

FELCH & COMPANY, LLC  
*Certified Public Accountants*

CITY OF CARIBOU, MAINE  
as of  
DECEMBER 31, 2022

## *Financial Statements*

# CITY OF CARIBOU, MAINE

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# FELCH & COMPANY, LLC

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## Independent Auditors' Report

To the City Council of the  
City of Caribou, Maine

### Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Caribou, Maine, as of December 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Caribou, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Emphasis of Matter

As discussed in Note 1, the financial statements referred to above include only the primary government of the City of Caribou, Maine, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. These primary government financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not present fairly the financial position of the reporting entity of the City of Caribou, Maine, as of December 31, 2022, the changes in its financial position or, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. 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 these 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.

To the City Council of the  
City of Caribou, Maine

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 of Caribou'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.

#### **Auditors' 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 auditors' 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 of Caribou'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 of Caribou'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 budgetary, public pension, and other post-employment benefit information 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.

To the City Council of the  
City of Caribou, Maine

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Caribou, Maine's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedules of capital and non-capital outlays, schedule of property taxes and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, schedules of capital and non-capital outlays, schedule of property taxes and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2023 on our consideration of the City of Caribou's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Caribou'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 City of Caribou's internal control over financial reporting and compliance.

*Felch & Company LLC*

September 21, 2023



## City of Caribou, Maine

### Management's Discussion and Analysis For the Year Ended December 31, 2022

#### UNAUDITED

The following narrative is an overview and discussion of the financial activities of the City of Caribou for the financial year ending December 31, 2022. Management's discussion and analysis should be viewed as a tool to aid the reader in understanding the City's financial performance along with an enhanced insight to the attached financial statements and notes to the financials.

#### Financial highlights:

- The City of Caribou, Maine adheres to the standards of GASB 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Under these standards management has prepared statements of comparison indicating the relative changes within the City's organizational and financial structures. Much of the detail as well as the summary presented within this text can be found in Exhibit D that highlights the end results of operations for the City in 2022.
- The Financial Administrators of the City have implemented a modified approach towards valuing its infrastructure. This approach includes the establishment of condition statements for much of the City's infrastructure and a plan of capital actions to maintain and improve assets in accordance with prudent financial practices as well as accounting for future needs.

#### **The Financial Statements**

The discussion and analysis is intended to provide an introduction to the City's basic financial statements, which are comprised of three major components:

1) City-Wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Financial Statements. Supplementary information to the basic financial statements is also provided to fulfill mandatory requirements and clarification.

#### **City-Wide Financial Statements**

The City-wide financial statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting, similar in manner to private sector accounting statements. These statements also include all assets of the City (including infrastructure) as well as the liabilities with certain interfund activities eliminated.

The Statement of Net Position presents information on the City's assets and liabilities, with the difference between the two reported as net position. The capital assets reported under the non-current assets are based upon historical values less the total amount of depreciation accumulated to date.

The Statement of Activities presents information demonstrating how the City's net position changed during the last calendar year on a department-by-department basis. All changes in net position are reported as soon as the activity occurs, regardless of the timing of the related cash flow relevant to the event. Therefore, revenues and expenses are reported in this statement for some items that will only result in a change in cash in future fiscal periods.



City of Caribou, Maine

Management's Discussion and Analysis  
For the Year Ended December 31, 2022

UNAUDITED

**Fund Financial Statements**

The fund financial statements are a grouping of related accounts that are used to maintain control over the resources that have been segregated through the budgetary process for specific activities or objectives. The City of Caribou utilizes fund accounting practices to ensure compliance with finance-related legal requirements as well as performance measures to monitor activity throughout the year. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

The governmental funds define how money flows into and out of those funds and the balances left at year-end. These funds use modified accrual accounting to measure the cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed shorter-term view of the City's general government operations and the basic services they provide. Governmental fund information aids in determining whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs and services. The differences in the governmental fund statements and those of the City-wide statements are defined in the reconciliation statements. The City is also utilizing non-major funds. These funds are funded completely through special revenues and are not funded through general property tax dollars.

Notes to the financial statements are provided as additional information that is essential for the reader's full understanding of the data provided within the statements. Schedules are also included detailing Capital and Non-capital Outlays, Property Taxes, and activity in Non-major Funds.

The Statement of Net Position (Exhibit A) reports total net position of \$23,711,892 from the operations of the Governmental activity. This aggregate amount consists of total assets less depreciation and liabilities and the difference between deferred net inflows and outflows of resources. Exhibit A is delineated into Assets: Current and Non-current, Deferred outflows of resources, Liabilities: Current and Non-current, Deferred inflows of resources and Net Position: Net Investment in Capital Assets, Restricted and Unrestricted.

The reader should refer to Table I as a comparison of Exhibit A of the net changes from 2021 to 2022. Total Current Assets increased by \$1,079,735 in 2022. Capital Assets, net of depreciation, decreased by \$22,428.

Table I indicates Current Liabilities increased by \$75,271 and Noncurrent Liabilities increased by \$327,142 due to a change in the value of the net pension asset to a net pension liability. Net Position increased by \$1,024,205 for 2022.

The reader should refer to Table II as a comparison of the changes in Net Position from 2021 to 2022. Total City Expenditures for Governmental activities were \$16,454,178, as compared to \$15,665,367 for 2021 for an increase of \$788,811.

For 2022, the total General Revenues were \$13,036,613 as compared to \$12,682,963 for 2021, an increase of \$353,650. Taxes increased by \$252,200 and excise tax decreased by approximately \$51,000 and other revenues decreased by about \$310,000 while federal and state assistance increased by about \$463,000.

City of Caribou, Maine

Management's Discussion and Analysis  
For the Year Ended December 31, 2022

UNAUDITED

**Table I**  
**Net Position**

	<u>2022</u>	<u>2021</u>
<b>Current Assets</b>		
Cash and temporary investments	\$ 10,925,423	\$ 9,655,292
Taxes receivable	978,699	969,029
Notes receivable	41,522	206,667
Other receivables	240,027	313,578
Other current assets	219,156	180,526
	<u>12,404,827</u>	<u>11,325,092</u>
<b>Noncurrent Assets</b>		
Net pension asset	-	53,442
Capital assets, net of depreciation	18,315,855	18,338,283
	<u>18,315,855</u>	<u>18,391,725</u>
<b>Total Assets</b>	<u>30,720,682</u>	<u>29,716,817</u>
<b>Deferred outflows of resources</b>	<u>440,065</u>	<u>417,293</u>
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	191,030	170,121
Deferred compensation	540,475	493,645
Current portion of capital leases payable	107,435	99,903
	<u>838,940</u>	<u>763,669</u>
<b>Noncurrent Liabilities</b>		
Capital leases payable, net of current portion	186,526	293,961
Net pension liability	528,061	-
Net OPEB liability	500,802	594,286
	<u>1,215,389</u>	<u>888,247</u>
<b>Total Liabilities</b>	<u>2,054,329</u>	<u>1,651,916</u>
<b>Deferred inflows of resources</b>	<u>394,526</u>	<u>794,507</u>
<b>Net Position</b>		
Net Investment in capital assets	18,021,894	17,997,861
Restricted for special revenue funds	512,804	458,806
Unrestricted	10,177,194	9,231,020
<b>Total Net Position</b>	<u>\$ 28,711,892</u>	<u>\$ 27,687,687</u>

City of Caribou, Maine

Management's Discussion and Analysis  
For the Year Ended December 31, 2022

UNAUDITED

**Table II**  
**Change in Net Position**

	<u>2022</u>	<u>2021</u>
<u>General Revenues</u>		
Taxes	\$ 9,250,116	\$ 8,997,916
Federal and state assistance	2,105,415	1,642,901
Excise taxes	1,574,702	1,625,809
Other revenues	<u>106,380</u>	<u>416,337</u>
Total general revenues	13,036,613	12,682,963
<u>Program Revenues</u>		
Charges for services	2,387,915	2,556,581
Operating grants and contributions	<u>2,053,855</u>	<u>1,922,283</u>
Total revenues	<u>17,478,383</u>	<u>17,161,827</u>
<u>Program Expenses</u>		
General government	1,226,638	840,970
Public works	2,777,051	2,098,051
Police department	2,092,088	2,015,962
Fire and ambulance	2,734,329	2,836,359
Education	3,653,630	3,671,829
Caribou Housing Authority	1,236,337	1,076,736
Recreation	638,775	672,507
Economic development	280,319	414,375
County tax	603,038	552,758
Health and sanitation	260,090	253,256
Insurance and retirement	77,848	116,162
Library	202,171	215,195
Other	<u>671,864</u>	<u>901,207</u>
Total program expenses	<u>16,454,178</u>	<u>15,665,367</u>
Change in Net Position	1,024,205	1,496,460
Net Position - January 1	<u>27,687,687</u>	<u>26,191,227</u>
Net Position - December 31	<u>\$ 28,711,892</u>	<u>\$ 27,687,687</u>

City of Caribou, Maine

Management's Discussion and Analysis  
For the Year Ended December 31, 2022

UNAUDITED

The reader may refer to Supplement 1 as the report comparing the City's General Fund activity for the year as compared to the budget. Total Expenditures for the year were \$15,160,832, \$73,339 more than budgeted. Revenues were \$15,682,842, \$593,777 more than budgeted. Revenues exceeded Expenditures by \$522,010 for the year. Total Other Sources consists of capital outlays in excess of appropriations of \$36,405. The resulting net increase in the General Fund Balance was \$485,605.

