



CITY OF CALAIS, MAINE

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED, JUNE 30, 2024

City of Calais, Maine

Annual financial report

For the fiscal year ended June 30, 2024

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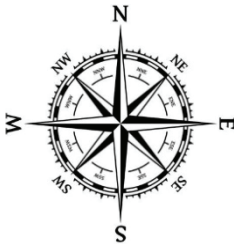
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INDEPENDENT AUDITOR'S REPORT

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, 2024, 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, 2024, and the respective changes in financial position, and where applicable, the cash flows 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 26 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, 2023, 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 March 31, 2025, 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
March 31, 2025**

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, 2024.

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 \$30,892,605 (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 \$1,770,330. The City is committed to providing postemployment benefits to its employees. As a result, the City recognizes substantial liabilities in the financial statements for these benefits. As of June 30, 2024, the City had liabilities of over \$4 million for postemployment benefits, which has caused the deficit balance in the unrestricted net position. The ambulance fund ended the fiscal year with deficit unrestricted net position of \$708,085, which has also contributed to the deficit in unrestricted net position.
- The City's total net position increased \$1,757,609. Revenues exceeding expenses in the proprietary funds are due to grant funds of \$1.1 million related to sewer and water projects. Revenues and debt proceeds exceeded expenditures in governmental funds by over \$1.1 million.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$5,460,942, an increase of \$1,169,049 in comparison with the prior year. Of this amount, \$351,198, or 6.43%, is available for spending at the government's discretion (*unassigned fund balance*), although when taking the deficit unrestricted net position balance of the 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 \$1,360,519, or approximately 23.6% of total general fund expenditures and transfers out. The general fund's unrestricted fund balance helps mitigate the \$708,085 deficit unrestricted net position in the ambulance fund.
- At the end of the current fiscal year, the school department had an ending fund balance of \$1,980,687, or 20.5% of school department expenditures. The day treatment program ended the current fiscal year with a fund balance of \$97,591, or 4.4% 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 13-14 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, school department, day treatment program, and school grants and other funds which are considered to be major funds. Data from the other ten

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 15-19 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 20-22 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 23-24 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 25-53 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 54-57.

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 58-69 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 \$30,892,605, at the close of the most recent fiscal year.

	Governmental activities		Business-type activities	
	2024	2023	2024	2023
Assets				
Current and other assets	\$ 7,171,588	6,750,444	(214,460)	78,167
Capital assets	8,652,692	8,640,395	29,642,038	28,905,927
Total assets	15,824,280	15,390,839	29,427,578	28,984,094
Total deferred outflows of resources	1,105,124	1,382,800	-	-
Liabilities				
Long-term liabilities	5,450,971	5,588,293	5,243,054	5,706,916
Other liabilities	1,370,257	2,142,162	3,121,342	2,734,120
Total liabilities	6,821,228	7,730,455	8,364,396	8,441,036
Total deferred inflows of resources	278,753	451,246	-	-
Net position				
Net investment in capital assets	7,535,979	7,246,516	21,559,317	21,109,199
Restricted	3,567,639	2,487,133	-	-
Unrestricted	(1,274,195)	(1,141,711)	(496,135)	(566,141)
Total net position	\$ 9,829,423	8,591,938	21,063,182	20,543,058

Current and other assets increased in governmental activities by \$420 thousand from the prior year. Cash and cash equivalents have increased \$1.16 million, while accounts receivable and internal balances decreased \$471 thousand and \$287 thousand, respectively. The \$293 thousand decrease in current assets for business-type activities was due to a decrease in grants receivable at year end.

Other liabilities in governmental activities decreased nearly \$772 thousand due to the school department paying off their line of credit of \$682 thousand. The City also utilized ARPA funding of \$156 thousand, which decreased unearned revenues. These decreases were partially offset by an increase in accrued wages of \$119 thousand. Other liabilities in business-type activities increased \$387 thousand from the previous year due to an increase of \$726 thousand in bond anticipation notes related to the water and sewer infrastructure upgrades, which was offset by a \$332 thousand decrease in accounts payable.

Long-term liabilities, which consist of notes, leases, compensated absences and postemployment benefit obligations, decreased \$601 thousand from the previous year. Notes payable decreased by \$725 thousand due to regularly scheduled principal payments of \$1 million exceeding the issuance of \$310 thousand of new debt. The City's net pension and OPEB liabilities increased \$105 thousand and \$22 thousand, respectively.

By far, the largest portion of the City's net position, \$29,095,296, 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, \$3,567,639 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 \$1,770,330. The deficit is caused primarily by the approximately \$4 million in postemployment liabilities and the deficit in the ambulance fund (\$708,085).

	Governmental activities		Business-type activities	
	2024	2023	2024	2023
Revenues				
Program revenues	\$			
Charges for services	2,688,030	2,505,882	2,411,021	2,305,140
Operating grants and cont.	10,937,132	10,830,393	49,819	13,303
Capital grants and cont.	237,852	630,439	1,141,601	1,622,623
General revenues				
Property taxes	4,402,221	4,004,325	-	-
Unrestricted grants and cont.	1,214,708	1,133,007	-	-
Other	75,479	41,438	20,523	9,655
Total revenues	19,555,422	19,145,484	3,622,964	3,950,721
Expenses				
General government	1,046,865	749,740	-	-
City services	575,873	524,441	-	-
Public safety	1,115,265	959,185	-	-
Public works	1,313,251	1,300,118	-	-
Education	13,598,807	13,633,807	-	-
County tax	327,887	300,967	-	-
Miscellaneous	341,798	319,832	-	-
Interest on debt	49,012	53,637	-	-
Capital maintenance	-	-	-	-
Sewer	-	-	1,268,050	1,298,598
Water	-	-	593,534	594,121
Ambulance	-	-	1,190,435	1,004,338
Total expenses	18,368,758	17,841,727	3,052,019	2,897,057
Increase (decrease) in net position before transfers	1,186,664	1,303,757	570,945	1,053,664
Transfers	50,821	(2,826,757)	(50,821)	2,826,757
Increase (decrease) in net position	1,237,485	(1,523,000)	520,124	3,880,421
Net position - beginning	8,591,938	10,114,938	20,543,058	16,662,637
Net position - ending	\$ 9,829,423	8,591,938	21,063,182	20,543,058

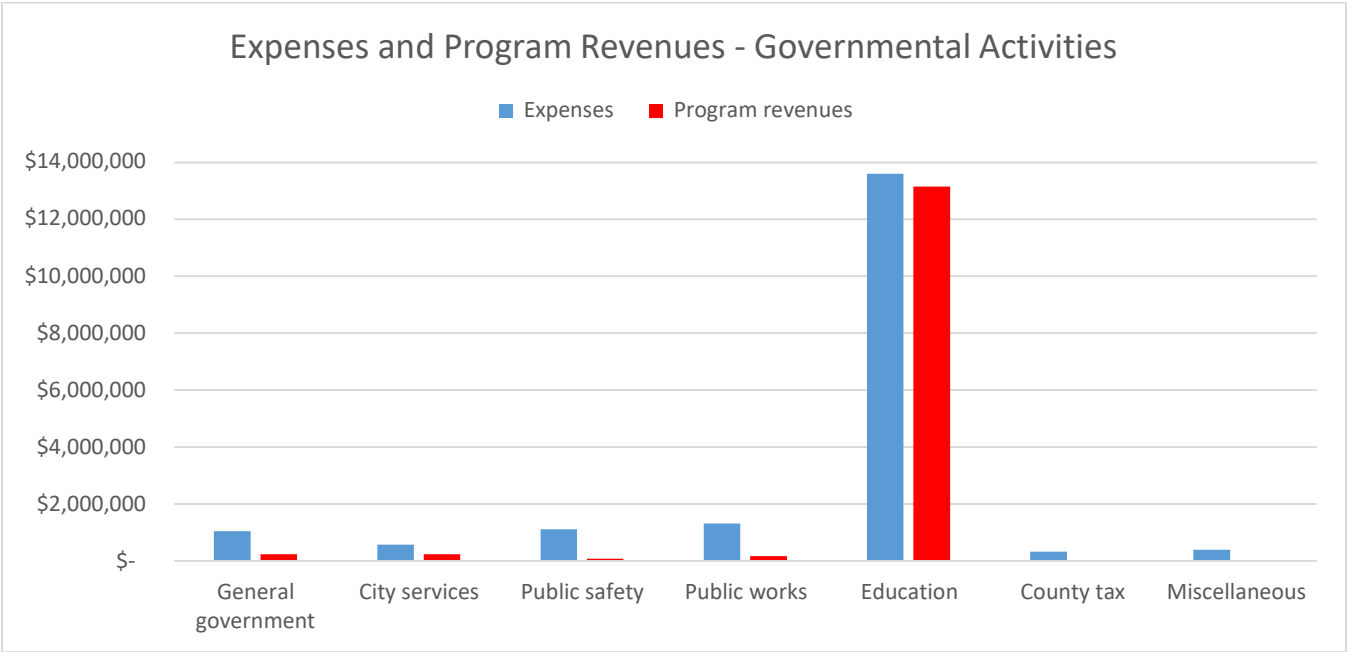
The City’s overall net position increased \$1,757,609 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental activities. During the current fiscal year, net position for governmental activities increased \$1,237,485 from the prior fiscal year for an ending balance of \$9,829,423. Governmental funds saw an increase in fund balance of \$1.2 million due to revenues exceeding expenditures. Revenues exceeded budgeted figures by \$1.1 million and expenditures came in under budget by \$1 million for the City and school department general funds. These positive variances were offset by a \$535 thousand use of fund balance.

Revenues increased \$410 thousand from the prior year due to increases in property taxes (\$398 thousand) and charges for services (\$288 thousand). This was offset by a decrease in grants used for capital by nearly \$400 thousand.

Expenses were up \$527 thousand from the prior year. General government and public safety saw increases of \$297 thousand and \$156 thousand, respectively. Most of these increases were attributable to salaries and benefits, as the City had multiple open positions during the 2023 fiscal year.

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 \$21,063,182. The total increase in net position for business-type activities (sewer, water, and ambulance) was \$520,124 or 2.5% from the prior fiscal year. The increase, in large part, is attributable to \$1.14 million of grant proceeds received for sewer and water projects.

The sewer fund net position increased \$138,485, due to receiving \$532,843 in grant revenues. The water fund, which is presented for the year ending December 31, 2023, had an increase in net position of \$585,235, due to receiving \$608,758 in grant revenues. Both ambulance funds saw a decrease in their net position for the year ending June 30, 2024, with the ambulance fund decreasing \$136,865 and the NWSARAS ambulance fund decreasing \$66,731.

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, 2024, the City's governmental funds reported combined fund balances of \$5,460,942, an increase of \$1,169,049 in comparison with the prior year. Of this amount, \$351,198, or 6.43%, 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, \$191,391; (2) not spendable because it is legally required to be maintained intact, \$494,540; (3) restricted for particular purposes, \$2,904,735; (4) committed for particular purposes, \$1,162,655; or (5) assigned for particular purposes, \$356,423.

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 \$1,383,546, an increase of \$484,665. 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 \$1,004,096 represents 17% of total general fund expenditures, while total fund balance represents 24% of that same amount. When you take the deficit in the ambulance fund of \$708,085 into account, the unassigned fund balance would be \$296,011, which is 5% of total general fund expenditures.

