Combining statement of revenues, expenditures, and changes in fund balances

Special revenue funds

For the year ended June 30, 2022

	City grants and other funds	Economic development loan fund	Downtown TIF	School grants and other funds	School lunch	Student activities	Total special revenue funds
Revenues							
Property taxes	\$ -	-	-	-	-	-	-
Intergovernmental	53,805	-	-	1,715,451	383,398	-	2,152,654
Charges for services	9,163	10,566	-	-	53,895	-	73,624
Student activity fees and fundraisers	-	-	-	-	-	113,571	113,571
Investment income (loss)	-	(12,710)	-	-	-	-	(12,710)
Miscellaneous	43,485	17,071	-	9,822	-	-	70,378
Total revenues	106,453	14,927	-	1,725,273	437,293	113,571	2,397,517
Expenditures							
Current:							
General government	53,805	10,170	2,861	-	-	-	66,836
City services	31,381	-	-	-	-	-	31,381
Public safety	580	-	-	-	-	-	580
Public works	1,704	-	-	-	-	-	1,704
Education	-	-	-	1,725,161	432,380	89,818	2,247,359
Debt service	-	15,581	-	-	-	-	15,581
Total expenditures	87,470	25,751	2,861	1,725,161	432,380	89,818	2,363,441
Excess (deficiency) of revenues over (under) expenditures	18,983	(10,824)	(2,861)	112	4,913	23,753	34,076
Other financing sources (uses)							
Transfers in	5,300	-	-	-	15,000	-	20,300
Total other financing sources (uses)	5,300	-	-	-	15,000	-	20,300
Net change in fund balances	24,283	(10,824)	(2,861)	112	19,913	23,753	54,376
Fund balances - beginning	70,849	492,763	-	53,927	(97,287)	163,222	683,474
Fund balances - ending	\$ 95,132	481,939	(2,861)	54,039	(77,374)	186,975	737,850

City of Calais, Maine

Combining statement of revenues, expenditures, and changes in fund balances

City grants and other funds

For the year ended June 30, 2022

	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Shore and harbor (BIG) grant	\$ (4,971)	-	-	-	(4,971)
DEP pumpout (BIG) grant	(7,099)	-	-	-	(7,099)
UME education grant	-	-	905	-	(905)
Police drug forfeiture funds	867	-	-	-	867
Donation - skateboard	(687)	-	-	-	(687)
Animal control	2,501	305	580	-	2,226
Wal-Mart grant	1,000	-	105	-	895
Scholarship account	(2,500)	-	-	-	(2,500)
Firefighter training FAC	2,738	-	-	-	2,738
J. Baig bequest - firefighters	2,000	-	-	-	2,000
DARE	5,900	-	-	-	5,900
Fingerprint clinic	1,586	-	-	-	1,586
Day camp	3,899	-	-	-	3,899
Playground	500	-	-	-	500
Smith Field	1,000	-	-	-	1,000
JMG grant	600	-	-	-	600
School basketball	974	-	-	-	974
Pavilion project	(325)	-	-	-	(325)
Tennis donations	(501)	-	-	-	(501)
Eaton foundation - library	138	8,000	1,428	-	6,710
Figure foundation - library	(310)	-	-	-	(310)
Special gift book	861	4,330	2,460	-	2,731
Pike book fund	(113)	-	-	-	(113)
J. Baig bequest - library	1,920	-	-	-	1,920
Pike fund income	39,327	35,310	26,483	-	48,154
Concert donations	50	175	-	-	225
ARPA grant	-	53,805	53,805	-	-
Transfer station professional services	4,000	-	-	1,500	5,500
Environmental monitoring	4,808	-	-	2,000	6,808
Tree planting	1,673	-	-	500	2,173
Tree removal	2,963	-	-	1,300	4,263
Chipping program	8,050	-	500	-	7,550
Goode fuel fund	-	4,528	1,204	-	3,324
\$	70,849	106,453	87,470	5,300	95,132