Please refer to Supplement 2 for a discussion of the Modified Approach for City Capital Assets. The City has established a condition level of 70%. For the years ended December 31, 2022, 2021 and 2020, the City's street and sidewalk systems were rated at an index of 80. The City's runway System was rated at an index of 100 for all years. The City had budgeted expenditures of \$613,861 in 2022 to maintain infrastructure at the desired condition level. Actual expenditures for 2022 were \$610,446 from unassigned fund balance with an additional \$266,993 from reserves. This compares to estimates of \$471,000 in 2021 and actual expenditures of \$473,256 from unassigned fund balance and \$106,696 from reserves.

A more complete understanding of the capital outlay is summarized in Note 5 of this financial statement. Note 5 indicates that the City's capital assets, net of depreciation, decreased by \$22,428. Depreciation expense of \$705,500 and net disposals of \$81,659 were offset by additions totaling \$764,731. Management recognizes that the relationship of depreciation expense being less than net additions by \$59,231 as one of timing as the annualized rate of contribution supporting capital assets can be greater or less than a given year's replacements or upgrades. Management does, however, recognize the trend over the past decade has been a positive input greater than depreciation, an indication of prudent maintenance of the City's capital assets.

Long-term debt was decreased by \$99,903 in the year ended December 31, 2022. The debt at year end consists of one capital lease.

The City of Caribou continues to be fiscally strong. The City continues to maximize non-property tax revenue sources to lower the overall burden on property taxation. Management recognizes the future difficulties of funding municipal operations as the State Revenue Sharing distributions continue to decline for the foreseeable near term with potential increased burden upon property taxation.

Management concludes this section of the 2022 Audit with the continued pledge of researching and applying where possible economies of scale, regionalized services, best practices and efficiencies to minimize these pending impacts. This concludes the Management Discussion and Analysis Statement for the 2022 calendar year. A complete copy of the 2022 audited financials for the City of Caribou may be viewed at the Caribou City Office, 25 High Street during normal business hours of 8:00AM to 5:00PM Monday through Friday.

## CITY OF CARIBOU, MAINE

Exhibit A

Statement of Net Position  
December 31, 2022ASSETSCURRENT ASSETS

Cash and temporary investments (Note 2)	\$ 10,925,423
Uncollected taxes	857,342
Tax acquired property	121,357
Accounts receivable	385,697
Allowance for uncollectibles	(145,670)
Inventories	25,668
Notes receivable (Note 3)	41,522
Restricted cash (Note 4)	192,856
Other assets	632
	<u>12,404,827</u>

NONCURRENT ASSETS

Capital assets (Note 5)	
Non-depreciable	10,443,918
Depreciable, net of accumulated depreciation	<u>7,871,937</u>
	<u>18,315,855</u>

Total assets	<u>30,720,682</u>
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DEFERRED OUTFLOWS OF RESOURCES (Note 1)440,065LIABILITIESCURRENT LIABILITIES

Accounts payable	56,351
Accrued payroll	65,473
Escrow (Note 4)	134,679
Compensated absences (Note 1)	475,002
Current portion, capital leases payable	<u>107,435</u>
	<u>838,940</u>

NONCURRENT LIABILITIES

Capital leases payable, net of current portion (Note 6)	186,526
Net pension liability - defined benefit plan (Note 7)	528,061
Net OPEB liability (Note 8)	<u>500,802</u>
	<u>1,215,389</u>

Total liabilities	<u>2,054,329</u>
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DEFERRED INFLOWS OF RESOURCES (Note 1)394,526NET POSITION

Net investment in capital assets	18,021,894
Restricted for:	
Special revenue funds	512,804
Unrestricted	<u>10,177,194</u>
Total net position	<u>\$ 28,711,892</u>

*The accompanying notes are an integral part of this financial statement.*

## CITY OF CARIBOU, MAINE

Exhibit B

Statement of Activities  
For the Year Ended December 31, 2022

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Cost)</u>
		<u>Charges for</u>	<u>Operating Grants and Contributions</u>	
General government	\$ 1,226,638	\$ 187,581	\$ -	\$ (1,039,057)
Economic development	280,219	315,379	401,436	436,496
Health and sanitation	250,090	-	-	(260,090)
Public works	2,777,051	88,542	134,416	(2,554,093)
Police department	2,092,088	52,646	14,688	(2,024,754)
Fire and ambulance	2,734,229	1,558,805	-	(1,075,524)
Insurance and retirement	77,848	-	-	(77,848)
Recreation	577,026	17,094	-	(559,932)
Snowmobile trail maintenance	51,749	-	34,572	(27,177)
Library	202,171	3,896	-	(198,275)
County tax	603,038	-	-	(603,038)
Education	3,653,630	-	-	(3,653,630)
Tax assessment office	207,257	-	-	(207,257)
Section 8 Housing	1,236,237	63,972	1,468,743	296,378
Interest expense	6,181	-	-	(6,181)
Other	458,426	-	-	(458,426)
	<u>\$ 16,454,178</u>	<u>\$ 2,387,915</u>	<u>\$ 2,053,855</u>	<u>(12,012,408)</u>

## General revenues:

## Taxes

Property taxes, levied for general purposes	8,604,396
Less: TIF payments	(517,400)
Homestead reimbursement and other property tax related	1,163,120
Excise	1,574,702
Federal and state aid not restricted to specific purposes	2,105,415
Other licenses, permits and fees	11,763
Miscellaneous revenues	94,617
Subtotal, general revenues	<u>13,036,613</u>

## CHANGE IN NET POSITION

1,024,205

## NET POSITION - JANUARY 1, 2022

27,687,687

## NET POSITION - DECEMBER 31, 2022

\$ 28,711,892

*The accompanying notes are an integral part of this financial statement.*



## CITY OF CARIBOU, MAINE

Exhibit C

Balance Sheet  
Governmental Funds  
As of December 31, 2022

	<u>General Fund</u>	<u>Section 8 Housing Program</u>	<u>Non-major Funds (Schedule 1)</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and temporary investments (Note 2)	\$ 9,025,591	\$ 223,577	\$ 1,676,255	\$ 10,925,423
Uncollected taxes	857,342	-	-	857,342
Tax acquired property	121,357	-	-	121,357
Accounts receivable	365,431	20,216	-	385,697
Allowance for uncollectibles	(145,670)	-	-	(145,670)
Inventories	25,668	-	-	25,668
Notes receivable (Note 3)	41,522	-	-	41,522
Restricted cash (Note 4)	-	192,856	-	192,856
Other assets	-	632	-	632
Total assets	<u>\$ 10,291,291</u>	<u>\$ 437,281</u>	<u>\$ 1,676,255</u>	<u>\$ 12,404,827</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 39,268	\$ 17,283	\$ -	\$ 56,351
Escrow (Note 4)	-	134,679	-	134,679
	<u>39,268</u>	<u>151,962</u>	<u>-</u>	<u>191,030</u>
Deferred inflow of resources:				
Deferred revenue (Note 1)	<u>712,200</u>	<u>13,902</u>	<u>-</u>	<u>725,902</u>
Fund balances:				
Nonspendable				
Inventory	25,668	-	-	25,668
Restricted				
Special revenue funds	-	271,417	241,387	512,804
Unrestricted				
Assigned				
Capital (Schedule 3)	257,319	-	-	257,319
Non-capital (Schedule 4)	4,802,296	-	-	4,802,296
Other funds	-	-	1,434,868	1,434,868
Unassigned	<u>4,454,940</u>	<u>-</u>	<u>-</u>	<u>4,454,940</u>
Total fund balances	<u>9,540,223</u>	<u>271,417</u>	<u>1,676,255</u>	<u>11,487,895</u>
Total liabilities and fund balances	<u>\$ 10,291,291</u>	<u>\$ 437,281</u>	<u>\$ 1,676,255</u>	<u>\$ 12,404,827</u>

*The accompanying notes are an integral part of this financial statement.*

## CITY OF CARIBOU, MAINE

Exhibit D

Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Year Ended December 31, 2022