The school department and day treatment program, both major funds, had an increase in fund balance of \$1,143,238 and a decrease in fund balance of \$73,922, respectively. The school department budgeted for a decrease of \$534,847 (use of fund balance) for the year ended June 30, 2024. Revenues exceeded budgeted figures by \$1,083,351, due to secondary tuition and ed tech reimbursements. Expenditures came in under budget by \$636,077. School grants and other funds saw a decrease in fund balance of \$559,220, mainly due to utilizing insurance recoveries received in the prior fiscal year and expenditures for the ESSER 3 grant. The school department has not recorded any receivables for expenditures related to this grant due to issues with the reimbursement process. During the year, the school department has received \$491 thousand of the \$1.1 million it recorded as a receivable related to the ESSER 3 grant. The process has been reopened by the Maine Department of Education, and the school department

anticipates receiving the remaining funds it had recorded as receivables for the 2023 fiscal year, as well as any funds spent during the 2024 fiscal year.

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. The proprietary funds of the City have a combined \$496,135 deficit as of June 30, 2024. The sewer fund has an unrestricted net position balance of \$311,097. Unrestricted net position deficits for the water, ambulance, and NWSARAS funds are \$65,066, \$708,085, and \$34,081, respectively.

General fund budgetary highlights

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
Interest	\$	36,000	71,202	35,202
Public works		49,725	17,430	(32,295)
MaineCare		255,000	454,054	199,054
Efficiency Maine		-	262,432	262,432
Secondary tuition		856,800	1,111,409	254,609
Ed tech reimbursement		64,997	209,816	144,819

Increases in interest rates caused interest revenue to outperform budgeted figures. An unfilled mechanic position, of which 50% of their time is charged to the school, caused public works revenue to come in under budget. More services and students were covered under MaineCare than originally anticipated. The school department qualified for Efficiency Maine rebates during the fiscal year. These amounts were unbudgeted as they were not anticipated during the budget process. More tuition children than anticipated caused positive variances for those revenues. More ed tech positions were reimbursable than what was originally budgeted.

Expenditures		Estimated expenditures	Actual expenditures	Difference
Police	\$	625,100	493,084	132,016
Public works		841,595	653,886	187,709
Special education		1,602,174	1,867,356	(265,182)
Career and technical education		1,407,614	1,174,421	233,193
Transportation		761,224	272,983	488,241

Police expenditures were under budget due to open positions that remained unfilled for most of the year and the newest officer elected for no health insurance, but the City budgeted for family coverage, which caused savings in wages and benefits. Public works had savings in wages, benefits, and fuel. Unfilled positions, new employees not choosing family coverage, fewer winters storms caused less need for overtime and equipment usage, and lower than expected fuel costs were all factors for those savings. The largest driver in the over appropriation of special education was the recording of expenditures related to MaineCare seed funds totaling \$203,366. Career and technical came in under budget due to the savings

on benefits, repairs that were budgeted but undertaken during the year, and programs that were part of the original budget not taking place. The payback of line of credit funds for the purchase of the bus fleet was budgeted in transportation, as the School borrowed on the line of credit and paid off that borrowing over multiple fiscal years. While the School paid off the line of credit during the year, those funds are not considered an expenditure, instead it is recognized as a reduction of a liability. The School recognized the expenditures for the bus fleet in the year it was purchased, which significantly reduced fund balance.

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, 2024, amounts to \$38,294,730 (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%.

	Governmental activities		Business-type activities	
	2024	2023	2024	2023
Land	\$ 2,907,505	2,907,505	75,896	75,896
Construction in progress	37,500	425,970	6,468,002	4,990,279
Buildings and improvements	2,180,355	1,711,075	3,826,421	4,065,126
Equipment and furniture	1,100,683	1,196,949	68,229	49,809
Right-to-use equipment	68,741	89,369	-	-
Vehicles	1,300,919	1,176,120	142,984	161,505
Infrastructure	1,056,989	1,133,407	19,060,506	19,563,312
	<u>\$ 8,652,692</u>	<u>8,640,395</u>	<u>29,642,038</u>	<u>28,905,927</u>

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

- Work continued on the Main Street water and sewer upgrades project, with total costs incurred of \$1,350,946 during the year.
- The City purchased a 2023 International dump truck and a 2023 Chevrolet Silverado for \$264,492 and \$48,488, respectively.
- The school department finished the installation of variable refrigerant flow (VRF) systems at the elementary and high school for \$367,880 and \$111,850, respectively.
- The elevator at the high school was upgraded at a total cost of \$121,350.
- The school department purchased a Meraki network solution and a Lincoln conveyor oven for \$23,354 and \$15,975, respectively.

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 \$6,338,608. The remainder of the City's long-term obligations are comprised of leases payable and bond anticipation notes.

		Governmental activities		Business-type activities	
		2024	2023	2024	2023
Bond anticipation notes	\$	-	-	2,887,782	2,161,849
Notes payable		1,108,369	1,365,458	5,230,239	5,697,977
Leases payable		71,433	91,510	-	-
	\$	<u>1,179,802</u>	<u>1,456,968</u>	<u>8,118,021</u>	<u>7,859,826</u>

The City's total debt decreased by \$18,971 (0.2%) during the current fiscal year. As work continues on water and sewer projects, the City drew down \$725,933 in bond anticipation note (BAN) proceeds. These BANs will eventually become notes payable once the projects wrap up. The City also issued a note payable of \$264,492 to purchase a dump truck. Principal payments of \$1,054,709 on notes and leases payable offset the additions of debt.

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 \$35,272,500, 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 2024-2025 fiscal year budget.

- The budget for State revenue sharing was decreased \$145,681 over the previous year.
- Due to increased interest rates on cash accounts, we have increased the estimated interest earned on bank accounts revenue by \$21,000.
- Employee wages included 3-5% cost of living adjustments and anticipated minimum wage increases of \$0.50 per hour.
- Health insurance premiums increased approximately 4.2%.
- Vehicle fuel has proven to be less volatile than in previous years, so budgeted amounts were held steady to be as high as \$4.00 per gallon for unleaded, and \$4.50 per gallon for diesel.
- County taxes increased \$50,461, or 15.39%.
- Due to a 29% increase in assessed property values, the mill rate for 2024-2025 taxes dropped from 17.0 to 15.0.
- Sludge disposal for wastewater treatment increased significantly, primarily due to tightened regulations for disposal due to PFAS. An increase of \$16,000 was estimated.
- The City budgeted to contribute \$24,500 from the General Fund to cover the estimated 2024 Water Department budget shortfall.
- After nearly 20 years, the City approved a water rate increase of 17.5% for each of the next two years, for a total increase of 35%. The rate increase was anticipated and included in budgeted amounts for City departmental water usage and public fire protection services.
- During the 2024-2025 budget process, the School estimated only \$200,000 of fund balance would be available to supplement the budget, resulting in a budgetary shortfall of \$211,674. The City agreed to cover the estimated shortfall as additional local share, with the funds to come from the City's undesignated fund balance instead of increasing taxes.

At the end of the current fiscal year, the fund balance in the general fund was \$1,383,546, of which \$356,423 is budgeted for use of fund balance for the 2024-2025 fiscal year. The school department had a total fund balance of \$1,980,687, of which \$200,000 has been appropriated for spending in the 2024-2025 fiscal year budget. These actions were taken as additional measures 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



City of Calais, Maine

Statement of net position

June 30, 2024

	Governmental activities	Business-type activities	Total
Assets			
Cash and cash equivalents	\$ 3,051,676	230,862	3,282,538
Investments	710,183	-	710,183
Cash held by Maine Municipal Bond Bank	63,089	35,300	98,389
Taxes receivable	315,056	-	315,056
Accounts receivable, net	1,341,936	847,300	2,189,236
Internal balances	1,418,837	(1,388,013)	30,824 *
Loans receivable, net	68,598	-	68,598
Prepaid items	168,364	-	168,364
Inventory	33,849	60,091	93,940
Capital assets, not being depreciated	2,945,005	6,543,898	9,488,903
Capital assets, net of accumulated depreciation	5,707,687	23,098,140	28,805,827
Total assets	15,824,280	29,427,578	45,251,858
Deferred outflows of resources			
Pension related	575,603	-	575,603
OPEB related	529,521	-	529,521
Total deferred outflows of resources	1,105,124	-	1,105,124
Liabilities			
Accounts payable	161,217	199,607	360,824
Accrued wages and benefits	949,124	15,616	964,740
Accrued liabilities	37,939	-	37,939
Unearned revenue	221,977	-	221,977
Accrued interest	-	18,337	18,337
Bond anticipation notes	-	2,887,782	2,887,782
Noncurrent liabilities:			
Due within one year	655,968	504,524	1,160,492
Due in more than one year	4,795,003	4,738,530	9,533,533
Total liabilities	6,821,228	8,364,396	15,185,624
Deferred inflows of resources			
Pension related	221,478	-	221,478
OPEB related	57,275	-	57,275
Total deferred inflows of resources	278,753	-	278,753
Net position			
Net investment in capital assets	7,535,979	21,559,317	29,095,296
Restricted	3,567,639	-	3,567,639
Unrestricted	(1,274,195)	(496,135)	(1,770,330)
Total net position	\$ 9,829,423	21,063,182	30,892,605

* due to reporting the water department as of December 31, 2023

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, 2024

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	\$ 1,046,865	46,647	176,457	15,814	(807,947)		(807,947)
City services	575,873	97,316	139,628	800	(338,129)		(338,129)
Public safety	1,115,265	73,046	2,172	-	(1,040,047)		(1,040,047)
Public works	1,313,251	42,267	119,771	-	(1,151,213)		(1,151,213)
Education	13,598,807	2,428,754	10,499,104	221,238	(449,711)		(449,711)
County tax	327,887	-	-	-	(327,887)		(327,887)
Miscellaneous	341,798	-	-	-	(341,798)		(341,798)
Interest on debt	49,012	-	-	-	(49,012)		(49,012)
Total governmental activities	18,368,758	2,688,030	10,937,132	237,852	(4,505,744)		(4,505,744)
Business-type activities:							
Sewer	1,268,050	817,064	46,221	532,843		128,078	128,078
Water	593,534	614,215	2,662	608,758		632,101	632,101
Ambulance	1,190,435	979,742	936	-		(209,757)	(209,757)
Total business-type activities	3,052,019	2,411,021	49,819	1,141,601		550,422	550,422
Total primary government	\$ 21,420,777	5,099,051	10,986,951	1,379,453	(4,505,744)	550,422	(3,955,322)
General revenues and transfers:							
Property taxes					4,402,221	-	4,402,221
Grants and contributions not restricted to specific programs					1,214,708	-	1,214,708
Unrestricted investment earnings					71,202	20,523	91,725
Miscellaneous					4,277	-	4,277
Transfers					50,821	(50,821)	-
Total general revenues and transfers					5,743,229	(30,298)	5,712,931
Change in net position					1,237,485	520,124	1,757,609
Net position - beginning					8,591,938	20,543,058	29,134,996
Net position - ending					\$ 9,829,423	21,063,182	30,892,605

