

FELCH & COMPANY, LLC

Certified Public Accountants

CITY OF CARIBOU, MAINE

as of

DECEMBER 31, 2024

Financial Statements

CITY OF CARIBOU, MAINE

Table of Contents

Independent Auditors' Report

Required Supplemental Information

I-V Management's Discussion and Analysis

Basic Financial Statements

Exhibit

City-Wide Financial Statements

A Statement of Net Position

B Statement of Activities

Fund Financial Statements

Governmental Funds:

C Balance Sheet

D Statement of Revenues, Expenditures and Changes in Fund Balance

E Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position

F Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the City-Wide Statement of Activities

Fiduciary Funds:

G Statement of Fiduciary Net Position

G Statement of Changes in Fiduciary Net Position

Notes to the Financial Statements

Other Required Supplemental Information

Supplement

1 Budgetary Comparison Schedule for the General Fund

Note to Supplement 1 - Budgetary Comparison Schedule for the General Fund

2 Modified Approach for City Capital Assets

3 Schedule of the City's Proportionate Share of the Net Pension Liability

4 Schedule of the City's Contributions

Notes to Supplements 3 and 4

5 Schedule of Change in Net Other Post-Employment Benefits (OPEB) Liability –
Maine Municipal Employees Health Trust

Notes to Supplement 5

CITY OF CARIBOU, MAINE

Table of Contents

Schedule

- 1 Balance Sheet for Non-Major Funds
- 2 Statement of Revenues, Expenditures and Changes in Fund Balance for Non-Major Funds
- 3 Schedule of Capital Outlays - General Fund
- 4 Schedule of Non-Capital Outlays - General Fund
- 5 Schedule of Property Taxes - General Fund

Page

- 1-2 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*
- 3-4 Independent Auditors' Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- 5 Schedule of Findings and Questioned Costs
- 6 Schedule of Expenditures of Federal Awards
- 7 Notes to the Schedule of Expenditures of Federal Awards
- 8 Schedule of Prior Audit Findings

FELCH & COMPANY, LLC

Certified Public Accountants

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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, each major fund, and the aggregate remaining fund information of the City of Caribou, Maine as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Caribou, Maine, as of December 31, 2024, 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, 2024, 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, modified approach for infrastructure, 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 July 17, 2025 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

July 17, 2025

City of Caribou, Maine

Management's Discussion and Analysis
For the Year Ended December 31, 2024

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, 2024. 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 2024.
- 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, 2024

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 \$31,149,402 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 2023 to 2024. Total Current Assets increased by \$1,115,465 in 2024. Capital Assets, net of depreciation, decreased by \$99,561.

Table I indicates Current Liabilities decreased by \$39,301 and Noncurrent Liabilities increased by \$154,376 due to a change in the value of the net pension asset to a net pension liability.

The reader should refer to Table II as a comparison of the changes in Net Position from 2023 to 2024. Total City Expenditures for Governmental activities were \$19,883,941, as compared to \$17,154,399 for 2023. For 2024, the total General Revenues were \$15,646,272 as compared to \$14,460,537 for 2023.

City of Caribou, Maine

Management's Discussion and Analysis
For the Year Ended December 31, 2024

UNAUDITED

Table I
Net Position

	<u>2024</u>	<u>2023</u>
Current Assets		
Cash and temporary investments	\$ 13,576,472	\$ 12,519,101
Taxes receivable	1,305,913	1,188,012
Notes receivable	28,311	34,982
Other receivables	370,548	281,322
Other current assets	<u>205,371</u>	<u>347,733</u>
	15,486,615	14,371,150
Noncurrent Assets		
Capital assets, net of depreciation	<u>17,793,332</u>	<u>17,892,893</u>
Total Assets	<u>33,279,947</u>	<u>32,264,043</u>
Deferred outflows of resources	<u>566,063</u>	<u>395,331</u>
Current Liabilities		
Accounts payable and accrued expenses	211,142	229,517
Deferred compensation	546,087	522,759
Current portion of capital leases payable	<u>71,136</u>	<u>115,390</u>
	<u>828,365</u>	<u>867,666</u>
Noncurrent Liabilities		
Capital leases payable, net of current portion	-	71,136
Net pension liability	939,914	771,074
Net OPEB liability	<u>522,630</u>	<u>465,958</u>
	<u>1,462,544</u>	<u>1,308,168</u>
Total Liabilities	<u>2,290,909</u>	<u>2,175,834</u>
Deferred inflows of resources	<u>405,699</u>	<u>341,910</u>
Net Position		
Net Investment in capital assets	17,722,196	17,706,367
Restricted for special revenue funds	1,568,473	473,271
Unrestricted	<u>11,858,733</u>	<u>11,961,992</u>
Total Net Position	<u>\$ 31,149,402</u>	<u>\$ 30,141,630</u>