	<u>General Fund</u>	<u>Section 8 Housing Program</u>	<u>Non-major Funds (Schedule 2)</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local property taxes	\$ 8,518,371	\$ -	\$ -	\$ 8,518,371
Homestead reimbursement	835,682	-	-	835,682
Abatements	(10,702)	-	-	(10,702)
Other property tax related	327,435	-	-	327,438
Excise taxes	1,574,702	-	-	1,574,702
Federal and state assistance	2,254,515	1,468,743	541,146	4,264,408
Fire and ambulance revenue	1,658,805	-	-	1,658,805
Other licenses, permits and fees	340,067	-	65,736	405,803
Other revenues	<u>187,582</u>	<u>65,949</u>	<u>323,551</u>	<u>577,082</u>
<b>TOTAL REVENUES</b>	<u>15,686,462</u>	<u>1,534,692</u>	<u>930,433</u>	<u>18,151,589</u>
<b>EXPENDITURES</b>				
General government	1,020,052	246,052	-	1,266,106
Economic development	-	-	280,319	280,319
Health and sanitation	260,090	-	-	260,090
Public works	2,791,555	-	-	2,791,555
Police department	2,068,075	-	-	2,068,075
Fire and ambulance	2,699,850	-	-	2,699,850
Insurance and retirement	77,848	-	-	77,848
Recreation	747,050	-	61,749	808,799
Library	196,314	-	-	196,314
County tax	603,038	-	-	603,038
Tax assessment office	207,257	-	-	207,257
General assistance	73,126	1,236,337	-	1,309,463
Education	3,653,630	-	-	3,653,630
Tax increment financing	517,400	-	-	517,400
Debt service - principal	99,905	-	-	99,903
- interest	13,272	-	-	13,272
Other	<u>172,397</u>	<u>-</u>	<u>171,265</u>	<u>343,662</u>
<b>TOTAL EXPENDITURES</b>	<u>15,200,359</u>	<u>1,482,389</u>	<u>513,333</u>	<u>17,196,581</u>
Net Increase in Fund Balance	485,505	52,303	417,100	955,008
Fund Balance - January 1, 2022	<u>9,054,518</u>	<u>219,114</u>	<u>1,259,155</u>	<u>10,532,887</u>
Fund Balance - December 31, 2022	<u>\$ 9,540,223</u>	<u>\$ 271,417</u>	<u>\$ 1,676,255</u>	<u>\$ 11,487,895</u>

*The accompanying notes are an integral part of this financial statement.*

## CITY OF CARIBOU, MAINE

Exhibit E

Reconciliation of the Governmental Funds Balance Sheet  
with the Statement of Net Position  
December 31, 2022

Total fund balance - governmental funds (Exhibit C) \$11,487,895

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 as assets in governmental funds:

The cost of capital assets is	\$ 29,229,577	
Accumulated depreciation is	<u>(10,913,722)</u>	
		18,315,855

Deferred outflows in governmental activities are not financial resources and,  
therefore, are not reported in the funds:

Deferred outflows of resources	440,065
--------------------------------	---------

Property taxes receivable will be collected this year, but are not available  
soon enough to pay for the current period's expenditures and, therefore,  
are deferred in the funds:

Deferred revenue	725,902
------------------	---------

Deferred inflows in governmental activities are not due and payable from  
current financial resources and, therefore, are not reported in the funds:

Deferred inflow of resources	(394,526)
------------------------------	-----------

Certain liabilities are not due and payable from current financial resources  
and, therefore, are not reported in the funds:

Notes payable	(293,961)	
Accrued payroll	(65,473)	
Net pension asset (liability)	(528,061)	
Net OPEB liability	(500,802)	
Compensated absences	<u>(475,002)</u>	
		<u>(1,863,299)</u>

Total net position - governmental activities (Exhibit A)	<u>\$28,711,892</u>
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## CITY OF CARIBOU, MAINE

Exhibit F

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures  
and Changes in Fund Balances with the City-Wide Statement of Activities  
For the Year Ended December 31, 2022

Total net change in fund balances - governmental funds (Exhibit D) \$ 955,008

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities these costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation expense.

Capital outlays	\$ 764,731	
Depreciation expense	<u>(705,500)</u>	
		59,231

In the statement of activities, only the gain on the sale of fixed assets is reported, whereas in the governmental funds, the entire proceeds from the sale increases financial resources. Therefore, the change in net position differs from the change in fund balance by the depreciated value of disposed assets. (81,659)

Compensation for accrued vacation and sick pay not yet paid is accumulated using the governmental activities fund to the extent that amounts would be paid to the employees upon retirement. These funds are not accumulated for the governmental activities fund. (31,755)

Some revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Increase in deferred property tax revenue	95,000	
Increase in other deferred revenue	1,727	

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 99,903

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

(Increase) in accrued payroll	(15,075)	
Decrease in accrued interest	7,091	
(Increase) in deferred pension liability	(581,503)	
Decrease in deferred OPEB liability	93,484	
Change in deferred inflows/outflows of resources	<u>422,753</u>	

Change in net position of governmental activities (Exhibit E) \$ 1,024,205

## CITY OF CARIBOU, MAINE

Exhibit G

Statement of Fiduciary Net Position  
December 31, 2022

	<u>Total</u>	<u>Cemetery Trust Funds</u>	<u>Library Trust Funds</u>	<u>Memorial Funds</u>
ASSETS				
Cash	<u>\$ 154,730</u>	<u>\$ 1,051</u>	<u>\$48,837</u>	<u>\$ 104,842</u>
NET POSITION				
Undesignated	<u>\$ 154,730</u>	<u>\$ 1,051</u>	<u>\$48,837</u>	<u>\$ 104,842</u>

## CITY OF CARIBOU, MAINE

Statement of Changes in Fiduciary Net Position  
For the Year Ended December 31, 2022

	<u>Total</u>	<u>Cemetery Trust Funds</u>	<u>Library Trust Funds</u>	<u>Memorial Funds</u>
REVENUE				
Interest income	<u>\$ 1,263</u>	<u>\$ 2</u>	<u>\$ 830</u>	<u>\$ 431</u>
DEDUCTIONS				
Expenses	<u>5,374</u>	<u>30</u>	<u>4,344</u>	<u>2,000</u>
NET CHANGE IN NET POSITION	<u>(5,111)</u>	<u>(28)</u>	<u>(3,514)</u>	<u>(1,569)</u>
NET POSITION - JANUARY 1	<u>159,841</u>	<u>1,079</u>	<u>52,351</u>	<u>106,411</u>
CASH AND NET POSITION - DECEMBER 31	<u>\$ 154,730</u>	<u>\$ 1,051</u>	<u>\$48,837</u>	<u>\$ 104,842</u>

## CITY OF CARIBOU, MAINE

### Notes to the Financial Statements December 31, 2022

#### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Caribou, Maine incorporated and adopted its first charter in 1967, which allows for a Council-Manager form of government. The Council consists of seven members elected by the voters with individual terms of three years.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The authority establishing the standards for governmental accounting principles is the Governmental Accounting Standards Board (GASB).

The accompanying financial statements include all governmental and expendable fiduciary fund types and account groups except for Cary Medical Center and Caribou Utilities District. The financial statements of these component units have been or are being audited and reported on by other independent auditors.

The City of Caribou's basic financial statements include City-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

City-wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each department or function of the City's governmental activities. Direct expenses are those that are specifically associated with a service or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the department, grants and contributions that are restricted to meeting the operational or capital requirements of a particular department and interest earned on grants that is required to be used to support a particular department. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenue of the City. The effect of significant interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level.

#### Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets and account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions. The various funds are summarized by type in the financial statements.

The focus of governmental fund financial statements is on the major funds. Each major fund is presented in a separate column and non-major funds are summarized into a single column. GASB standards set forth minimum criteria based on the size of the funds for the determination of major funds. City management may also choose to designate additional funds as major based on other criteria. The following funds are reported as major by the City:



# CITY OF CARIBOU, MAINE

## Notes to the Financial Statements December 31, 2022

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fund Accounting (Continued)

General Fund - The general fund accounts for financial resources in use for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services and interest income. A significant part of the General Fund's revenues are used principally to finance the operations of the City of Caribou.

Special Revenue Fund - The Section 8 Housing Program accounts for grant proceeds that are restricted by legal and regulatory provisions to finance the activities of the Caribou Housing Authority.

Custodial Funds - The City's custodial funds account for trust funds donated to the City that are fiduciary in nature.

#### Measurement Focus

City-wide Financial Statements - The City-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included in the statement of net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the City-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the City-wide statements and the statements for governmental funds.

#### Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. City-wide financial statements and the fiduciary funds are prepared using the accrual basis of accounting.

Governmental funds use the modified accrual basis of accounting. On the accrual basis of accounting, expenses are recognized at the time they are incurred. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 60 days of fiscal year-end. Licenses and permits, charges for services, fines and forfeits and miscellaneous revenues are recorded as revenues when received in cash. General property taxes, self-assessed taxes and investment earnings are recorded when they become both measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for expenditures for debt service, prepaid expenses and other long-term obligations, which are recognized when paid.

## CITY OF CARIBOU, MAINE

### Notes to the Financial Statements December 31, 2022

#### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Basis of Accounting (Continued)

Nonexchange transactions, in that the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of fund balance, is utilized in the governmental fund types. In the general fund, for budgetary purposes, appropriations lapse at fiscal year-end except for that portion related to encumbered amounts. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. The encumbrances are subject to re-appropriation by the City council in any succeeding fiscal year.