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

City of Calais, Maine

Balance sheet

Governmental funds

June 30, 2024

	General	School department	Day treatment program	School grants and other funds	Total nonmajor funds	Total governmental funds
Assets						
Cash and cash equivalents	\$ 1,280,662	1,231,865	-	-	539,149	3,051,676
Investments	-	-	-	-	710,183	710,183
Taxes receivable	315,056	-	-	-	-	315,056
Accounts receivable, net	46,912	336,044	24,704	843,284	90,992	1,341,936
Due from other funds	1,438,622	1,257,694	247,180	-	1,143,731	4,087,227
Loans receivable, net	-	-	-	-	68,598	68,598
Prepaid items	-	168,364	-	-	-	168,364
Inventory	23,027	-	-	-	10,822	33,849
Total assets	\$ 3,104,279	2,993,967	271,884	843,284	2,563,475	9,776,889
Liabilities						
Accounts payable	63,416	41,871	47,367	173	8,390	161,217
Accrued wages and benefits	42,028	719,746	126,926	53,029	7,395	949,124
Accrued liabilities	33,456	4,483	-	-	-	37,939
Unearned revenue	145,741	-	-	-	76,236	221,977
Due to other funds	1,158,792	247,180	-	1,089,350	173,068	2,668,390
Total liabilities	1,443,433	1,013,280	174,293	1,142,552	265,089	4,038,647
Deferred inflows of resources						
Unavailable revenue - property taxes	277,300	-	-	-	-	277,300
Total deferred inflows of resources	277,300	-	-	-	-	277,300
Fund balances						
Nonspendable	23,027	168,364	-	-	494,540	685,931
Restricted	-	1,812,323	97,591	27,011	967,810	2,904,735
Committed	-	-	-	141,362	1,021,293	1,162,655
Assigned	356,423	-	-	-	-	356,423
Unassigned	1,004,096	-	-	(467,641)	(185,257)	351,198
Total fund balances	1,383,546	1,980,687	97,591	(299,268)	2,298,386	5,460,942
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,104,279	2,993,967	271,884	843,284	2,563,475	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	8,652,692
Other long-term assets are not available to pay for current expenditures and are deferred in the funds	
Unavailable revenue - property taxes	277,300
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	63,089
Notes payable	(1,108,369)
Leases payable	(71,433)
Compensated absences	(203,420)
Net pension liability with related deferred inflows and outflows	(643,034)
Net OPEB liability with related deferred inflows and outflows	(68,632)
Total OPEB liability with related deferred inflows and outflows	(2,529,712)
Net position of governmental funds	9,829,423

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, 2024

		General	School department	Day treatment program	School grants and other funds	Total nonmajor funds	Total governmental funds
Revenues							
Property taxes	\$	4,378,221	-	-	-	-	4,378,221
Intergovernmental		1,275,745	7,792,323	1,391,515	669,127	678,136	11,806,846
Charges for services		253,240	1,627,586	733,058	11,518	62,628	2,688,030
Student activity fees and fundraisers		-	-	-	-	176,858	176,858
Investment income (loss)		71,202	37,569	-	-	38,322	147,093
Miscellaneous		34,987	221,168	-	10,501	67,718	334,374
Total revenues		6,013,395	9,678,646	2,124,573	691,146	1,023,662	19,531,422
Expenditures							
Current:							
General government		659,222	-	-	-	398,190	1,057,412
City services		492,197	-	-	-	34,365	526,562
Public safety		1,039,805	-	-	-	10,935	1,050,740
Public works		874,612	-	-	-	114,491	989,103
Education		-	9,260,561	2,154,179	1,238,653	660,128	13,313,521
County tax		327,887	-	-	-	-	327,887
Miscellaneous		341,298	-	-	-	500	341,798
Debt service		98,625	412,001	44,386	-	15,581	570,593
Capital outlay		500,070	-	-	-	-	500,070
Total expenditures		4,333,716	9,672,562	2,198,565	1,238,653	1,234,190	18,677,686
Excess (deficiency) of revenues over (under) expenditures		1,679,679	6,084	(73,992)	(547,507)	(210,528)	853,736
Other financing sources (uses)							
Transfers in		59,821	1,193,497	-	-	393,886	1,647,204
Transfers out		(1,519,327)	(56,343)	-	(11,713)	(9,000)	(1,596,383)
Notes and leases issued		264,492	-	-	-	-	264,492
Total other financing sources (uses)		(1,195,014)	1,137,154	-	(11,713)	384,886	315,313
Net change in fund balances		484,665	1,143,238	(73,992)	(559,220)	174,358	1,169,049
Fund balances - beginning		898,881	837,449	171,583	259,952	2,124,028	4,291,893
Fund balances - ending	\$	1,383,546	1,980,687	97,591	(299,268)	2,298,386	5,460,942

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, 2024

Net change in fund balances - total governmental funds	\$	1,169,049
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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	611,460
Depreciation expense	(599,163)

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	24,000
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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	(264,492)
Principal paid on notes	521,581
Principal paid on leases	20,077

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	(13,153)
Changes in pension liabilities and related deferred outflows and inflows of resources	(20,802)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(211,072)

Change in net position of governmental activities	\$	<u>1,237,485</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, 2024

	Original budget	Final budget	Actual	Variance positive (negative)
Revenues				
Property taxes	\$ 4,427,251	4,427,251	4,378,221	(49,030)
Intergovernmental	1,237,182	1,237,182	1,275,745	38,563
Charges for services	237,390	237,390	253,240	15,850
Interest	36,000	36,000	71,202	35,202
Miscellaneous	62,275	62,275	34,987	(27,288)
Total revenues	6,000,098	6,000,098	6,013,395	13,297
Expenditures				
Current:				
General government	732,455	732,455	665,222	67,233
City services	519,920	519,920	498,197	21,723
Public safety	1,171,925	1,171,925	1,041,205	130,720
Public works	1,101,370	1,101,370	906,587	194,783
Education (transfer out)	1,193,497	1,193,497	1,193,497	-
County tax	327,887	327,887	327,887	-
Tax increment financing (transfer out)	82,073	82,073	82,073	-
Miscellaneous	348,477	348,477	348,798	(321)
Debt service	96,229	96,229	98,625	(2,396)
Capital outlay	422,600	422,600	426,460	(3,860)
Total expenditures	5,996,433	5,996,433	5,588,551	407,882
Excess (deficiency) of revenues over (under) expenditures	3,665	3,665	424,844	421,179
Other financing sources (uses)				
Transfers in	63,300	63,300	59,821	(3,479)
Total other financing sources (uses)	63,300	63,300	59,821	(3,479)
Net change in fund balance	66,965	66,965	484,665	417,700
Fund balance - beginning			898,881	
Fund balance - ending			\$ 1,383,546	

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, 2024

		Original budget	Final budget	Actual	Variance positive (negative)
Revenues					
Local assessments (transfer in)	\$	1,193,497	1,193,497	1,193,497	-
Intergovernmental		6,709,020	6,709,020	7,190,745	481,725
Charges for services		1,219,700	1,219,700	1,627,586	407,886
Interest		-	-	37,569	37,569
Miscellaneous		64,997	64,997	221,168	156,171
Total revenues		9,187,214	9,187,214	10,270,565	1,083,351
Expenditures					
Current:					
Regular instruction		3,102,186	3,102,186	3,064,758	37,428
Special education		1,602,174	1,602,174	1,867,356	(265,182)
Career and technical education		1,407,614	1,407,614	1,174,421	233,193
Other instruction		176,545	176,545	140,919	35,626
Student and staff support		408,598	408,598	404,430	4,168
System administration		452,760	452,760	425,932	26,828
School administration		449,282	449,282	436,433	12,849
Transportation		761,224	761,224	272,983	488,241
Facilities maintenance		931,518	931,518	871,751	59,767
Debt service		415,160	415,160	412,001	3,159
Total expenditures		9,707,061	9,707,061	9,070,984	636,077
Excess (deficiency) of revenues over (under) expenditures		(519,847)	(519,847)	1,199,581	1,719,428
Other financing sources (uses)					
Transfers out		(15,000)	(15,000)	(56,343)	(41,343)
Use of fund balance		534,847	534,847	-	(534,847)
Total other financing sources (uses)		519,847	519,847	(56,343)	(576,190)
Net change in fund balance		-	-	1,143,238	1,143,238
Fund balance - beginning				837,449	
Fund balance - ending			\$	<u>1,980,687</u>	

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

City of Calais, Maine

Statement of net position

Proprietary funds

June 30, 2024

Water presented as of December 31, 2023

	Sewer	Water	Ambulance	NWSARAS ambulance	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 38,220	69,627	71,686	51,329	230,862
Cash held by MMBB	-	35,300	-	-	35,300
Accounts receivable, net	383,970	246,541	211,643	5,146	847,300
Due from other funds	15,061	-	-	-	15,061
Inventory	-	60,091	-	-	60,091
Total current assets	437,251	411,559	283,329	56,475	1,188,614
Noncurrent assets					
Land	-	75,896	-	-	75,896
Construction in progress	3,874,471	2,593,531	-	-	6,468,002
Buildings and improvements	10,451,710	117,321	-	-	10,569,031
Equipment and vehicles	234,428	697,278	545,476	-	1,477,182
Infrastructure	17,236,408	10,213,078	-	-	27,449,486
Less accumulated depreciation	(12,230,226)	(3,741,503)	(425,830)	-	(16,397,559)
Total noncurrent assets	19,566,791	9,955,601	119,646	-	29,642,038
Total assets	20,004,042	10,367,160	402,975	56,475	30,830,652
Liabilities					
Current liabilities:					
Accounts payable	110,152	80,975	5,780	2,700	199,607
Accrued wages and benefits	-	-	11,214	4,402	15,616
Accrued interest	16,002	2,335	-	-	18,337
Due to other funds	-	358,015	961,605	83,454	1,403,074
Bond anticipation notes	959,579	1,928,203	-	-	2,887,782
Notes payable - current	284,156	220,368	-	-	504,524
Total current liabilities	1,369,889	2,589,896	978,599	90,556	5,028,940
Noncurrent liabilities:					
Compensated absences	-	-	12,815	-	12,815
Notes payable	2,373,120	2,352,595	-	-	4,725,715
Total noncurrent liabilities	2,373,120	2,352,595	12,815	-	4,738,530
Total liabilities	3,743,009	4,942,491	991,414	90,556	9,767,470
Net position					
Net investment in capital assets	15,949,936	5,489,735	119,646	-	21,559,317
Restricted	-	-	-	-	-
Unrestricted	311,097	(65,066)	(708,085)	(34,081)	(496,135)
Total net position	\$ 16,261,033	5,424,669	(588,439)	(34,081)	21,063,182