City of Caribou, Maine

Management's Discussion and Analysis
For the Year Ended December 31, 2024

UNAUDITED

Table II
Change in Net Position

	<u>2024</u>	<u>2023</u>
<u>General Revenues</u>		
Taxes	\$ 11,027,708	\$ 10,260,405
Federal and state assistance	2,422,207	2,132,431
Excise taxes	1,743,587	1,667,961
Other revenues	<u>452,770</u>	<u>399,740</u>
Total general revenues	15,646,272	14,460,537
<u>Program Revenues</u>		
Charges for services	2,648,182	2,428,374
Operating grants and contributions	<u>2,597,259</u>	<u>1,695,226</u>
Total revenues	<u>20,891,713</u>	<u>18,584,137</u>
<u>Program Expenses</u>		
General government	1,124,259	1,124,368
Public works	2,746,535	2,586,747
Police department	2,216,537	2,220,491
Fire and ambulance	3,055,097	2,843,670
Education	4,976,200	4,102,905
Caribou Housing Authority	1,350,671	1,182,176
Recreation	993,582	881,188
Economic development	527,986	249,361
County tax	1,044,146	675,424
Health and sanitation	267,237	266,337
Insurance and retirement	114,684	123,944
Library	286,310	236,626
Other	<u>1,180,697</u>	<u>661,162</u>
Total program expenses	<u>19,883,941</u>	<u>17,154,399</u>
Change in Net Position	1,007,772	1,429,738
Net Position - January 1	<u>30,141,630</u>	<u>28,711,892</u>
Net Position - December 31	<u>\$ 31,149,402</u>	<u>\$ 30,141,630</u>

City of Caribou, Maine

Management's Discussion and Analysis
For the Year Ended December 31, 2024

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 \$18,499,868. Revenues were \$18,356,009. Expenditures exceeded Revenues by \$143,859 for the year. Total Other Sources consists of capital outlays in excess of appropriations of \$331,908. The resulting net increase in the General Fund Balance was \$179,215.

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, 2024, 2023 and 2022, 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 \$618,500 in 2024 to maintain infrastructure at the desired condition level. Actual expenditures for 2024 were \$616,252 from unassigned fund balance with an additional \$176,709 from reserves. This compares to estimates of \$644,000 in 2023 and actual expenditures of \$624,663 from unassigned fund balance and \$163,697 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 \$99,561. Depreciation expense of \$668,485 and net disposals of \$48,057 were offset by additions totaling \$616,981. Management recognizes that the relationship of depreciation expense being more than net additions by \$51,504 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 \$115,390 in the year ended December 31, 2024. 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 inflation and current energy costs are affecting municipal services, however the State Revenue Sharing distributions are now stabilizing and the foreseeable near term looks to have leveled out.

Management concludes this section of the 2024 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 2024 calendar year. A complete copy of the 2024 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, 2024

ASSETS

CURRENT ASSETS

Cash and temporary investments (Note 2)	\$ 13,576,472
Uncollected taxes	1,245,180
Tax acquired property	60,733
Accounts receivable	539,548
Allowance for uncollectibles	(169,000)
Inventories	21,759
Notes receivable (Note 3)	28,311
Restricted cash (Note 4)	183,612
	<u>15,486,615</u>

NONCURRENT ASSETS

Capital assets (Note 5)	
Non-depreciable	10,443,918
Depreciable, net of accumulated depreciation	7,349,414
	<u>17,793,332</u>