##### Budgetary Data

Formal budgetary accounting is employed as a management control for all funds of the City. Annual operating budgets are adopted each year through passage of an annual budget ordinance and amended as required for the General Fund. In accordance with generally accepted accounting principles, these budgets use the same accounting basis to reflect actual revenues and expenditures. Budgets for the Special Revenue Funds are made on a project basis, sometimes spanning over more than one fiscal year. Budgetary control is exercised at the departmental level or by project. All unencumbered budget appropriations, except reserve budgets, lapse at the end of each fiscal year.

The general operating fund is legally required to be budgeted and appropriated. The major document prepared is the tax budget, which separates these funds by function and estimated appropriation needed to fund each function. The tax budget demonstrates a need for existing or increased tax rates. This budget is approved by the City Council and may be amended during the year if projected increases or decreases in revenues or expenditures are identified by the City. The amounts reported as the original budget amounts in the budgetary statements (Supplement 1) reflect the amounts in the legally adopted budget. Changes, if any, are reflected in the final budget column.

##### Cash and Temporary Investments

Available cash is deposited in interest-bearing accounts to as great a degree as possible. These residual investments are classified for reporting purposes as cash. Earnings from these investments are reported by the applicable funds. The City's policy is to invest in regional banks and federal securities and to insure the funds to as great a degree as possible. Deposits with a maturity of three months or less are included in cash and temporary investments for financial reporting purposes.

Monies for all funds are maintained in a pool. Individual funds are maintained through the City's accounting records to allow proper segregation of cash for each fund.

CITY OF CARIBOU, MAINE

Notes to the Financial Statements  
December 31, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Taxes are levied as of April 1 and are used to finance the operations of the City for the calendar budget year beginning January 1. Taxes are committed for collection on July 1 and are due and payable on or before September 30. In accordance with Maine law, taxes not collected within eight months following the date of commitment are secured by liens.

The City has adopted the standard established by GASB No. 33 regarding the recognition of property taxes. The criterion for this standard is to recognize property tax revenue as it becomes both "measurable and available". Measurable is defined as the amount that the City can reasonably expect to receive of the property taxes assessed for the current year. Available is defined as the amount that will be collected of current and past due taxes during the current period or expected to be collected shortly thereafter to pay current liabilities. For the purposes of this report, 60 days is used as the collection period after year-end. Accordingly, a deferred inflow has been established on the fund balance sheet for the taxes considered collectible but not available for current liabilities.

Allowance for Uncollectible Receivables

Taxes receivable are recorded at estimated net realizable value. Therefore, an allowance for uncollectible taxes of \$20,670 has been established. Tax revenue is recorded net of the allowance for uncollectible taxes.

The ambulance service also reports accounts receivable net of the allowance for uncollectible accounts of \$125,000. Revenues have been netted to reflect the allowance.

Inventories

The City of Caribou inventories are valued at cost. Cost is determined on the first-in, first-out basis.

Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the City-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their estimated fair value as of the date received. The City maintains a capitalization threshold of \$3,000 for all assets other than infrastructure assets. The capitalization threshold for infrastructure assets is \$50,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Buildings and Improvements	20-50 years	N/A
Furniture and Equipment	5-20 years	10-15 years
Vehicles	8-10 years	N/A

Pursuant to GASB Statement No. 34, an extended period of deferral (until 2006) was available before the requirement to record and depreciate infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) acquired before the implementation date became effective. The City developed an implementation to determine the value of and included infrastructure cost in 2006. Infrastructure acquired prior to December 2002 has not been recorded. GASB Statement No. 34 requires the reporting of new infrastructure expenditures effective with the beginning of the implementation year (2002).

The City has elected to account for their infrastructure assets using the modified approach as opposed to depreciating them. See Supplement 2 for further details.



# CITY OF CARIBOU, MAINE

## Notes to the Financial Statements December 31, 2022

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The City currently reports only other post-employment benefit (OPEB) and pension-related items as deferred outflows of resources.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until then. The City currently reports only OPEB and pension-related items as deferred inflows of resources in the Statement of Net Position. The City also reports deferred property taxes in the general fund as deferred inflows on the fund balance sheet.

#### Accounts Payable, Accrued Expenses and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the City-wide financial statements.

#### Compensated Absences

City employees are entitled to certain compensated absences based on their length of employment and their department's individual contract negotiated with the City. Administration and all other employees not under a departmental contract receive twelve days sick leave per year and one to five weeks of vacation depending on the number of years of service. Unused vacation and sick pay are accumulated at the employee's current rate of pay and is included as a liability in the net position of the City-wide financial statements.

#### Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

#### Fund Balance Classifications

In the fund financial statements, governmental funds report the following classifications of fund balance:

##### Nonspendable Fund Balance

Nonspendable fund balance includes amounts that are not spendable in form or are contractually required to be maintained intact. The City reports fuel inventory as nonspendable.

##### Restricted Fund Balance

Restricted fund balance includes amounts that can only be used for specific purposes and includes grant funds and certain donations.

##### Unrestricted Assigned Fund Balance

Unrestricted assigned fund balance includes amounts assigned by the authority of the City Council for which they intend to use them for specific purposes. Any assignments held open for three years without activity is closed into unrestricted unassigned fund balance.

##### Unrestricted Unassigned Fund Balance

The remaining fund balance that is not restricted, committed or assigned is considered unassigned. These funds are spendable funds in the ordinary course of government operations.

# CITY OF CARIBOU, MAINE

Notes to the Financial Statements  
December 31, 2022

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fund Balance Classifications (Continued)

The City considers expenditures that are incurred for purposes where restricted and unrestricted fund balances are available, to be expended in the following order - Restricted, Committed, Assigned and Unassigned. In the 2022 fiscal year there were no unrestricted committed funds.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## (2) CASH AND TEMPORARY INVESTMENTS

Deposits with financial institutions are subject to custodial risk, which is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy is to invest in regional banks and to insure the funds to as great a degree as possible. As of December 31, 2022, the bank balance, including the various fiduciary accounts, was \$11,822,634 all of which was fully insured or collateralized.

The above information does not include any amounts on deposit for Cary Medical Center or Caribou Utilities District.

## (3) NOTES RECEIVABLE

The City's General Fund had a 2% note receivable in annual installments of \$7,365 principal and interest through December 2028 with a balance of \$41,522 as of December 31, 2022.

The note receivable of \$41,522 is with the Caribou Economic Growth Council which has made various loans under the same terms noted above. These notes are secured by the applicable notes held by the Caribou Economic Growth Council.

As of December 31, 2022, the note receivable matures as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 6,540
2024	6,671
2025	6,804
2026	6,940
2027	7,079
2028	<u>7,488</u>
	<u>\$41,522</u>

## (4) ACTIVITIES OF THE CITY OF CARIBOU SECTION 8 HOUSING PROGRAM

The City operates a Voucher Program (HCV) which enables up to one hundred ninety-three recipients to be granted housing assistance under the Section 8 Housing Program but does not restrict their living to the Caribou area. In addition, to the HCV program, the Caribou Housing Authority has a Mainstream Voucher Program for up to forty participants and an Emergency Housing Voucher Program for up to fifteen participants to receive housing assistance.

The Section 8 Program has a family self-sufficiency program that permits families to stay in the program even if their income increases. This increase in payments is collected by the program and deposited into an escrow account for the families involved to use upon their successful completion of the program. This money is listed as restricted cash in the balance sheet of the special revenue fund.

## CITY OF CARIBOU, MAINE

Notes to the Financial Statements  
December 31, 2022(5) CAPITAL ASSETS

In accordance with GASB standards, the City has reported all capital assets including infrastructure in the Government-wide Statement of Net Position. The City elected to use the "modified approach" as defined by GASB for infrastructure reporting. As a result, no accumulated depreciation or depreciation expense has been recorded for infrastructure. Other nondepreciable assets include land and construction in progress. All other capital assets were reported using the basic approach whereby accumulated depreciation and depreciation expense has been recorded.

Capital asset activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Nondepreciable:				
Land	\$ 529,700	\$ -	\$ -	\$ 529,700
Infrastructure	<u>9,914,218</u>	<u>-</u>	<u>-</u>	<u>9,914,218</u>
Total nondepreciable	10,443,918	-	-	10,443,918
Land improvements	1,371,638	-	-	1,371,638
Buildings	8,028,406	279,153	-	8,307,559
Vehicles	5,303,671	55,346	106,425	5,252,592
Equipment	<u>3,623,626</u>	<u>430,232</u>	<u>199,988</u>	<u>3,853,870</u>
Totals at historical cost	<u>28,771,259</u>	<u>764,731</u>	<u>306,413</u>	<u>29,229,577</u>
Less accumulated depreciation for:				
Land improvements	1,162,103	18,848	-	1,180,951
Buildings	3,084,207	208,525	-	3,292,732
Vehicles	4,293,372	259,415	103,095	4,449,692
Equipment	<u>1,893,294</u>	<u>218,712</u>	<u>121,659</u>	<u>1,990,347</u>
Total accumulated depreciation	<u>10,432,976</u>	<u>705,500</u>	<u>224,754</u>	<u>10,913,722</u>
Governmental activities capital assets, net	<u>\$18,338,283</u>	<u>\$ 59,231</u>	<u>\$ 81,659</u>	<u>\$18,315,855</u>

Depreciation expense was charged to governmental functions as follows:

<u>Governmental Activities</u>	
General	\$ 72,536
Library	5,857
Police	50,490
Fire and Ambulance	284,859
Public works	106,931
Recreation and parks	143,189
Airport	38,768
Other	<u>2,870</u>
	<u>\$705,500</u>



# CITY OF CARIBOU, MAINE

## Notes to the Financial Statements December 31, 2022

### (6) GENERAL LONG-TERM DEBT

As of December 31, 2022, long-term debt consisted of a 3.591% capital lease payable in semi-annual payments ranging from \$44,205 to \$61,565 principal and interest through June 2025. The lease had a balance due of \$293,961 at December 31, 2022.