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, 2024

Water presented for the year ended December 31, 2023

	Sewer	Water	Ambulance	NWSARAS ambulance	Total
Operating revenues					
Charges for services	\$ 813,592	614,215	800,324	179,418	2,407,549
Interest and lien fees	3,472	-	-	-	3,472
Miscellaneous	46,221	2,662	564	372	49,819
Total operating revenues	863,285	616,877	800,888	179,790	2,460,840
Operating expenses					
Personnel services	241,590	222,695	720,497	189,971	1,374,753
Contractual services	181,812	43,958	56,206	20,469	302,445
Utilities	85,703	32,060	297	1,192	119,252
Repairs and maintenance	20,199	451	8,198	4,735	33,583
Materials and supplies	98,156	80,502	57,511	15,777	251,946
Miscellaneous	4,217	18,417	11,100	2,030	35,764
Bad debt expense	4,297	1,261	37,119	13,183	55,860
Depreciation	580,599	179,638	52,074	-	812,311
Total operating expenses	1,216,573	578,982	943,002	247,357	2,985,914
Operating income (loss)	(353,288)	37,895	(142,114)	(67,567)	(525,074)
Nonoperating revenues (expenses)					
Intergovernmental	532,843	608,758	-	-	1,141,601
Interest income	10,407	3,955	5,325	836	20,523
Interest expense	(51,477)	(14,552)	(76)	-	(66,105)
Total nonoperating revenues (expenses)	491,773	598,161	5,249	836	1,096,019
Income (loss) before transfers	138,485	636,056	(136,865)	(66,731)	570,945
Transfers in (out)	-	(50,821)	-	-	(50,821)
Change in net position	138,485	585,235	(136,865)	(66,731)	520,124
Net position - beginning	16,122,548	4,839,434	(451,574)	32,650	20,543,058
Net position - ending	\$ 16,261,033	5,424,669	(588,439)	(34,081)	21,063,182

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, 2024

Water presented for the year ended December 31, 2023

	Sewer	Water	Ambulance	NWSARAS ambulance	Total
Cash flows from operating activities					
Receipts from customers	\$ 868,000	682,024	711,903	202,958	2,464,885
Payments to suppliers	(388,772)	(170,788)	(131,808)	(43,572)	(734,940)
Payments to employees for salaries and benefits	(241,590)	(222,695)	(722,675)	(189,265)	(1,376,225)
Net cash provided by (used for) operating activities	237,638	288,541	(142,580)	(29,879)	353,720
Cash flows from noncapital financing activities					
Transfers (to) from other funds	-	(50,821)	-	-	(50,821)
(Increase) decrease in due from other funds	(15,061)	-	-	-	(15,061)
Increase (decrease) in due to other funds	(365,792)	172,170	175,484	75,748	57,610
Net cash provided by (used for) noncapital financing activities	(380,853)	121,349	175,484	75,748	(8,272)
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(548,017)	(1,322,180)	(18,720)	-	(1,888,917)
Capital grants	813,372	486,402	-	-	1,299,774
Proceeds from bond anticipation notes	76,240	649,693	-	-	725,933
Proceeds from capital debt	27,798	45,313	-	-	73,111
Principal paid on capital debt	(280,648)	(218,833)	(13,570)	-	(513,051)
Interest paid on capital debt	(52,419)	(14,926)	(76)	-	(67,421)
Net cash provided by (used for) capital and related financing activities	36,326	(374,531)	(32,366)	-	(370,571)
Cash flows from investing activities					
Interest income	10,407	3,955	5,325	836	20,523
Net cash provided by (used for) investing activities	10,407	3,955	5,325	836	20,523
Net increase (decrease) in cash and cash equivalents	(96,482)	39,314	5,863	46,705	(4,600)
Cash and cash equivalents - beginning	134,702	30,313	65,823	4,624	235,462
Cash and cash equivalents - ending	\$ 38,220	69,627	71,686	51,329	230,862
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	(353,288)	37,895	(142,114)	(67,567)	(525,074)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	580,599	179,638	52,074	-	812,311
(Increase) decrease in accounts receivable	9,012	66,408	(51,866)	36,351	59,905
(Increase) decrease in inventory	-	(398)	-	-	(398)
Increase (decrease) in accounts payable	1,315	4,998	1,504	631	8,448
Increase (decrease) in accrued wages and benefits	-	-	(6,054)	706	(5,348)
Increase (decrease) in compensated absences	-	-	3,876	-	3,876
Net cash provided by (used for) operating activities	237,638	288,541	(142,580)	(29,879)	353,720

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, 2024

	Private-purpose trust funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ -	333,836
Investments	68,643	-
Total assets	68,643	333,836
Liabilities		
Accounts payable	-	-
Total liabilities	-	-
Net position		
Restricted	68,643	333,836
Total net position	\$ 68,643	333,836

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, 2024

	Private-purpose trust funds	Custodial Funds
Additions		
Contributions	\$ -	90,090
Investment earnings:		
Investment earnings	2,124	12,236
Investment costs	(458)	-
Unrealized gain (loss)	1,081	-
Total additions	<u>2,747</u>	<u>102,326</u>
Deductions		
Public safety	-	9,057
Education	-	24,254
Total deductions	<u>-</u>	<u>33,311</u>
Net increase (decrease) in fiduciary net position	2,747	69,015
Net position - beginning	<u>65,896</u>	<u>264,821</u>
Net position - ending	<u>\$ 68,643</u>	<u>333,836</u>

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

City of Calais, Maine

Notes to the financial statements

June 30, 2024

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 Towns of Alexander, Cooper, Princeton, 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 2024, the City of Calais contributed \$0 to the Utility. For the year ended June 30, 2024, the Utility did not have a financial audit completed; however unaudited figures show the following as of the year then ended: total assets \$3,769,418, total liabilities \$3,449,834, and net operating income of

\$114,198. The City is contingently liable for a line of credit that the Utility issued in the City's name. At June 30, 2024, the line of credit had a balance of \$1,900,000.

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 *school grants and other funds* account for federal, state, and local grants awarded to 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, 2023, 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 for 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, 2024.

Miscellaneous - City	\$321	Debt service/capital outlay	6,256
Special education	265,182		

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 24, 2023, on the assessed value listed as of the previous April 1. Taxes were due on October 16, 2023. Taxes unpaid by the due date are assessed interest at a rate of 8%. 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 \$66,965 for the year ended June 30, 2024.

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, 2024.

B. Deficit fund balance

At June 30, 2024, the following funds had deficit balances:

Ambulance fund	\$588,439	NWSARAS ambulance	34,081
Shore and harbor grant	4,971	DEP pumpout grant	7,099
FEMA rain disaster	4,508	Fire department ATV grant	7,431
Donation - skateboard	687	Scholarship account	3,750
Pavilion project	325	Tennis donations	501
Figure foundation	310	Pike book fund	113
Concert donations	2,275	Melmac grant - tech center	4,001
Recommissioned computer	2,434	CES afterschool program	43,031
CTE industry standards	11,316	CTE instructional supply	3,146
Title IA - disadvantaged	45,883	Local entitlement	6,551
ESSER 3	345,914	ARP – Homeless children and youth	1,327
BARR	4,038	School lunch	73,925
Triangle Park sidewalk project	43,662	Recreation pool donations	15,699

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

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 conforming 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, 2024, the City's bank balance was \$4,261,973, 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, 2024, 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	\$89,880	89,880	-	-
Certificates of deposit	688,946	257,953	430,993	-
<u>Total investments</u>	<u>\$778,826</u>	<u>347,833</u>	<u>430,993</u>	<u>-</u>

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	\$270,538	22,821	-
Loans receivable	-	-	127,695
Allowance for doubtful accounts	(58,895)	(17,675)	(59,097)
<u>Total receivable, net</u>	<u>\$211,643</u>	<u>5,146</u>	<u>68,598</u>

E. Capital assets

Capital assets activity for the year ended June 30, 2024, 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	425,970	212,610	601,800	37,500
Total capital assets, not being depreciated	3,333,475	212,610	601,800	2,945,005
Capital assets, being depreciated				
Buildings and improvements	2,947,593	618,080	-	3,565,673
Furniture and equipment	2,498,394	60,670	-	2,559,064
Right-to-use leased equipment	123,749	-	-	123,749
Vehicles	2,855,172	321,180	-	3,176,352
Infrastructure	1,511,519	-	-	1,511,519
Total capital assets, being depreciated	9,936,427	999,930	-	10,936,357
Less accumulated depreciation for				
Buildings and improvements	1,236,518	148,800	-	1,385,318
Furniture and equipment	1,304,445	156,936	-	1,458,381
Right-to-use leased equipment	34,380	20,628	-	55,008
Vehicles	1,679,052	196,381	-	1,875,433
Infrastructure	378,112	76,418	-	454,530
Total accumulated depreciation	4,629,507	599,163	-	5,228,670
Total capital assets, being depreciated, net	5,306,920	400,767	-	5,707,687
Total governmental activities capital assets	\$8,640,395	613,377	601,080	8,652,692

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

General government	\$8,679
City services	40,915
Public safety	61,175
Public works	160,647
Education	327,747
Total depreciation expense	\$599,163

	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	4,990,279	1,477,723	-	6,468,002
Total capital assets, not being depreciated	5,066,175	1,477,723	-	6,543,898
Capital assets, being depreciated				
Buildings and improvements	10,569,031	-	-	10,569,031
Equipment and vehicles	1,406,483	70,699	-	1,477,182
Infrastructure	27,449,486	-	-	27,446,486
Total capital assets, being depreciated	39,425,000	70,699	-	39,495,699
Less accumulated depreciation for				
Buildings and improvements	6,503,905	238,705	-	6,742,610
Equipment and vehicles	1,195,169	70,800	-	1,265,969
Infrastructure	7,886,174	502,806	-	8,388,980
Total accumulated depreciation	15,585,248	812,311	-	16,397,559
Total capital assets, being depreciated, net	23,839,752	(741,612)	-	23,098,140
Total business-type activities capital assets	\$28,905,927	736,111	-	29,642,038

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

Sewer	\$580,599
Water	179,638
Ambulance	52,074
Total depreciation expense	\$812,311

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 and water funds: \$960,000 with an interest rate of 1.00% and due on December 16, 2024; and \$2,136,000 with an interest rate of 1.1% and due on May 4, 2025. Bond anticipation note activity for the year ended June 30, 2024, was as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year
Bond anticipation notes				
Sewer - Main Street	\$883,338	76,240	-	959,579
Water main replacement	1,278,510	649,693	-	1,928,203
Total bond anticipation notes	\$2,161,848	725,933	-	2,887,782

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%. 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, 2024, was as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year
Lines of credit				
City - \$900,000	\$ -	-	-	-
School - \$800,000	682,173	-	682,173	-
<u>Total lines of credit</u>	<u>\$682,173</u>	<u>-</u>	<u>682,173</u>	<u>-</u>

G. Changes in long-term liabilities

Changes in the City's long-term liabilities for the year ended June 30, 2024, are as follows:

	Balance beginning of year	Additions	Deletions	Balance end of year	Amount due within one year
Governmental activities					
Notes payable	\$1,365,458	264,492	521,581	1,108,369	530,081
Leases	91,510	-	20,077	71,433	20,687
Compensated absences	190,267	16,989	3,836	203,420	105,200
Net pension liability	892,401	104,758	-	997,159	-
Net OPEB liability	72,963	-	8,290	64,673	-
Total OPEB liability - MEABT	2,975,694	30,223	-	3,005,917	-
<u>Total governmental activities</u>	<u>\$5,588,293</u>	<u>416,462</u>	<u>553,784</u>	<u>5,450,971</u>	<u>655,968</u>
Business-type activities					
Notes payable	\$5,697,977	45,313	513,051	5,230,239	504,524
Compensated absences	8,939	3,876	-	12,815	-
<u>Total business-type activities</u>	<u>\$5,706,916</u>	<u>49,189</u>	<u>513,051</u>	<u>5,243,054</u>	<u>504,524</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, 2024, are as follows:

	Original borrowing	Interest rates	Final maturity	Outstand- ing at year end
Governmental activities				
Information center	\$135,000	2.50%	2027	\$44,458
School renovations	7,766,994	3.0%-7.0%	2025	388,350
Day treatment land and building	375,000	3.31%	2027	118,791
Middle and High School improvements	727,558	0.00%	2034	218,267
Dump truck	175,000	3.79%	2028	117,205
Dump truck	264,492	4.82%	2030	221,298
Total governmental activities				1,108,369
Business-type activities				
Refunding - wastewater projects	\$978,822	1.00%	2030	314,357
Refunding - wastewater projects	943,371	1.00%	2030	302,971
Sewer - Calais, Washington, and Church	1,243,000	1.00%	2031	463,446
Refunding - wastewater projects	1,231,000	1.50%	2031	473,095
Treatment plant and system upgrades	777,000	2.25%	2040	501,888
Sewer system upgrades - South and Hamilton	500,000	1.38%	2045	392,283
Sewer system upgrades - Manning	431,000	1.00%	2041	52,039
Sewer system upgrades - Palmer	700,000	1.00%	2041	157,196
Refinance - new water source	1,963,998	0.00%	2032	654,663
South Street waterline improvements	1,450,000	0.00%	2037	424,589
Water main replacement and chlorine booster	261,000	0.00%	2039	74,168
Water main replacement and chlorine booster	44,500	0.00%	2039	22,992
Water main replacement - Lafayette	835,000	0.00%	2040	311,733
Water main replacement - Germaine	695,000	0.00%	2042	229,350
Refinance - water line improvements	127,241	2.75%	2026	33,524
Upgrade water lines - Clark and School	305,000	1.00%	2044	170,612
Water main replacement - Temperance	195,593	1.00%	2037	101,708
Water main replacement - Union	596,484	1.00%	2037	300,805
Water main replacement - Manning	342,766	1.00%	2040	209,668
2022 Chevy Silverado	45,313	4.44%	2029	39,152
Total business-type activities				5,230,239
Total notes payable				\$6,338,608

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

Year ending <u>June 30</u>	<u>Governmental activities</u>		<u>Business-type activities</u>			<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	
2025	\$530,081	25,748	504,524	46,392	16,722	1,123,467
2026	146,649	15,146	509,126	41,706	16,718	729,345
2027	143,601	10,817	513,801	36,928	16,714	721,861
2028	96,176	5,836	506,749	32,110	16,709	657,580
2029	66,984	1,947	511,249	27,533	16,705	624,418
2030-2034	124,878	160	1,555,726	85,083	41,178	1,807,027
2035-2039	-	-	827,915	39,039	18,063	885,017
2040-2044	-	-	279,947	8,276	2,848	291,071
2045-2049	-	-	21,202	292	-	21,494
Totals	\$1,108,369	59,654	5,230,239	317,359	145,657	6,861,278

I. Leases

Leases payable

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. As of June 30, 2024, the value of the lease liability was \$71,433. 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 \$55,008.

The future principal and interest lease payments as of June 30, 2024, were as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	\$71,433	3,728	75,161

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 3.88%.

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 6.95% and 7.7% 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, 2024, was 10.2% of annual pay. The City made contributions to the pension plan of \$220,050 for the year ended June 30, 2024.

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, 2024, was 18.98% of annual payroll of which 4.47% of payroll was required from the City and 14.51% was required from the State. The City made contributions to the pension plan of \$192,208 for the year ended June 30, 2024.

Proportionate share of the net pension (asset) liability

PLD plan - At June 30, 2024, the City reported a liability of \$750,244 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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 0.2351% at the end of the measurement period and 0.2468% for the beginning of the period, which represents a decrease of 0.0117%.

SET plan - At June 30, 2024, the City reported a liability of \$246,915 for its proportionate share of the net pension liability. The State's proportionate share of the net pension liability associated with the City was \$4,171,630, for a total of \$4,418,545. The pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the pension liability was based on unfunded actuarial liability contributions to the plan. The City's proportionate share was 0.0163% at the end of the measurement period and 0.0159% for the beginning of the period, which represents an increase of 0.0004%.

Actuarial assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

	<u>PLD plan</u>	<u>SET plan</u>
Actuarial valuation date	June 30, 2023	June 30, 2023
Measurement date	June 30, 2023	June 30, 2023
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, 2023 actuarial valuation were based on the results of an actuarial experience study for the period of July 1, 2015 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, 2023, 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	2.6%
Private equity	7.6%
Real assets:	
Real estate	5.2%
Infrastructure	5.3%
Natural resources	5.0%
Traditional credit	3.2%
Alternative credit	7.4%
Diversifiers	5.0%

Discount rate

The discount rate used to measure the collective total pension liability was 6.5% for 2023 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	\$2,055,722	750,244	(326,670)
SET plan – proportionate share net pension (asset) liability	485,492	246,915	48,312

Pension expense and deferred items summary

For the year ended June 30, 2024, the City recognized pension expense of \$260,714 and \$226,273 for its proportionate share of the pension expense for the PLD and SET plans, respectively. Additionally, the City recognized revenue of \$585,792 for support provided by the State for the SET plan. At June 30, 2024, 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	\$139,284	-
Differences between expected and actual investment earnings	-	127,312
Changes of assumptions	-	-
Changes in proportion	-	48,605
Contributions paid subsequent to the measurement date	220,050	-
<u>Totals PLD plan</u>	<u>359,334</u>	<u>175,917</u>
SET plan		
Differences between expected and actual experience	20,230	-
Differences between expected and actual investment earnings	-	22,907
Changes of assumptions	-	-
Changes in proportion	3,831	22,654
Contributions paid subsequent to the measurement date	192,208	-
<u>Totals SET plan</u>	<u>216,269</u>	<u>45,561</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$575,603</u>	<u>221,478</u>

Deferred outflows of resources reported \$412,258 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, 2025. 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>
2025	\$(47,160)	(21,001)
2026	(124,521)	(30,676)
2027	129,129	29,018
2028	5,918	1,159

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.mainebers.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 \$7,932 for the year ended June 30, 2024. 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 \$15,786 for the year ended June 30, 2024. 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, 2024, the City reported a liability of \$64,673 for its proportionate share of the net OPEB liability. The OPEB liability was measured as of June 30, 2023, 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 0.474% at the end of the measurement period and 0.5038% for the beginning of the period, which represents a decrease of 0.0298%.

SET plan - At June 30, 2024, 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 \$115,105, for a total of \$115,105. The OPEB liability was measured as of June 30, 2023, 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, 2023, actuarial valuation was determined using the following actuarial assumptions:

	<u>PLD plan</u>	<u>SET plan</u>
Actuarial valuation date	June 30, 2023	June 30, 2023
Measurement date	June 30, 2023	June 30, 2023
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, 2023 actuarial valuation were based on the results of an actuarial experience study for the period of July 1, 2015 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, 2023 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	3.2%
U.S. government securities	2.3%

Discount rate

The discount rate used to measure the collective total OPEB liability was 6.5% for 2023 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	\$89,701	64,673	44,555

OPEB expense and deferred items summary

For the year ended June 30, 2024, the City recognized OPEB expense of \$5,213 and \$14,893 for its proportionate share of the OPEB expense for the PLD and SET plans, respectively. Additionally, the City recognized revenue of \$15,786 for support provided by the State for the SET plan. At June 30, 2024, 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	\$1,149	506
Differences between expected and actual investment earnings	2,082	-
Changes of assumptions	3,160	14,291
Changes in proportion	5,650	9,135
Contributions paid subsequent to the measurement date	7,932	-
<u>Total deferred outflows and inflows of resources</u>	<u>\$19,973</u>	<u>23,932</u>

Deferred outflows of resources reported \$7,932 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending</u> <u>June 30</u>	<u>PLD plan</u>
2025	\$(3,940)
2026	(6,198)
2027	1,893
2028	(2,292)
2029	(1,353)

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.maineopers.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, 2022, membership consisted of:

Inactive members currently receiving benefits	52
Inactive members entitled to but not yet receiving benefits	-
<u>Active members</u>	<u>86</u>
<u>Total</u>	<u>138</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, 2024, the City reported a total OPEB liability of \$3,005,917. The OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

Actuarial assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial cost method	Entry age normal
Assumptions	
Inflation rate	2.70%
Annual salary increases	2.80%-13.03%
Healthcare cost trend rates - non-Medicare	7.96% in 2023
decreasing to	4.00% in 2043
Healthcare cost trend rates - Medicare	0.00% in 2023
increasing to	4.29% in 2043

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, 2022, 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, 2022 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 3.65%. 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	\$2,975,694
Changes for the period	
Service cost	33,944
Interest	105,330
Changes of benefits	-
Differences between expected and actual experience	-
Changes of assumptions	(40,012)
Benefit payments	(69,039)
Net changes	30,223
Balances end of year	<u>\$3,005,917</u>

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 3.65% 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	\$3,400,549	3,005,917	2,675,597

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	\$2,640,846	3,005,917	3,444,154

OPEB expense and deferred items summary

For the year ended June 30, 2024, the City recognized OPEB expense of \$317,631. At June 30, 2024, 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	\$75,001	-
Changes of assumptions	330,414	33,343
Contributions paid subsequent to the measurement date	104,133	-
Total deferred outflows and inflows of resources	<u>\$509,548</u>	<u>33,343</u>

Deferred outflows of resources reported \$104,133 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending

June 30

2025	\$158,277
2026	158,277
2027	32,658
2028	29,527
2029	(6,667)

M. Fund balance

Components of fund balance

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General fund				
Inventory and prepaids	\$23,027	-	-	-
Budget appropriation	-	-	-	356,423
School department	168,364	1,812,323	-	-
Day treatment	-	97,591	-	-
School grants and other purposes	-	27,011	141,362	-
Special revenue funds				
City services	-	199,787	7,713	-
Public safety	-	15,448	2,500	-
Public works	-	-	41,988	-
Economic development loans	-	537,005	-	-
Downtown TIF	-	94,176	-	-
Student activities	-	-	229,559	-
Capital project funds	-	4,162	739,533	-
Permanent funds				
Held in perpetuity	494,540	-	-	-
Cemetery upkeep	-	63,513	-	-
Library building maintenance and books	-	49,124	-	-
Pool maintenance	-	4,595	-	-
Total	\$685,931	2,904,735	1,162,655	356,423

As of June 30, 2024, the school department fund balance totaled \$1,980,687 and is reported as nonspendable and restricted for education in the financial statements. Of this total, \$521,009 is restricted for career and technical education and \$200,000 is assigned for use of surplus for the 2024-2025 fiscal year budget. The remainder would be considered unassigned fund balance and amounted to \$1,091,314.