City of Calais, Maine

Combining statement of revenues, expenditures, and changes in fund balances

School grants and other funds

For the year ended June 30, 2022

	Beginning fund balance	Revenues	Expenditures	Ending fund balance
Kellogg grant	\$ 520	-	-	520
Melmac grant - high school	6,699	-	-	6,699
Melmac grant - tech center	11,941	14,000	12,560	13,381
Maine dairy	28	-	-	28
Rotary grant - BARR	(694)	-	-	(694)
Local funds	7,921	-	9,366	(1,445)
Wellness grant	2,343	-	-	2,343
Suicide prevention grant	7,497	-	-	7,497
Tootsie roll grant	4,154	1,040	257	4,937
Recommissioned computer revenue	364	-	741	(377)
Maine indian education - afterschool	3,550	-	-	3,550
CES afterschool program	(15,376)	8,755	11,940	(18,561)
Mano en mano	(3,311)	-	-	(3,311)
T.A.G.	3,046	-	-	3,046
Underwater robotics	5	-	-	5
EPGY	5,624	-	-	5,624
Private dormant grants	1,750	-	-	1,750
CTE industry standards	22,407	53,984	41,412	34,979
Dental	113	-	-	113
IT-V	6,113	-	-	6,113
Proficiency based education	4,450	-	-	4,450
PEP grant	1,981	-	-	1,981
Advantage ME	170	-	-	170
Momentum	(7,455)	-	-	(7,455)
FEDES grant	3,096	-	-	3,096
Regional support unit	2,108	-	-	2,108
Title IA - disadvantaged	(2,220)	270,808	270,869	(2,281)
Title IA - program improvement	-	47,148	47,148	-
Title IA - program improvement	(5,480)	-	-	(5,480)
Local entitlement	(21,539)	85,745	85,745	(21,539)
Preschool	1,397	-	-	1,397
ESSER 1	-	112,738	112,738	-
Coronavirus relief funds 1	(8,251)	-	999	(9,250)
Coronavirus relief - day programming	189	-	-	189
Coronavirus relief funds 2	(274)	3,093	8,631	(5,812)
ESSER 2	(23)	533,631	533,631	(23)
ESSER 3	-	405,945	405,945	-
WAVES - teens to trails	-	1,500	-	1,500
Project AWARE	(1,600)	-	-	(1,600)
Rural low income	704	88,641	87,791	1,554
Title IIA - supportive effective instruction	12,170	-	-	12,170
Perkins learning center	(253)	43,597	43,956	(612)
HIV prevention	134	-	-	134
Youth suicide prevention	58	-	-	58
HRSA grant - school based health	79	-	-	79
DHHS teen and youth	9,792	54,648	51,432	13,008
	\$ 53,927	1,725,273	1,725,161	54,039

City of Calais, Maine

Combining statement of revenues, expenditures, and changes in fund balances

Student activity funds

For the year ended June 30, 2022

	Beginning fund balance	Revenues	Expenditures	Ending fund balance
Calais High School	\$ 139,281	67,934	57,610	149,605
St. Croix Technical School	20,162	25,224	11,760	33,626
Calais Elementary School	3,779	20,413	20,448	3,744
	<u>\$ 163,222</u>	<u>113,571</u>	<u>89,818</u>	<u>186,975</u>

City of Calais, Maine

Combining statement of revenues, expenditures, and changes in fund balances

Capital project funds

For the year ended June 30, 2022

	Beginning fund balance	Revenues	Expenditures	Notes issued	Transfers in (out)	Ending fund balance
Triangle Park sidewalk project	\$ (43,662)	-	-	-	-	(43,662)
St. Croix roof - insurance claim	-	15,639	-	-	-	15,639
Nash's Lake dam	1,846	-	-	-	-	1,846
Recreation pool donations	(15,699)	-	-	-	-	(15,699)
Library - building fund	20,976	9,000	-	-	-	29,976
Land disposition	96,616	42,630	475	-	-	138,771
Cemetery road repair	9,000	-	-	-	1,275	10,275
Veteran's memorial pavers	2,712	800	-	-	-	3,512
CIP administration	31,693	-	47,850	-	204,099	187,942
CIP fire department	33,299	-	13,705	-	-	19,594
CIP library	18,012	-	19,793	-	1,781	-
CIP recreation department	3,909	-	3,909	-	8,437	8,437
CIP police department	15,827	4,005	355	-	1,000	20,477
CIP public works	46,810	-	16,150	-	44,586	75,246
CIP transfer station	2,335	-	-	-	-	2,335
CIP cemetery	11,277	-	-	-	2,700	13,977
CIP North Street building	12,268	-	-	-	5,000	17,268
School - SCRTC reserve fund	(1,468)	-	-	-	-	(1,468)
Middle and high school projects	-	-	75,657	74,790	-	(867)
	\$ 245,751	72,074	177,894	74,790	268,878	483,599

City of Calais, Maine

Combining statement of revenues, expenditures, and changes in fund balances

Permanent funds

For the year ended June 30, 2022

		Cemetery trust	Library trust	Poor trust	Beckett pool	Total permanent funds
Revenues						
Investment earnings	\$	6,387	2,733	1,500	188	10,808
Investment costs		(2,496)	(1,012)	(594)	(75)	(4,177)
Unrealized gain (loss)		(17,952)	(7,026)	(4,277)	(536)	(29,791)
Contributions/donations		4,200	-	-	-	4,200
Total revenues		(9,861)	(5,305)	(3,371)	(423)	(18,960)
Expenditures						
Current:						
City services		-	-	3,750	-	3,750
Public works		-	-	-	-	-
Total expenditures		-	-	3,750	-	3,750
Excess (deficiency) of revenues over (under) expenditures		(9,861)	(5,305)	(7,121)	(423)	(22,710)
Other financing sources (uses)						
Transfers in		2,802	-	-	-	2,802
Total other financing sources (uses)		2,802	-	-	-	2,802
Net change in fund balances		(7,059)	(5,305)	(7,121)	(423)	(19,908)
Fund balances - beginning		381,730	136,506	62,951	14,030	595,217
Fund balances - ending	\$	374,671	131,201	55,830	13,607	575,309