Long-term debt activity during the year ended December 31, 2022, was as follows:

	Balance January 1, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, 2022	Due Within <u>One Year</u>
<u>Governmental Activities</u>					
Capital Lease Payable	<u>\$393,864</u>	<u>\$ -</u>	<u>\$99,903</u>	<u>\$293,961</u>	<u>\$107,435</u>

As of December 31, 2022, long-term obligations mature as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2023 (included in current liabilities)	\$107,435	\$ 9,618
2024	115,390	5,690
2025	<u>71,136</u>	<u>1,472</u>
	<u>\$293,961</u>	<u>\$16,780</u>

### (7) EMPLOYEES' RETIREMENT PLAN

#### MAINEPERS

##### Plan Description

The City contributes to the Maine Public Employees Retirement System (MainePERS) which is a multiple-employer cost sharing defined benefit pension plan as a Participating Local District (PLD). Eligible employers are defined in Maine statute. As of June 30, 2022, there were 311 employers in the plan. As of June 30, 2022, the City had 26 employees enrolled in the plan.

##### Pension Benefits

Benefit terms are established in Maine statute and an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The plan provides defined benefits based on members' average final compensation and service credit earned as of retirement. Vesting occurs upon the earning of five years of service credit. For PLD members, normal retirement age is 60 (if the member participated in the plan on or before June 30, 2014) or 65 (for members added to the plan beginning July 1, 2014). Members are eligible for retirement after twenty-five years of service; or upon reaching normal retirement age of 60 or 65, whether or not they are in service, provided they are vested with 5 or 10 years of service, whichever applies to them; or upon reaching their normal retirement age of 60 or 65, provided they have been in service for at least one year immediately prior to retirement. The monthly benefit of members who retire before normal retirement age by 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 the normal retirement age at retirement. MainePERS also provides disability and death benefits which are established by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest (annual rate is currently 1.52%), credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights.

# CITY OF CARIBOU, MAINE

## Notes to the Financial Statements December 31, 2022

### (7) EMPLOYEES' RETIREMENT PLAN (Continued)

#### Pension Benefits (Continued)

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or the System's Board rule. The City's participants contributed 8% of their wages to the plan. The City's contribution rate is determined through actuarial valuations.

#### Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

At December 31, 2022, the City reported a liability of \$528,061 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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 net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the City's proportion was .1986%, which was an increase of .00323% from its proportion as measured as of June 30, 2021.

For the year ended December 31, 2022, the City recognized pension expense of \$178,407. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 98,137	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	221,630
Changes of assumptions	107,178	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>62,981</u>	<u>-</u>
Total	<u>\$268,296</u>	<u>\$221,630</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2023	\$ 99,445
2024	(19,186)
2025	(137,689)
2026	104,096

CITY OF CARIBOU, MAINE

Notes to the Financial Statements  
December 31, 2022

(7) EMPLOYEES' RETIREMENT PLAN (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	2.75% - 11.48%
Inflation rate	2.75%
Investment rate of return	6.5% per annum, compounded annually
Cost of living benefit increases	1.91%

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

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table. Assets for each of the defined benefits plan are commingled for investment purposes

Discount Rate

The discount rate used to measure the collective pension liability was 6.5% for 2022. 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 contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2022 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate.

1% Decrease	Current Discount Rate	1% Increase
<u>5.5%</u>	<u>6.5%</u>	<u>7.5%</u>
\$1,560,041	\$528,061	\$(324,908)

All other employees are covered under the Social Security System.

MainePERS issues a publicly available financial report that includes financial statements and required supplementary information that may be obtained on the Internet at [www.mainebers.org](http://www.mainebers.org) or at the MainePERS office in Augusta.

# CITY OF CARIBOU, MAINE

## Notes to the Financial Statements December 31, 2022

### (7) EMPLOYEES' RETIREMENT PLAN (Continued)

#### Deferred Compensation Plan

The City has established for its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salaries until future years. The deferred compensation amount is not available to the employees until termination, retirement or death.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, contribution rates depend on individual contracts and a portion of which is matched by the employer. Employees may elect to make member contributions.

### (8) OTHER POST-EMPLOYMENT BENEFIT (OPEB)

#### Plan Description – Maine Municipal Employees Health Trust

The City of Caribou, Maine participates in the Maine Municipal Employees Health Trust (MMEHT) in which retirees and spouses may participate in group health insurance through a single employer defined benefit OPEB plan. The employee must meet certain age and length of service requirements in order to be eligible for post-retirement benefits.

#### Benefits

The non-Medicare retirees are offered the same plans that are available to the active employees. Medicare retirees are assumed to be enrolled in Medicare Parts A and B and the Retiree Group Companion Plan which includes prescription coverage. Medical benefits are provided for the life of the retiree and surviving spouses. Current retirees do not have access to dental benefits. Future new retirees who retire after December 31, 2016 will have access to purchase dental coverage at the Plan COBRA (Consolidated Omnibus Budget Reconciliation Act) rates.

#### Employees Covered by Benefit Terms

At January 1, 2022, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to, but not yet receiving, benefits	-
Active employees	<u>51</u>
Total	<u>53</u>

#### Discount Rate

Since the Plan is pay as you go and is not funded, the discount rate will be based on a 20-year, tax-exempt general obligation municipal bond index and is 2.06% as of December 31, 2021. The discount rate as of December 31, 2020 was 2.12% per annum.

The following table shows how the net MMEHT OPEB liability as of December 31, 2021 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate.

1% Decrease	Current Discount Rate	1% Increase
<u>1.06%</u>	<u>2.06%</u>	<u>3.06%</u>
\$602,382	\$500,802	\$419,331

CITY OF CARIBOU, MAINE

Notes to the Financial Statements  
December 31, 2022

(8) OTHER POST-EMPLOYMENT BENEFIT (OPEB) (Continued)

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments. Lower healthcare trend rates produce a lower total OPEB liability.

<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
\$411,179	\$500,802	\$619,143

Actuarial Methods and Assumptions

The collective total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2022, using the following methods and assumptions apply to all periods included in the measurement:

The Entry Age Normal Actuarial Cost Method to value the plan's actuarial liabilities and to set the normal cost. Under this method, a normal cost rate is determined as a level percent of pay for each active plan member and then summed to produce the total normal cost for the plan. The unfunded actuarial liability and the actuarial value of assets.

Trend Assumptions

The Society of Actuaries Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field.

Future Plan Changes

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

OPEB Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

At December 31, 2022, the City reported a liability of \$500,802 for its net MMEHT liability. The net OPEB liability was measured as of January 1, 2022, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual results	\$ 13,684	\$147,502
Changes of assumptions	<u>158,085</u>	<u>25,394</u>
Total	<u>\$171,769</u>	<u>\$172,896</u>



CITY OF CARIBOU, MAINE

Notes to the Financial Statements  
December 31, 2022

(8) OTHER POST-EMPLOYMENT BENEFIT (OPEB) (Continued)

OPEB Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources  
(Continued)

Amounts reported as deferred outflows of resources and deferred (inflows) of resources will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Amounts</u>
2023	\$ 7,305
2024	7,305
2025	7,305
2026	7,310
2027	(3,038)
Thereafter	(27,314)

Change in net OPEB Liability

Balance at December 31, 2021	\$ <u>594,286</u>
Changes for the year:	
Service cost	28,801
Interest	13,146
Changes of benefits	-
Differences between expected and actual	(133,002)
Changes of assumptions	3,609
Benefit payments/ Employer contributions	<u>(6,038)</u>
Net changes	<u>(93,484)</u>
Balance at December 31, 2022	\$ <u>500,802</u>

(9) JOINT VENTURE – AROOSTOOK WASTE SOLUTIONS

The Aroostook Waste Solutions is owned jointly by the Towns of Fort Fairfield and Limestone plus the Cities of Caribou and Presque Isle. The Board of Directors consists of ten members residing in the four communities.

Financial statements for this joint venture were issued and reported on by us in a separate report dated May 10, 2023. These financial statements are available from the City's Finance Department.