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, 2024, is as follows:

<u>Receivable fund (due from)</u>	<u>Payable fund (due to)</u>	<u>Amount</u>
General fund	Water fund	\$388,839
General fund	Ambulance fund	961,605
General fund	NWSARAS ambulance	83,454
General fund	Nonmajor funds	4,724
Sewer fund	General fund	15,061
School department	School grants and other funds	1,089,350
School department	Nonmajor funds	168,344
Day treatment	School department	247,180
<u>Nonmajor funds</u>	<u>General fund</u>	<u>1,143,731</u>
<u>Total</u>		<u>\$4,102,288</u>

The water fund is reported as of December 31, 2023, and the interfund payable balance reported as of that date is \$358,015. The difference of \$30,824 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, 2024, 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	\$ -	1,193,497	325,830	1,519,327
School department	-	-	56,343	56,343
School grants and other funds	-	-	11,713	11,713
Nonmajor funds	9,000	-	-	9,000
<u>Water fund</u>	<u>50,821</u>	<u>-</u>	<u>-</u>	<u>50,821</u>
<u>Total</u>	<u>\$59,821</u>	<u>1,193,497</u>	<u>393,886</u>	<u>1,647,204</u>

During the year, transfers are used to move revenues from the fund with collection authorization, the general fund, to the school department (\$1,193,497), special revenue funds (\$88,073), and capital project funds (\$237,757). The school department budgeted to move amounts to the school lunch fund (\$15,000). The water, economic development, cemetery trust, and library trust funds transfer \$50,821, \$1,500, \$4,000, and \$3,500, respectively, to the general fund for administrative costs.

Further, during the year ended June 30, 2024, the City made the following one-time transfers:

The school department and school grants and other funds transferred \$56,343 and \$11,713, respectively, to nonmajor funds to close out multiple funds with balances and deficits.

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, 2024.

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.

From time to time, in the ordinary course of municipal business, the City may be a defendant in various lawsuits. The City does not believe it currently faces any material adverse financial effect from any such matters.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
PLD plan										
City's proportion of the net pension liability	0.2351%	0.2468%	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	\$ 750,244	656,092	(88,717)	1,136,832	873,290	778,136	1,176,018	1,504,835	873,381	472,801
City's covered payroll	2,045,419	1,930,324	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	36.68%	33.99%	-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	92.34%	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%
SET plan										
City's proportion of the net pension liability	0.0163%	0.0159%	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	\$ 246,915	236,309	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	4,171,630	3,740,726	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	\$ 4,418,545	3,977,035	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	\$ 4,069,327	3,643,846	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	6.07%	6.49%	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	86.03%	85.79%	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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
PLD plan										
Contractually determined contribution	\$ 220,050	208,633	198,823	188,875	183,750	175,678	157,088	147,217	132,586	111,737
Contributions in relation to the contractually required contribution	(220,050)	(208,633)	(198,823)	(188,875)	(183,750)	(175,678)	(157,088)	(147,217)	(132,586)	(111,737)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered payroll	2,157,356	2,045,419	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	10.20%	10.20%	10.30%	10.10%	10.00%	10.00%	9.60%	9.50%	8.90%	7.80%
SET plan										
Contractually determined contribution	\$ 192,208	156,306	139,923	140,239	136,403	135,213	127,520	100,975	106,239	85,776
Contributions in relation to the contractually required contribution	(192,208)	(156,306)	(139,923)	(140,239)	(136,403)	(135,213)	(127,520)	(100,975)	(106,239)	(85,776)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered payroll	\$ 4,299,973	4,069,327	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	4.47%	3.84%	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 seven years available)

	2024	2023	2022	2021	2020	2019	2018
PLD plan							
City's proportion of the net OPEB liability	0.4740%	0.5038%	0.5221%	0.5473%	0.4873%	0.4533%	0.4520%
City's proportionate share of the net OPEB liability	\$ 64,673	72,963	53,900	72,205	104,264	91,571	75,573
City's covered-employee payroll	2,045,419	1,930,324	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	3.16%	3.78%	2.88%	3.93%	5.93%	5.60%	4.88%
Plan fiduciary net position as a percentage of the total OPEB liability	59.71%	55.88%	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%	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	115,105	125,062	62,154	117,806	113,459	110,371	104,614
Total	\$ 115,105	125,062	62,154	117,806	113,459	110,371	104,614
City's covered-employee payroll	\$ 4,069,327	3,643,846	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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	56.97%	52.39%	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 seven years available)

	2024	2023	2022	2021	2020	2019	2018
PLD plan							
Contractually determined contribution	\$ 7,932	6,609	6,699	7,205	6,753	5,873	5,979
Contributions in relation to the contractually required contribution	(7,932)	(6,609)	(6,699)	(7,205)	(6,753)	(5,873)	(5,979)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
City's covered-employee payroll	2,157,356	2,045,419	1,930,324	1,870,048	1,837,507	1,756,765	1,636,334
Contributions as a percentage of covered-employee payroll	0.37%	0.32%	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 six years available)

	2024	2023	2022	2021	2020	2019
Total OPEB liability - MEABT plan						
Service cost	\$ 33,944	42,604	36,637	11,162	9,285	10,042
Interest	105,330	59,103	59,432	73,169	76,832	73,823
Changes of benefits	-	-	-	(185,082)	-	-
Differences between expected and actual experience	-	107,043	-	10,924	-	-
Changes of assumptions	(40,012)	110,143	18,789	742,772	100,404	(79,810)
Benefit payments	(69,039)	(73,324)	(74,259)	(84,843)	(81,521)	(78,703)
Net change in total OPEB liability - MEABT plan	30,223	245,569	40,599	568,102	105,000	(74,648)
Total OPEB liability - beginning	2,975,694	2,730,125	2,689,526	2,121,424	2,016,424	2,091,072
Total OPEB liability - ending	\$ 3,005,917	2,975,694	2,730,125	2,689,526	2,121,424	2,016,424
Covered-employee payroll	\$ 3,683,340	3,593,502	3,518,255	3,432,444	3,632,910	3,535,679
Total OPEB liability as a percentage of covered-employee payroll	81.61%	82.81%	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:

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Discount rate - PLD	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.25%	7.25%
Discount rate - SET	6.50%	6.50%	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%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases - PLD	2.75-11.48%	2.75-11.48%	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%	2.80-13.03%	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%	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%	2.20%	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:

	2023	2022	2021	2020	2019	2018	2017
Discount rate - PLD	6.50%	6.50%	6.50%	6.75%	4.98%	5.13%	5.41%
Discount rate - SET	6.50%	6.50%	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:

	2023	2022	2021	2020	2019	2018	2017
Discount rate	3.65%	3.54%	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, 2024

(with comparative totals for the year ended June 30, 2023)

		2024				
		Original budget	Final budget	Actual	Variance positive (negative)	2023 actual
Revenues						
Property taxes						
Real estate and personal property	\$	3,726,251	3,726,251	3,695,617	(30,634)	3,350,736
Excise taxes		623,000	623,000	620,880	(2,120)	625,040
Payments in lieu of taxes		35,000	35,000	35,085	85	39,300
Interest on taxes		43,000	43,000	26,639	(16,361)	33,749
Total property taxes		4,427,251	4,427,251	4,378,221	(49,030)	4,048,825
Intergovernmental						
State revenue sharing		925,910	925,910	942,853	16,943	846,185
Homestead exemption		220,538	220,538	220,538	-	234,128
Business equipment tax reimbursement		10,634	10,634	10,754	120	10,887
Veterans exemption		-	-	2,239	2,239	2,576
Tree growth exemption		30,000	30,000	38,324	8,324	39,231
Snowmobile reimbursement		1,000	1,000	497	(503)	596
General assistance		9,100	9,100	12,360	3,260	9,710
Urban rural initiative payment		40,000	40,000	48,180	8,180	41,356
Total intergovernmental		1,237,182	1,237,182	1,275,745	38,563	1,184,669
Charges for services						
Administration		15,000	15,000	14,747	(253)	15,446
School bus storage		15,000	15,000	13,750	(1,250)	12,500
Code enforcement		6,000	6,000	9,768	3,768	8,975
EMS administration		73,840	73,840	72,790	(1,050)	71,458
Motor vehicle agent fees		6,100	6,100	5,770	(330)	5,891
Library		3,950	3,950	4,790	840	3,935
Recreation		83,000	83,000	92,486	9,486	87,521
Transfer station		34,500	34,500	39,139	4,639	37,193
Total charges for services		237,390	237,390	253,240	15,850	242,919
Interest		36,000	36,000	71,202	35,202	32,547
Miscellaneous						
Sale of property		1,000	1,000	-	(1,000)	5,140
Police		350	350	480	130	515
Fire		1,000	1,000	1,692	692	1,194
Public works		49,725	49,725	17,430	(32,295)	30,803
Cemetery		10,000	10,000	11,108	1,108	12,725
Other		200	200	4,277	4,077	3,751
Total miscellaneous		62,275	62,275	34,987	(27,288)	54,128
Total revenues		6,000,098	6,000,098	6,013,395	13,297	5,563,088

City of Calais, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	2024				
	Original budget	Final budget	Actual	Variance positive (negative)	2023 actual
Expenditures					
Current:					
General government					
City council	15,970	15,970	15,469	501	15,156
City manager	97,620	97,620	95,468	2,152	92,666
City clerk	98,310	98,310	99,134	(824)	129,288
Finance department	216,540	216,540	188,145	28,395	162,898
Legal services	30,000	30,000	11,216	18,784	7,735
Assessing	108,760	108,760	107,234	1,526	101,667
City building	102,325	102,325	90,231	12,094	80,652
St. Croix fire house	4,980	4,980	3,260	1,720	4,030
Public buildings - north	57,950	57,950	55,065	2,885	50,318
Total general government	732,455	732,455	665,222	67,233	644,410
City services					
Library	187,500	187,500	174,954	12,546	160,567
Recreation	298,520	298,520	289,877	8,643	264,419
Subsidies and donations	33,900	33,900	33,366	534	25,976
Total city services	519,920	519,920	498,197	21,723	450,962
Public safety					
Police	625,100	625,100	493,084	132,016	383,415
Fire	466,575	466,575	486,813	(20,238)	459,962
Street and traffic lights	80,250	80,250	61,308	18,942	66,767
Total public safety	1,171,925	1,171,925	1,041,205	130,720	910,144
Public works					
Public works	841,595	841,595	653,886	187,709	691,538
Transfer station	106,650	106,650	110,376	(3,726)	110,529
Cemetery	153,125	153,125	142,325	10,800	137,913
Total public works	1,101,370	1,101,370	906,587	194,783	939,980
Education (transfer out)	1,193,497	1,193,497	1,193,497	-	1,175,642
County tax	327,887	327,887	327,887	-	300,967
Tax increment financing (transfer o	82,073	82,073	82,073	-	46,698
Miscellaneous					
Hydrants	206,737	206,737	206,737	-	206,737
Insurance	89,000	89,000	92,506	(3,506)	80,691
Contingency	25,000	25,000	25,848	(848)	10,548
Other	27,740	27,740	23,707	4,033	21,106
Total miscellaneous	348,477	348,477	348,798	(321)	319,082
Debt service	96,229	96,229	98,625	(2,396)	50,199
Capital outlay	422,600	422,600	426,460	(3,860)	457,250
Total expenditures	5,996,433	5,996,433	5,588,551	407,882	5,295,334
Excess (deficiency) of revenues over (under) expenditures	3,665	3,665	424,844	421,179	267,754
Other financing sources (uses)					
Transfers in	63,300	63,300	59,821	(3,479)	60,012
Transfers out	-	-	-	-	(2,877,269)
Total other financing sources (uses)	63,300	63,300	59,821	(3,479)	(2,817,257)
Net change in fund balance	66,965	66,965	484,665	417,700	(2,549,503)
Fund balance - beginning			898,881		3,448,384
Fund balance - ending			\$ 1,383,546		898,881