Total assets	<u>33,279,947</u>
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DEFERRED OUTFLOWS OF RESOURCES (Note 1)566,063LIABILITIES

CURRENT LIABILITIES

Accounts payable	66,136
Accrued payroll	120,593
Escrow (Note 4)	145,006
Compensated absences (Note 1)	425,494
Current portion, capital leases payable	71,136
	<u>828,365</u>

NONCURRENT LIABILITIES

Net pension liability - defined benefit plan (Note 7)	939,914
Net OPEB liability (Note 8)	522,630
	<u>1,462,544</u>

Total liabilities	<u>2,290,909</u>
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DEFERRED INFLOWS OF RESOURCES (Note 1)405,699NET POSITION

Net investment in capital assets	17,722,196
Restricted for:	
Special revenue funds	1,568,473
Unrestricted	<u>11,858,733</u>
Total net position	<u>\$ 31,149,402</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, 2024

<u>Function/Programs</u>	<u>Program Revenues</u>			<u>Net (Cost)</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
General government	\$ 1,124,259	\$ 133,907	\$ 268,464	\$ (721,888)
Economic development	527,986	600,127	461,882	534,023
Health and sanitation	267,237	-	-	(267,237)
Public works	2,746,535	70,394	156,992	(2,519,149)
Police department	2,216,537	7,407	8,287	(2,200,843)
Fire and ambulance	3,055,097	1,746,764	200,000	(1,108,333)
Insurance and retirement	114,684	-	-	(114,684)
Recreation	909,017	23,012	-	(886,005)
Snowmobile trail maintenance	84,565	-	82,540	(2,025)
Library	286,310	3,796	-	(282,514)
County tax	1,044,146	-	-	(1,044,146)
Education	4,976,200	-	-	(4,976,200)
Tax assessment office	193,689	-	-	(193,689)
Section 8 Housing	1,350,671	62,775	1,419,094	131,198
Interest expense	5,689	-	-	(5,689)
Other	981,319	-	-	(981,319)
	<u>\$ 19,883,941</u>	<u>\$ 2,648,182</u>	<u>\$ 2,597,259</u>	<u>(14,638,500)</u>
General revenues:				
Taxes				
Property taxes, levied for general purposes				10,252,274
Less: TIF payments				(801,374)
Homestead reimbursement and other property tax related				1,576,808
Excise				1,743,587
Federal and state aid not restricted to specific purposes				2,422,207
Other licenses, permits and fees				129,855
Miscellaneous revenues				322,915
Subtotal, general revenues				<u>15,646,272</u>
CHANGE IN NET POSITION				1,007,772
NET POSITION - JANUARY 1, 2024, as restated (Note 1)				<u>30,141,630</u>
NET POSITION - DECEMBER 31, 2024				<u>\$ 31,149,402</u>

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, 2024

	<u>General Fund</u>	<u>Section 8 Housing Program</u>	<u>Non-major Funds (Schedule 1)</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and temporary investments (Note 2)	\$ 10,669,071	\$ 232,979	\$ 2,674,422	\$ 13,576,472
Uncollected taxes	1,245,180	-	-	1,245,180
Tax acquired property	60,733	-	-	60,733
Accounts receivable	415,759	123,789	-	539,548
Allowance for uncollectibles	(169,000)	-	-	(169,000)
Inventories	21,759	-	-	21,759
Notes receivable (Note 3)	28,311	-	-	28,311
Restricted cash (Note 4)	-	183,612	-	183,612
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 12,271,813</u>	<u>\$ 540,380</u>	<u>\$ 2,674,422</u>	<u>\$ 15,486,615</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 43,855	\$ 22,281	\$ -	\$ 66,136
Escrow (Note 4)	-	145,006	-	145,006
	<u>43,855</u>	<u>167,287</u>	<u>-</u>	<u>211,142</u>
Deferred inflow of resources:				
Deferred revenue (Note 1)	<u>1,112,000</u>	<u>16,718</u>	<u>-</u>	<u>1,128,718</u>
Fund balances:				
Nonspendable				
Inventory	21,759	-	-	21,759
Restricted				
Special revenue funds	-	356,375	1,212,098	1,568,473
Unrestricted				
Assigned				
Capital (Schedule 3)	1,253,684	-	-	1,253,684
Non-capital (Schedule 4)	4,343,244	-	-	4,343,244
Other funds	-	-	1,462,324	1,462,324
Unassigned	<u>5,497,271</u>	<u>-</u>	<u>-</u>	<u>5,497,271</u>
Total fund balances	<u>11,115,958</u>	<u>356,375</u>	<u>2,674,422</u>	<u>14,146,755</u>
Total liabilities and fund balances	<u>\$ 12,271,813</u>	<u>\$ 540,380</u>	<u>\$ 2,674,422</u>	<u>\$ 15,486,615</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, 2024