A summary of the facility's activity for 2022, is as follows:

	<u>Amount</u>
Total assets	\$21,149,945
Deferred outflows of resources	97,937
Total liabilities	18,820,930
Deferred inflows of resources	<u>120,666</u>
Total net position	\$ <u>2,306,286</u>
Total revenue	\$ 4,024,848
Less total expenditures	<u>4,750,114</u>
Decrease in net position	\$ <u>(725,266)</u>



## CITY OF CARIBOU, MAINE

### Notes to the Financial Statements December 31, 2022

#### (9) JOINT VENTURE – AROOSTOOK WASTE SOLUTIONS (Continued)

The City has guaranteed, together with the other member communities, three notes payable. As of December 31, 2022, the total balance owed was \$5,763,889.

The State of Maine Department of Environmental Protection requires that Aroostook Waste Solutions place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at each site for thirty years after closure. These estimated closure and post-closure care costs are being recognized in the financial statements referred to above at the rate of utilization of the landfill sites. As of December 31, 2022, the estimated total cost of closure and post-closure care was approximately \$37,400,000 of which \$12,514,000 was recognized. The management of the landfill expects to use future earnings to cover the costs of closure and post-closure care. More information regarding the accounting for closure and post-closure care costs is available in the 2022 financial statements of the Aroostook Waste Solutions.

#### (10) RISK MANAGEMENT

The City is exposed to various risks of loss related to city officials, city council liability, torts, theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City purchases insurance for all risks of loss. There have been no significant reductions in insurance coverage during the year.

Additional risks include, but are not limited to military conflicts in Europe, the oil and gas market, supply chain issues and inflation.

#### (11) TAX INCREMENT FINANCING (TIF) DISTRICT

The City utilizes credit enhancement agreements with local business under the Municipal Tax Increment Financing Rule of the Maine Department of Economic and Community Development (DECD). Under this Rule, municipalities may grant property tax abatements on the captured value of a business' designated property improvements for purposes of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City. For the year ended December 31, 2022, the City abated property taxes totaling \$143,462 in connection with these seven agreements.

During August 2018, the City created a TIF District with a local Company to facilitate the repurposing of an elementary school for additional housing. The improvements are privately financed by the Company and are subject to an increase in the taxable valuation of the property. This District includes a credit enhancement agreement wherein the City must provide 95% of any tax increment back to the Company to reimburse qualified project costs. The City may use the remaining 5% for general economic development purposes. Obligations under this District began in 2020 for a duration of up to 30 years.

During March 2006, the City created the Caribou Downtown Tax Increment Financing District, in which the City can use 100% of tax revenue from incremental new assessed value of property located in the District to promote private development. The City entered into a Credit Enhancement Agreement (CEA) with a developer in order to provide for the consolidation of a state agency. Under the terms of the CEA, incremental tax revenue over the next 15 years resulting from improvements to the developer's building will be returned to the developer. The revenue will then be used to reduce the state agency's rental expense. The total benefit to the developer and state agency is expected to be approximately \$410,000 over the 15-year period. The TIF District was amended in 2008 and 2014 to allow for costs of public safety improvements, economic development, and infrastructure improvements in the downtown area. The TIF was extended in 2020 and will expire in 2035.

CITY OF CARIBOU MAINE

Notes to the Financial Statements  
December 31, 2022

(11) TAX INCREMENT FINANCING (TIF) DISTRICT (Continued)

During March 2022, the City entered into a credit enhancement agreement with a local company for Tax Increment Financing District in which the Company will receive 80% of the incremental new assessed value of the property to reimburse qualified project costs. The City may use the remaining 20% for general economic development purposes. Obligations under this district began in 2022 and will continue through 2036.

During January 2022, the City created a TIF District and entered into a credit enhancement agreement (CEA) with a local Company. The improvements are privately financed by the Company. The CEA will be for a duration of 14 years in which the Company will receive 80% of the incremental taxes resulting from the increased assessed value of the District. The City may use the remaining 20% for general economic development purposes. Obligations under this district began in 2022 and will continue through 2035.

(12) SUBSEQUENT EVENTS

Management has reviewed subsequent events through September 21, 2023, the date that these financial statements were available to be issued and determined that no additional adjustments or disclosures are required in order for these financial statements to be fairly stated.

## CITY OF CARIBOU, MAINE

Supplement 1

Budgetary Comparison Schedule for the General Fund  
For the Year Ended December 31, 2022

	General Fund		
	Budgeted Amounts		Actual Budgetary Basis
	Original	Final	
REVENUES			
Local property taxes	\$ 7,874,088	\$ 7,874,088	\$ 8,005,452
Homestead exemption reimbursement	830,000	830,000	835,682
Abatements	(13,500)	(13,500)	(10,702)
Other property tax related	295,800	295,800	327,438
Excise taxes	1,504,500	1,504,500	1,574,702
Federal and state assistance	1,747,000	1,747,000	2,254,519
Ambulance fees	1,304,477	1,304,477	1,102,664
Fire/Ambulance charge to towns	511,850	511,850	520,375
Billing services	39,106	39,106	35,766
Other licenses, permits and fees	325,954	325,954	340,067
Economic Development (TIF)	512,919	512,919	512,919
Other	156,871	156,871	183,960
TOTAL REVENUES	15,089,065	15,089,065	15,682,842
EXPENDITURES			
General government	791,567	791,567	1,261,692
Education	3,653,630	3,653,630	3,653,630
Health and sanitation	257,578	257,578	260,090
Public works	2,475,356	2,475,356	2,435,253
Police department and emergency management	2,143,936	2,143,936	2,051,371
Fire and ambulance	2,622,708	2,622,708	2,465,406
Insurance and retirement	91,376	91,376	82,045
Parks and recreation	748,546	748,546	720,280
Library	231,669	231,669	217,187
County tax	603,038	603,038	603,038
Tax assessment office	209,159	209,159	199,262
Tax increment financing	512,919	512,919	512,919
Appropriations to capital outlays	451,110	451,110	451,110
Other	294,901	294,901	247,549
TOTAL EXPENDITURES	15,087,493	15,087,493	15,160,832
Excess of Revenues Over Expenditures	1,572	1,572	522,010
OTHER SOURCES (USES)			
Capital outlays in excess of appropriations	-	-	(36,405)
Net Increase in Fund Balance	1,572	1,572	485,605
Fund Balance - January 1, 2022	-	-	9,054,618
Fund Balance - December 31, 2022	\$ 1,572	\$ 1,572	\$ 9,540,223

CITY OF CARIBOU, MAINE

Note to Supplement 1 - Budgetary Comparison Schedule  
For the General Fund  
For the Year Ended December 31, 2022

Budgets and Budgetary Accounting

The Budgetary Comparison Schedule for the General Fund (Supplement 1) presents comparisons of legally adopted budgets with actual data on a budgetary basis.

Modified Approach for City Capital Assets  
December 31, 2022

In accordance with GASB standards, the City is required to account for and report infrastructure capital assets. The City developed an implementation to determine the value of and included infrastructure cost in 2006.

The City has elected to account for their infrastructure assets using the modified approach as opposed to depreciating them. GASB standards do not require municipalities to depreciate infrastructure if they can provide the following:

An asset management system employed that:

- Has an up-to-date inventory of eligible infrastructure assets
- Performs condition assessments of the assets and summarizes the results using a "measurable scale"
- Estimates, on an annual basis, the annual amount needed to "maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the government"

The City documents that the eligible infrastructure assets are being "preserved approximately at (or above) a condition level established and disclosed by the government".

<u>Condition</u>	<u>Rating</u>	<u>Asset Management System Rating</u>
Good	100-80	1
Fair	79-65	2
Poor	64-50	3
Substandard	49-0	4

The City established a condition level of 70% which is a 2 rating. The assessment itself may be made either by the governmental entity directly or by external parties. The condition assessment may be performed annually or on a cyclical basis. For the period of December 31, 2020 through December 31, 2022, the City's Runway System was rated at an index of 100. The detail of the condition assessments from December 31, 2020 through December 31, 2022 are as follows:

<u>Condition</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Asset Management System Rating</u>
Good	48%	35%	56%	1
Fair	49%	55%	37%	2
Poor to Substandard	3%	10%	7%	3 and 4
Index rating	80	80	80	

As of December 31, 2022, the City had 10,311,934 square feet of roads with a historical cost of \$5,159,583. As of December 31, 2022, the City had 109,189 square feet of sidewalks with a historical cost of \$243,750. As of December 31, 2022, the City had 619,000 square feet of runway with a historical cost of \$4,155,026.

All expenditures related to infrastructure maintenance will be recognized as a current expense since they are not depreciated. Expenditures relating to infrastructure that are capital in nature (additions and improvements) will be capitalized as part of the infrastructure assets because they increase the capacity or efficiency of the related infrastructure asset.