City of Calais, Maine

School department

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	2024				2023 actual
	Original budget	Final budget	Actual	Variance positive (negative)	
Revenues					
Local assessments (transfer in)	\$ 1,193,497	1,193,497	1,193,497	-	1,175,642
Intergovernmental					
State subsidy	6,342,493	6,342,493	6,362,732	20,239	6,051,330
MaineCare	255,000	255,000	454,054	199,054	294,146
Assessments	111,527	111,527	111,527	-	108,797
Efficiency Maine	-	-	262,432	262,432	-
Total intergovernmental	6,709,020	6,709,020	7,190,745	481,725	6,454,273
Charges for services					
Elementary tuition	155,400	155,400	216,037	60,637	164,491
Secondary tuition	856,800	856,800	1,111,409	254,609	1,037,202
Special education tuition	207,500	207,500	300,140	92,640	261,155
Total charges for services	1,219,700	1,219,700	1,627,586	407,886	1,462,848
Interest	-	-	37,569	37,569	-
Miscellaneous					
Ed tech reimbursement	64,997	64,997	209,816	144,819	34,552
Other	-	-	11,352	11,352	28,250
Total miscellaneous	64,997	64,997	221,168	156,171	62,802
Total revenues	9,187,214	9,187,214	10,270,565	1,083,351	9,155,565
Expenditures					
Current:					
Regular instruction	3,102,186	3,102,186	3,064,758	37,428	3,096,577
Special education	1,602,174	1,602,174	1,867,356	(265,182)	1,486,023
Career and technical education	1,407,614	1,407,614	1,174,421	233,193	1,273,886
Other instruction	176,545	176,545	140,919	35,626	153,148
Student and staff support	408,598	408,598	404,430	4,168	438,626
System administration	452,760	452,760	425,932	26,828	487,581
School administration	449,282	449,282	436,433	12,849	423,168
Transportation	761,224	761,224	272,983	488,241	851,758
Facilities maintenance	931,518	931,518	871,751	59,767	875,760
Debt service	415,160	415,160	412,001	3,159	429,097
Total expenditures	9,707,061	9,707,061	9,070,984	636,077	9,515,624
Excess (deficiency) of revenues over (under) expenditures	(519,847)	(519,847)	1,199,581	447,274	(360,059)
Other financing sources (uses)					
Transfers out	(15,000)	(15,000)	(56,343)	(41,343)	(15,000)
Use of fund balance	534,847	534,847	-	(534,847)	-
Total other financing sources (uses)	519,847	519,847	(56,343)	(576,190)	(15,000)
Net change in fund balance	-	-	1,143,238		(375,059)
Fund balance - beginning			837,449		1,212,508
Fund balance - ending		\$	1,980,687		837,449

City of Calais, Maine

Combining balance sheet
Nonmajor governmental funds
June 30, 2024

	Special revenue funds	Capital project funds	Permanent funds	Total nonmajor governmental funds
Assets				
Cash and cash equivalents	\$ 384,354	-	154,795	539,149
Investments	268,483	-	441,700	710,183
Accounts receivable, net	90,992	-	-	90,992
Due from other funds	459,397	684,334	-	1,143,731
Loans receivable, net	68,598	-	-	68,598
Inventory	10,822	-	-	10,822
Total assets	\$ 1,282,646	684,334	596,495	2,563,475
Liabilities				
Accounts payable	8,390	-	-	8,390
Accrued wages and benefits	7,395	-	-	7,395
Unearned revenue	76,236	-	-	76,236
Due to other funds	168,344	-	4,724	173,068
Total liabilities	260,365	-	4,724	265,089
Fund balances				
Nonspendable	-	-	494,540	494,540
Restricted	846,416	4,162	117,232	967,810
Committed	281,760	739,533	-	1,021,293
Unassigned	(105,895)	(59,361)	(20,001)	(185,257)
Total fund balances	1,022,281	684,334	591,771	2,298,386
Total liabilities and fund balances	\$ 1,282,646	684,334	596,495	2,563,475

City of Calais, Maine

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

Nonmajor governmental funds

For the year ended June 30, 2024

	Special revenue funds	Capital project funds	Permanent funds	Total nonmajor governmental funds
Revenues				
Intergovernmental	\$ 678,136	-	-	678,136
Charges for services	62,628	-	-	62,628
Student activity fees and fundraisers	176,858	-	-	176,858
Investment income (loss)	15,623	-	22,699	38,322
Miscellaneous	45,904	16,614	5,200	67,718
Total revenues	979,149	16,614	27,899	1,023,662
Expenditures				
Current:				
General government	237,403	160,787	-	398,190
City services	31,395	1,170	1,800	34,365
Public safety	4,342	6,593	-	10,935
Public works	70,820	43,671	-	114,491
Education	660,128	-	-	660,128
Miscellaneous	500	-	-	500
Debt service	15,581	-	-	15,581
Total expenditures	1,020,169	212,221	1,800	1,234,190
Excess (deficiency) of revenues over (under) expenditures	(41,020)	(195,607)	26,099	(210,528)
Other financing sources (uses)				
Transfers in	103,073	290,813	-	393,886
Transfers out	(1,500)	-	(7,500)	(9,000)
Total other financing sources (uses)	101,573	290,813	(7,500)	384,886
Net change in fund balances	60,553	95,206	18,599	174,358
Fund balances - beginning	961,728	589,128	573,172	2,124,028
Fund balances - ending	\$ 1,022,281	684,334	591,771	2,298,386

City of Calais, Maine

Combining balance sheet

Special revenue funds

June 30, 2024

		City grants and other funds	Economic development loan fund	Downtown TIF	School lunch	Student activities	Total special revenue funds
Assets							
Cash and cash equivalents	\$	-	154,795	-	-	229,559	384,354
Investments		-	268,483	-	-	-	268,483
Accounts receivable, net		-	-	-	90,992	-	90,992
Due from other funds		311,702	53,519	94,176	-	-	459,397
Loans receivable, net		-	68,598	-	-	-	68,598
Inventory		-	-	-	10,822	-	10,822
Total assets	\$	311,702	545,395	94,176	101,814	229,559	1,282,646
Liabilities							
Accounts payable		-	8,390	-	-	-	8,390
Accrued wages and benefits		-	-	-	7,395	-	7,395
Unearned revenue		76,236	-	-	-	-	76,236
Due to other funds		-	-	-	168,344	-	168,344
Total liabilities		76,236	8,390	-	175,739	-	260,365
Fund balances							
Restricted		215,235	537,005	94,176	-	-	846,416
Committed		52,201	-	-	-	229,559	281,760
Unassigned		(31,970)	-	-	(73,925)	-	(105,895)
Total fund balances		235,466	537,005	94,176	(73,925)	229,559	1,022,281
Total liabilities and fund balances	\$	311,702	545,395	94,176	101,814	229,559	1,282,646

City of Calais, Maine

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

Special revenue funds

For the year ended June 30, 2024

	City grants and other funds	Economic development loan fund	Downtown TIF	School lunch	Student activities	Total special revenue funds
Revenues						
Intergovernmental	\$ 256,855	-	-	421,281	-	678,136
Charges for services	3,424	2,612	-	56,592	-	62,628
Student activity fees and fundraisers	-	-	-	-	176,858	176,858
Investment income (loss)	-	15,623	-	-	-	15,623
Miscellaneous	40,418	5,486	-	-	-	45,904
Total revenues	300,697	23,721	-	477,873	176,858	979,149
Expenditures						
Current:						
General government	155,348	62,567	19,488	-	-	237,403
City services	31,395	-	-	-	-	31,395
Public safety	4,342	-	-	-	-	4,342
Public works	34,453	36,367	-	-	-	70,820
Education	-	-	-	494,403	165,725	660,128
Miscellaneous	500	-	-	-	-	500
Debt service	-	15,581	-	-	-	15,581
Total expenditures	226,038	114,515	19,488	494,403	165,725	1,020,169
Excess (deficiency) of revenues over (under) expenditures	74,659	(90,794)	(19,488)	(16,530)	11,133	(41,020)
Other financing sources (uses)						
Transfers in	6,000	-	82,073	15,000	-	103,073
Transfers out	-	(1,500)	-	-	-	(1,500)
Total other financing sources (uses)	6,000	(1,500)	82,073	15,000	-	101,573
Net change in fund balances	80,659	(92,294)	62,585	(1,530)	11,133	60,553
Fund balances - beginning	154,807	629,299	31,591	(72,395)	218,426	961,728
Fund balances - ending	\$ 235,466	537,005	94,176	(73,925)	229,559	1,022,281

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, 2024

	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)
FEMA rain disaster	-	25,742	30,250	-	(4,508)
Fire department ATV grant	(3,699)	-	3,732	-	(7,431)
UME education grant	335	-	-	-	335
Police drug forfeiture funds	867	-	-	-	867
Donation - skateboard	(687)	-	-	-	(687)
Animal control	2,854	256	610	-	2,500
Wal-Mart grant	895	-	-	-	895
National opioid settlement	46,598	75,765	-	-	122,363
Scholarship account	(3,250)	-	500	-	(3,750)
Firefighter training FAC	2,738	-	-	-	2,738
Firefighter grant	2,357	-	-	-	2,357
J. Baig bequest - firefighters	2,000	-	-	-	2,000
DARE	5,900	-	-	-	5,900
Fingerprint clinic	1,586	-	-	-	1,586
Day camp	4,599	-	-	-	4,599
Playground	500	-	-	-	500
Smith Field	1,000	-	-	-	1,000
JMG grant	600	-	-	-	600
School basketball	974	40	-	-	1,014
Pavilion project	(325)	-	-	-	(325)
Tennis donations	(501)	-	-	-	(501)
Eaton foundation - library	4,383	7,500	2,208	-	9,675
Figure foundation - library	(310)	-	-	-	(310)
Special gift book	2,539	4,587	5,189	-	1,937
Pike book fund	(113)	-	-	-	(113)
J. Baig bequest - library	1,920	-	-	-	1,920
Pike fund income	55,829	27,331	20,498	-	62,662
Concert donations	225	1,000	3,500	-	(2,275)
ARPA grant	-	155,348	155,348	-	-
Transfer station professional services	7,000	-	-	1,500	8,500
Environmental monitoring	7,248	-	-	2,000	9,248
Tree planting	2,673	-	2,673	500	500
Tree removal	5,038	-	-	2,000	7,038
Chipping program	8,800	-	-	-	8,800
Goode fuel fund	6,304	3,128	1,530	-	7,902
\$	154,807	300,697	226,038	6,000	235,466