	<u>Budgeted</u>	<u>Actual</u>	<u>Actual from Reserves</u>
2022	\$613,861	\$610,446	\$266,993
2021	471,000	473,256	106,696
2020	489,000	473,382	343,448



## CITY OF CARIBOU, MAINE

Supplement 3

Schedule of the City's Proportionate Share of the Net Pension Liability  
For the Last Nine Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.198642%	0.166299%	0.163962%	0.162736%	0.164850%	0.177237%	0.157442%	0.141646%	0.138719%
City's proportionate share of the net pension liability (asset)	\$ 528,061	\$ (53,442)	\$ 651,442	\$ 497,422	\$ 451,157	\$ 725,674	\$ 836,538	\$ 451,917	\$ 213,462
City's covered-employee payroll	\$2,258,329	\$2,058,065	\$1,763,461	\$1,793,591	\$1,706,657	\$1,621,469	\$1,553,062	\$1,364,960	\$ 1,255,523
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	23.38%	2.60%	36.94%	27.73%	26.44%	44.75%	53.86%	33.11%	17.00%
Plan fiduciary net position as a percentage of the total pension liability	93.30%	100.90%	88.30%	90.60%	91.10%	86.40%	81.60%	88.30%	94.10%

## CITY OF CARIBOU, MAINE

Supplement 4

Schedule of the City's Contributions  
For the Last Nine Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 190,572	\$ 129,991	\$ 108,469	\$ 104,430	\$ 95,568	\$ 89,994	\$ 84,006	\$ 65,501	\$ 53,995
Contributions in relation to the contractually required contribution	<u>190,572</u>	<u>129,991</u>	<u>108,469</u>	<u>104,430</u>	<u>95,568</u>	<u>89,994</u>	<u>84,006</u>	<u>65,501</u>	<u>53,995</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,258,329	\$ 2,058,065	\$ 1,763,461	\$ 1,793,591	\$ 1,706,657	\$ 1,621,469	\$ 1,553,062	\$ 1,364,960	\$ 1,255,523
Contributions as a percentage of covered-employee payroll	8.44%	6.32%	6.15%	5.83%	5.60%	5.55%	5.41%	4.80%	4.30%

## CITY OF CARIBOU, MAINE

Notes to Supplements 3 and 4  
December 31, 2022

### NOTE 1 – VALUATION DATE

Only fiscal years 2022 through 2014 are reported. The amounts presented have a measurement date as of June 30, 2022. The City will continue to present information until a full ten-year trend is compiled.

### NOTE 2 – BENEFIT CHANGES

There were no benefit changes for City employees in the employees' retirement plan.

### NOTE 3 – CHANGE IN ASSUMPTIONS

There were no changes in assumptions.

### NOTE 4 – METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Entry age normal
Amortization method	For the actuarial value as of June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015, level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year  For the actuarial value as of June 30, 2014, the net pension liability was amortized on an open basis over a period of 15 years
Asset valuation method	One-third of the investment return that is different from the actuarial assumption for investment return
Investment rate of return	6.5% compounded annually for 2022 and 2021 6.75% compounded annually for 2020, 2019 and 2018 6.875% compounded annually for 2017 and 2016 7.125% compounded annually for 2015 7.25% compounded annually for 2014
Retirement age	60 or 65, depending on years of creditable service at certain dates
Mortality	2010 Public Plan General Benefits Weighted Healthy Retiree Mortality Table for males and females, projected generationally using the RPEC_2020 model.

## CITY OF CARIBOU, MAINE

Supplement 5

Schedule of Change in Net Other Post-Employment Benefits (OPEB) Liability -  
Maine Municipal Employees Health Trust  
For the Last Five Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 28,801	\$ 24,494	\$ 16,515	\$ 19,105	\$ 15,625
Interest (includes interest on service cost)	13,146	14,890	17,137	15,055	12,011
Changes of benefits	-	-	(9,616)	-	-
Differences between expected and actual experience	(133,002)	-	(37,988)	-	30,784
Changes of assumptions	3,609	38,885	137,171	(45,706)	62,272
Benefit payments, including refunds of member contributions	<u>(6,038)</u>	<u>(5,806)</u>	<u>(5,650)</u>	<u>(5,433)</u>	<u>(3,117)</u>
Net change in total OPEB liability	(93,484)	72,463	117,569	(16,979)	117,575
Total OPEB liability - beginning	<u>594,286</u>	<u>521,823</u>	<u>404,254</u>	<u>421,233</u>	<u>303,658</u>
Total OPEB liability - ending (a)	<u>\$ 500,802</u>	<u>\$ 594,286</u>	<u>\$ 521,823</u>	<u>\$ 404,254</u>	<u>\$ 421,233</u>
Plan fiduciary net position					
Contributions - employer	\$ 6,038	\$ 5,806	\$ 5,650	\$ 5,433	\$ 3,117
Benefit payments	<u>(6,038)</u>	<u>(5,806)</u>	<u>(5,650)</u>	<u>(5,433)</u>	<u>(3,117)</u>
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability - ending (a) - (b)	<u>\$ 500,802</u>	<u>\$ 594,286</u>	<u>\$ 521,823</u>	<u>\$ 404,254</u>	<u>\$ 421,233</u>
Plan fiduciary net position as a percentage of the total OPEB liability	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll	\$ 2,685,510	\$ 2,971,088	\$ 3,048,055	\$ 3,048,055	\$ 3,048,055
Net OPEB liability as a percentage of covered-employee payroll	18.6%	20.0%	17.1%	13.3%	13.8%

CITY OF CARIBOU, MAINE

Notes to Supplement 5  
December 31, 2022

NOTE 1 – VALUATION DATE

Only fiscal years 2018 through 2022 are reported. The amounts presented have a measurement date as of January 1, 2022. The City of Caribou, Maine will continue to present information until a full ten-year trend is compiled.

NOTE 2 – BENEFIT CHANGES

There were no substantive plan changes during calendar year 2022.

NOTE 3 – CHANGE IN ASSUMPTIONS

The change in discount rate from 2.12% to 2.06% was the only change in assumption for the 2022 valuation.

NOTE 4 – METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Entry age normal
Investment rate of return	2.06% compounded annually for 2022 2.12% compounded annually for 2021 2.74% compounded annually for 2020 4.10% compounded annually for 2019 3.44% compounded annually for 2018
Salary increase rate	2.75%
Mortality	Based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females



## CITY OF CARIBOU, MAINE

Schedule 1

Balance Sheet  
For Non-Major Funds  
December 31, 2022

	<u>Snowmobile Trail Maintenance</u>	<u>Housing</u>	<u>Economic Development</u>	<u>American Rescue Plan</u>	<u>Revolving Loan Fund #10</u>	<u>Total Non-Major Funds</u>
<u>ASSETS</u>						
Cash	\$ 16,520	\$ 152,033	\$ 667,317	\$ 598,998	\$ 241,387	\$ 1,676,255
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance	<u>16,520</u>	<u>152,033</u>	<u>667,317</u>	<u>598,998</u>	<u>241,387</u>	<u>1,676,255</u>
Total liabilities and fund balances	<u>\$ 16,520</u>	<u>\$ 152,033</u>	<u>\$ 667,317</u>	<u>\$ 598,998</u>	<u>\$ 241,387</u>	<u>\$ 1,676,255</u>

## CITY OF CARIBOU, MAINE

Schedule 2

Statement of Revenues, Expenditures and Changes in Fund Balance  
For Non-Major Funds  
For the Year Ended December 31, 2022

	<u>Snowmobile Trail Maintenance</u>	<u>Housing</u>	<u>Economic Development</u>	<u>American Rescue Plan</u>	<u>Revolving Loan Fund #10</u>	<u>Total Non-major Funds</u>
<b>REVENUES</b>						
Federal and state assistance	\$ 34,572	\$ 105,138	\$ -	\$ 401,436	\$ -	\$ 541,146
Interest income	-	-	-	-	1,695	1,695
TIF Funds	-	-	315,379	-	-	315,379
Reimbursements	-	65,736	-	-	-	65,736
Other income	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>3,977</u>	<u>-</u>	<u>6,477</u>
Total Revenues	<u>37,072</u>	<u>170,874</u>	<u>315,379</u>	<u>405,413</u>	<u>1,695</u>	<u>930,433</u>
<b>EXPENDITURES</b>						
Program expenditures	<u>61,749</u>	<u>171,265</u>	<u>231,934</u>	<u>48,385</u>	<u>-</u>	<u>513,333</u>
Excess of Revenues Over (Under) Expenditures	(24,677)	(391)	83,445	357,028	1,695	417,100
Fund Balance - January 1	<u>41,197</u>	<u>152,424</u>	<u>583,872</u>	<u>241,970</u>	<u>239,692</u>	<u>1,259,155</u>
Fund Balance - December 31	<u>\$ 16,520</u>	<u>\$ 152,033</u>	<u>\$ 667,317</u>	<u>\$ 598,998</u>	<u>\$ 241,387</u>	<u>\$ 1,676,255</u>

## CITY OF CARIBOU, MAINE

Schedule 3

Schedule of Capital Outlays - General Fund  
For the Year Ended December 31, 2022

<u>Department</u>	<u>Balances January 1</u>	<u>Appropri- ations</u>	<u>Grants/ Transfers</u>	<u>Other</u>	<u>Total Available</u>	<u>Expenditures</u>	<u>Balances December 31</u>
Recreation	\$ 104,189	\$ -	\$ -	\$ 36,476	\$ 140,665	\$ 63,246	\$ 77,419
Library	74,507	600	23,600	2,480	101,187	5,207	95,980
Police	231,609	41,250	-	64,175	337,034	80,878	256,156
Fire	63,214	77,800	-	2,592	143,606	23,029	120,577
Ambulance	19,775	26,920	-	-	46,695	-	46,695
Public Works	170,061	191,000	-	25,310	386,371	381,614	4,757
Assessment Office	68,217	1,600	-	180	69,997	8,175	61,822
Airport	78,362	-	31,000	370	109,732	49,274	60,458
General Government	127,149	111,940	23,000	7,640	269,729	399,951	(130,222)
Economic Development	325,452	-	1,400	15,006	341,858	13,604	328,254
TIF accounts	147,321	-	147,706	-	295,027	152,190	142,837
RSU 39 Commitment	(1,082,828)	-	3,653,630	-	2,570,802	3,653,630	(1,082,828)
Other reserves	256,291	-	-	32,434	288,725	13,311	275,414
	<u>\$ 583,319</u>	<u>\$451,110</u>	<u>\$3,880,336</u>	<u>\$186,663</u>	<u>\$5,101,428</u>	<u>\$ 4,844,109</u>	<u>\$ 257,319</u>

## CITY OF CARIBOU, MAINE

Schedule 4

Schedule of Non-Capital Outlays - General Fund  
For the Year Ended December 31, 2022

	Balances <u>January 1</u>	Appropri- <u>ations</u>	<u>Transfers</u>	<u>Other</u>	Total <u>Available</u>	Expendi- <u>tures</u>	Balances <u>December 31</u>
Compensated Absences	\$ 83,486	\$ -	\$ 25,000	\$ 4,210	\$ 112,696	\$ 25,550	\$ 87,146
Revolving Loan Fund - Cash	392,969	-	-	6,412	399,381	-	399,381
Revolving Loan Fund - Loans Receivable	47,667	-	-	-	47,667	6,145	41,522
Tax Relief Fund	194,790	-	505,415	-	700,205	-	700,205
Thursday on Sweden Street	(41)	-	-	41	-	-	-
Heritage Day	(8,000)	-	-	-	(8,000)	-	(8,000)
Caribou Marathon	(45,252)	-	-	-	(45,252)	-	(45,252)
Story of Caribou	732	-	-	-	732	-	732
City Retirement	1,080	-	-	-	1,080	-	1,080
Retirement Reserves	4,139	-	-	-	4,139	-	4,139
Retirement Investment Fund	3,000,000	-	-	-	3,000,000	-	3,000,000
Community Bulletin Board	200	-	-	-	200	-	200
HRA Contribution Reserve	107,737	-	-	171,743	279,480	171,204	108,276
Resource Reserve Account	188,540	-	-	-	188,540	-	188,540
Aroostook Waste Solutions	324,082	-	-	-	324,082	-	324,082
Caribou Cares About Kids	-	-	-	14,136	14,136	14,136	-
Small Business Saturday	-	-	-	245	245	-	245
Miscellaneous events	(252)	-	-	252	-	-	-
	<u>\$4,291,877</u>	<u>\$ -</u>	<u>\$ 530,415</u>	<u>\$ 197,039</u>	<u>\$ 5,019,331</u>	<u>\$ 217,035</u>	<u>\$ 4,802,296</u>

## CITY OF CARIBOU, MAINE

Schedule 5

Schedule of Property Taxes - General Fund  
For the Year Ended December 31, 2022

	<u>Total</u>	<u>2023 Taxes</u>	<u>2022 Taxes</u>	<u>2021 Taxes and Liens</u>	<u>Prior Taxes</u>
UNCOLLECTED AT JANUARY 1	\$ 822,116	\$ -	\$ (83,780)	\$ 740,461	\$ 165,435
2022 COMMITMENT (\$356,136,199 @.023550)	8,387,007	-	8,387,007	-	-
SUPPLEMENTAL TAX	15,760	-	15,760	-	-
	<u>8,402,767</u>	<u>-</u>	<u>8,402,767</u>	<u>-</u>	<u>-</u>
COLLECTIONS	8,333,048	69,675	7,571,196	622,782	69,395
TAX-ACQUIRED PROPERTY	23,791	-	8,326	9,486	5,979
ABATEMENTS	10,702	-	9,787	158	757
	<u>8,367,541</u>	<u>69,675</u>	<u>7,589,309</u>	<u>632,426</u>	<u>76,131</u>
UNCOLLECTED AT DECEMBER 31	\$ 857,342	\$ (69,675)	\$ 729,678	\$ 108,035	\$ 89,304
REPRESENTED BY					
Real Estate Taxes	\$ 734,397	\$ (69,628)	\$ 707,578	\$ 95,080	\$ 767
Personal Property Taxes	<u>122,945</u>	<u>(647)</u>	<u>22,100</u>	<u>12,955</u>	<u>88,537</u>
	<u>\$ 857,342</u>	<u>\$ (69,675)</u>	<u>\$ 729,678</u>	<u>\$ 108,035</u>	<u>\$ 89,304</u>



# FELCH & COMPANY, LLC

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## Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the City Council of the  
City of Caribou, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Caribou, Maine as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Caribou, Maine's basic financial statements, and have issued our report thereon dated September 21, 2023.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City of Caribou, Maine'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 of Caribou, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Caribou, Maine's internal control.

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

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

To the City Council of the  
City of Caribou, Maine

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Caribou, Maine's financial statements are free of 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.

*Felch & Company LLC*

September 21, 2023

# FELCH & COMPANY, LLC

*Certified Public Accountants*

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## Independent Auditors' Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the City Council of the  
City of Caribou, Maine

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the City of Caribou, 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's major federal programs for the year ended December 31, 2022. The City of Caribou, Maine's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Caribou, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

#### ***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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Caribou, Maine 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 of Caribou, Maine'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 of Caribou, Maine's federal programs.

#### ***Auditors' 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 of Caribou, Maine'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

To the City Council of the  
City of Caribou, Maine

***Auditors' Responsibilities for the Audit of Compliance (Continued)***

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 of Caribou, Maine'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 of Caribou, Maine'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 of Caribou, Maine'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 of Caribou, Maine'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 Auditors' 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.

*Felch & Company LLC*

September 21, 2023

CITY OF CARIBOU, MAINE

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

*Financial Statements*

Type of auditors' report issued: *unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiencies identified that are not considered to be material weakness(es)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported

Type of auditors' report issued on compliance for major programs: *unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
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Identification of major programs:

Department of Housing and Urban Development

Section 8 Housing Choice Voucher Program	CFDA #14.871
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

SECTION II - FINDINGS - FINANCIAL STATEMENT AUDIT

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



CITY OF CARIBOU, MAINE

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022

Federal Grantor/ Pass-through Grantor/ <u>Program Title</u>	Federal Assistance Listing <u>Number</u>	Pass- through Grantor's <u>Number</u>	Disburse- <u>ments</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Award - Section 8 Housing Choice Vouchers	14.871	N/A	\$ 1,183,386
Direct Award - Family Self-Sufficiency Program	14.896	N/A	63,191
Direct Award - Mainstream Vouchers	14.879	N/A	140,987
** Direct Award - Emergency Housing Vouchers	14.EHV	N/A	<u>81,179</u>
<b>Subtotal - U.S. Department of Housing and Urban Development</b>			<u>1,468,743</u>
<u>U.S. Department of Justice</u>			
Passed through Aroostook County Sheriff's Office Bulletproof Vest Program	16.607	N/A	<u>1,942</u>
<b>Subtotal - U.S. Department of Justice</b>			<u>1,942</u>
<u>U.S. Department of Transportation</u>			
Passed through the State of Maine Bureau of Highway Safety:			
State and Community Highway Safety	20.600	N/A	2,071
National Priority Safety Program	20.616	N/A	<u>2,319</u>
<b>Subtotal - U.S. Department of Transportation</b>			<u>4,390</u>
<u>U.S. Department of the Treasury</u>			
** Direct Award - Coronavirus State and Local Fiscal Recovery Program	21.027	N/A	<u>45,290</u>
<b>Subtotal - U.S. Department of the Treasury</b>			<u>45,290</u>
<b>Total</b>			<u>\$ 1,520,365</u>

\*\* COVID Related funding

## CITY OF CARIBOU, MAINE

### Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2022

#### NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Caribou, Maine and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation, of the basic financial statements.

#### NOTE B – BASIS OF PRESENTATION

##### Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal financial assistance programs administered by the City, an entity as defined in the notes to the financial statements.

##### Pass-through Programs

Where the City receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Assistance Listing Number (ALN) advised by the pass-through grantor.

#### NOTE C – INDIRECT COSTS

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

#### NOTE D – MATCHING COSTS

Matching costs that represent the City's share of certain program costs, if any, are not included in the Schedule of Expenditures of Federal Awards.

CITY OF CARIBOU, MAINE

Schedule of Prior Audit Findings  
For the Year Ended December 31, 2022

There were no audit findings reported for the year ended December 31, 2021 that require follow-up in the December 31, 2022 report.