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, 2024

	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Insurance claim	\$ 247,214	-	116,153	-	131,061
Kellogg grant	520	-	-	(520)	-
Melmac grant - high school	6,699	-	-	-	6,699
Melmac grant - tech center	(3,300)	-	701	-	(4,001)
Maine dairy	28	-	-	(28)	-
Private grant	22,653	5,000	551	(23,000)	4,102
Rotary grant - BARR	(694)	-	-	694	-
Local funds	(445)	-	-	445	-
Wellness grant	1,653	-	-	(1,653)	-
Suicide prevention grant	7,497	-	-	(7,497)	-
Tootsie roll grant	5,638	911	350	-	6,199
Recommissioned computer revenue	(1,312)	-	1,122	-	(2,434)
Maine indian education - afterschool	3,550	-	-	(3,550)	-
CES afterschool program	(32,612)	11,222	21,641	-	(43,031)
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)	-
Tobacco grant	-	-	10,968	23,000	12,032
CTE industry standards	16,647	-	27,963	-	(11,316)
Dental	113	-	-	(113)	-
IT-V	6,113	-	-	(6,113)	-
Preventing student homelessness	-	2,948	2,948	-	-
Proficiency based education	4,450	-	-	(4,450)	-
PEP grant	1,981	-	-	(1,981)	-
Advantage ME	170	-	-	(170)	-
Momentum	(7,455)	-	-	7,455	-
CTE instructional supply	(2,162)	139	1,123	-	(3,146)
FEDES grant	3,096	-	-	(3,096)	-
Regional support unit	2,108	-	-	(2,108)	-
Title IA - disadvantaged	(9,299)	261,487	298,071	-	(45,883)
Title IA - program improvement	-	52,390	52,390	-	-
Title IA - program improvement	(5,480)	-	-	5,480	-
Title IV - student support	-	18,948	18,948	-	-
Local entitlement	(22,488)	131,483	115,546	-	(6,551)
Preschool	1,397	-	-	(1,397)	-
Coronavirus relief funds 1	(9,250)	-	-	9,250	-
Coronavirus relief - day programming	189	-	-	(189)	-
Coronavirus relief funds 2	(5,812)	-	-	5,812	-
ESSER 2	(23)	-	-	23	-
ESSER 3	-	-	345,914	-	(345,914)
ARP - Homeless children and youth	-	289	1,616	-	(1,327)
Computer science mobile lab	1,500	-	-	(1,500)	-
Electronic health record	-	4,326	4,326	-	-
BARR	-	-	4,038	-	(4,038)
Project AWARE	(1,600)	722	-	878	-
Rural low income	1,554	47,523	49,077	-	-
Title IIA - supportive effective instruction	12,170	41,751	53,921	-	-
Perkins learning center	(612)	48,827	48,215	-	-
HIV prevention	134	-	-	(134)	-
Youth suicide prevention	58	-	-	(58)	-
HRSA grant - school based health	79	-	-	(79)	-
DHHS teen and youth	8,171	63,180	63,071	-	8,280
	\$ 259,952	691,146	1,238,653	(11,713)	(299,268)

City of Calais, Maine

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

Student activity funds

For the year ended June 30, 2024

	Beginning fund balance	Revenues	Expenditures	Ending fund balance
Calais High School	\$ 162,233	118,404	128,189	152,448
St. Croix Technical School	54,016	41,184	27,284	67,916
Calais Elementary School	2,177	17,270	10,252	9,195
	<u>\$ 218,426</u>	<u>176,858</u>	<u>165,725</u>	<u>229,559</u>

City of Calais, Maine

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

Capital project funds

For the year ended June 30, 2024

	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	1,206	15,814	1,206	-	-	15,814
Nash's Lake dam	1,846	-	-	-	-	1,846
Recreation pool donations	(15,699)	-	-	-	-	(15,699)
Library - building fund	29,976	-	-	-	-	29,976
Land disposition	114,349	-	8,245	-	-	106,104
Cemetery road repair	11,550	-	-	-	1,275	12,825
Veteran's memorial pavers	4,532	800	1,170	-	-	4,162
CIP administration	348,929	-	151,336	-	112,500	310,093
CIP fire department	15,966	-	4,023	-	-	11,943
CIP recreation department	2,869	-	-	-	6,000	8,869
CIP police department	19,182	-	2,570	-	1,400	18,012
CIP public works	97,215	-	41,671	-	101,482	157,026
CIP transfer station	4,535	-	-	-	-	4,535
CIP cemetery	22,622	-	-	-	9,100	31,722
CIP North Street building	26,768	-	2,000	-	6,000	30,768
School - SCRTC reserve fund	(1,468)	-	-	-	1,468	-
Middle and high school projects	(51,588)	-	-	-	51,588	-
	\$ 589,128	16,614	212,221	-	290,813	684,334

City of Calais, Maine

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

Permanent funds

For the year ended June 30, 2024

		Cemetery trust	Library trust	Poor trust	Beckett pool	Total permanent funds
Revenues						
Investment earnings	\$	10,185	5,120	2,977	374	18,656
Investment costs		(1,447)	(1,096)	(642)	(81)	(3,266)
Unrealized gain (loss)		3,373	2,229	1,517	190	7,309
Contributions/donations		5,200	-	-	-	5,200
Total revenues		17,311	6,253	3,852	483	27,899
Expenditures						
Current:						
City services		-	-	1,800	-	1,800
Total expenditures		-	-	1,800	-	1,800
Excess (deficiency) of revenues over (under) expenditures		17,311	6,253	2,052	483	26,099
Other financing sources (uses)						
Transfers out		(4,000)	(3,500)	-	-	(7,500)
Total other financing sources (uses)		(4,000)	(3,500)	-	-	(7,500)
Net change in fund balances		13,311	2,753	2,052	483	18,599
Fund balances - beginning		376,548	129,311	53,698	13,615	573,172
Fund balances - ending	\$	389,859	132,064	55,750	14,098	591,771

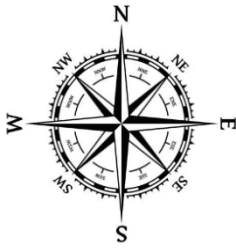
CITY OF CALAIS, MAINE

**Reports Required by *Government Auditing
Standards* and the Uniform Guidance**

For the Year Ended June 30, 2024

CITY OF CALAIS, MAINE
Reports Required by *Government Auditing Standards*
and the Uniform Guidance
For the year ended June 30, 2024

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

To the City Council
City of Calais, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Calais, Maine (“the City”) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 31, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

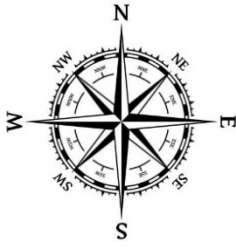
As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

A handwritten signature in black ink that reads "Peter J Hall CPA LLC". The signature is written in a cursive, flowing style.**PETER J HALL CPA LLC**

South Portland, Maine
March 31, 2025



PETER J HALL CPA LLC
A Professional Limited Liability Company
439 Preble Street
South Portland, Maine 04106
207-415-0920

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

To the City Council
City of Calais, Maine

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Calais, Maine's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Calais, Maine's major federal programs for the year ended June 30, 2024. The City of Calais, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Calais, Maine ("the City") complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Calais, Maine as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 31, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for

purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Peter J Hall CPA LLC". The signature is written in a cursive, flowing style.

PETER J HALL CPA LLC

**South Portland, Maine
March 31, 2025**

City of Calais, Maine

Schedule of expenditures of federal awards
For the year ended June 30, 2024

Federal agency/ listing number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor number	Program expenditures	Cluster/ listing total	Pass-through to sub- recipients
Department of education							
84.010A	Title I grants to local educational agencies		ME Dept of Education	3107	298,071		-
84.010A	Title I grants - program improvement		ME Dept of Education	3106	52,390	350,461	-
84.048	Career and technical education - basic grants to states		ME Dept of Education	3030	48,215		-
84.027	Special education grants to states	Special education	ME Dept of Education	3046	115,546	115,546	-
84.424	Student support and academic enrichment		ME Dept of Education	3345	18,948		-
84.358	Rural education		ME Dept of Education	3305	49,077		-
84.367	Supporting effective instruction state grants		ME Dept of Education	3042	53,921		-
84.425U	COVID-19 - Elementary and secondary school emergency relief 3 (ARP ESSER)		ME Dept of Education	7071	345,914		-
84.425U	COVID-19 - ARP ESSER homeless children and youth		ME Dept of Education	3161	1,616	347,530	-
Total department of education					983,698		
Department of agriculture							
10.553	School breakfast program	Child nutrition	ME Dept of Education	3014	58,137		-
10.555	National school lunch program	Child nutrition	ME Dept of Education	3022/3024	133,671		-
10.555	National school lunch program - donated commodities	Child nutrition	ME Dept of Education	n/a	19,337		-
10.555	Supply chain assistance	Child nutrition	ME Dept of Education	6670	17,412		-
10.559	Summer food service program for children	Child nutrition	ME Dept of Education	3016/3018	20,980		-
10.582	Fresh fruit and vegetable program	Child nutrition	ME Dept of Education	3028	19,342	268,879	-
10.649	COVID-19 - Pandemic EBT Administration costs		ME Dept of Education	1322	1,306		-
Total department of agriculture					270,185		
Department of treasury							
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds		Direct	n/a	155,348		-
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds		Maine Municipal Bond Bank	n/a	359,372		-
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds		Maine Dept of Environmental Protection	n/a	145,466	660,186	-
Total department of treasury					660,186		
Environmental protection agency							
66.458	Capitalization Grants for Clean Water State Revolving Funds		Maine Municipal Bond Bank	n/a	76,661		-
66.468	Capitalization Grants for Drinking Water State Revolving Funds		Maine Dept of Environmental Protection	n/a	387,377		-
66.468	Capitalization Grants for Drinking Water State Revolving Funds		Maine Municipal Bond Bank	n/a	767,042	1,154,419	-
Total environmental protection agency					1,231,080		
Total expenditures of federal awards					3,145,149		

City of Calais, Maine

Notes to the schedule of expenditures of federal awards

June 30, 2024

I. Purpose of the schedule

Office of Management and Budget (OMB)'s Uniform Guidance requires a schedule of expenditures of federal awards showing total expenditures for each federal award program as identified in the Assistance Listings in the System for Award Management.

II. Summary of significant accounting policies

A. Reporting entity

The accompanying schedule includes all federal award programs of the City of Calais, Maine for the fiscal year ended June 30, 2024. The reporting entity is defined in the notes to the financial statements of the City.

B. Basis of presentation

The information in the accompanying schedule of expenditures of federal awards is presented in accordance with the Uniform Guidance. Pursuant to the Uniform Guidance, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations.

Major programs

The Uniform Guidance establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for the City are identified in the summary of auditor's results section in the schedule of findings and questioned costs.

C. Basis of accounting

The information presented in the schedule of expenditures of federal awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the City's fund financial statements.

D. Indirect cost rate

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF CALAIS, MAINE
Schedule of Findings and Questioned Costs
For the year ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	No
Significant deficiencies identified?	None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?	No
Significant deficiencies identified?	None reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? No

Identification of major federal programs:

Assistance Listing

21.027
66.468

Name of Federal Program or Cluster

Coronavirus State and Local Fiscal Recovery Funds
Drinking Water State Revolving Funds Cluster

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

Auditee qualified as low-risk auditee? No

CITY OF CALAIS, MAINE
Schedule of Findings and Questioned Costs, Continued

Section II - Findings Required to be Reported Under *Government Auditing Standards*

NONE

CITY OF CALAIS, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Costs for Federal Awards

None

CITY OF CALAIS, MAINE
Schedule of Findings and Questioned Costs, Continued

Section IV - Status of Prior Year Findings and Questioned Costs for *Government Auditing Standards* and Federal Awards

None