	<u>General Fund</u>	<u>Section 8 Housing Program</u>	<u>Non-major Funds (Schedule 2)</u>	<u>Total Governmental Funds</u>
REVENUES				
Local property taxes	\$10,174,013	\$ -	\$ -	\$ 10,174,013
Homestead reimbursement	1,038,327	-	-	1,038,327
Abatements	(61,739)	-	-	(61,739)
Other property tax related	538,481	-	-	538,481
Excise taxes	1,743,587	-	-	1,743,587
Federal and state assistance	2,379,587	1,687,870	952,321	5,019,778
Fire and ambulance revenue	1,746,764	-	-	1,746,764
Other licenses, permits and fees	249,052	-	119,319	368,371
Other revenues	356,017	68,163	609,694	1,033,874
TOTAL REVENUES	<u>18,164,089</u>	<u>1,756,033</u>	<u>1,681,334</u>	<u>21,601,456</u>
EXPENDITURES				
General government	709,785	274,164	-	983,949
Economic development	37,229	-	490,757	527,986
Health and sanitation	267,237	-	-	267,237
Public works	2,889,792	-	-	2,889,792
Police department	2,272,135	-	-	2,272,135
Fire and ambulance	2,756,150	-	191,166	2,947,316
Insurance and retirement	114,684	-	-	114,684
Recreation	819,625	-	84,565	904,190
Library	273,166	-	-	273,166
County tax	1,044,146	-	-	1,044,146
Tax assessment office	193,689	-	-	193,689
General assistance	40,225	1,350,671	-	1,390,896
Education	4,976,200	-	-	4,976,200
Tax increment financing	801,374	-	-	801,374
Debt service - principal	115,390	-	-	115,390
- interest	5,689	-	-	5,689
Other	668,358	-	231,107	899,465
TOTAL EXPENDITURES	<u>17,984,874</u>	<u>1,624,835</u>	<u>997,595</u>	<u>20,607,304</u>
Net increase in fund balance	179,215	131,198	683,739	994,152
Fund Balance - January 1, 2024	<u>10,936,743</u>	<u>225,177</u>	<u>1,990,683</u>	<u>13,152,603</u>
Fund Balance - December 31, 2024	<u>\$11,115,958</u>	<u>\$ 356,375</u>	<u>\$ 2,674,422</u>	<u>\$ 14,146,755</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, 2024

Total fund balance - governmental funds (Exhibit C)		\$14,146,755
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	\$ 29,791,273	
Accumulated depreciation is	<u>(11,997,941)</u>	
		17,793,332
Deferred outflows in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Deferred outflows of resources		566,063
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		1,128,718
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		(405,699)
Certain liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:		
Notes payable	(71,136)	
Accrued payroll	(120,593)	
Net pension liability	(939,914)	
Net OPEB liability	(522,630)	
Compensated absences	<u>(425,494)</u>	
		<u>(2,079,767)</u>
Total net position - governmental activities (Exhibit A)		<u>\$31,149,402</u>

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

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, 2024

Total net change in fund balances - governmental funds (Exhibit D) \$ 994,152

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 those 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 depreciation expense exceeded capital outlays.

Capital outlays	\$ 616,981	
Depreciation expense	<u>(668,485)</u>	(51,504)

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. (48,057)

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. 15,107

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	140,000	
(Decrease) in other deferred revenue	(312)	

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 115,390

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	(38,435)	
(Increase) in deferred pension liability	(168,840)	
(Increase) in deferred OPEB liability	(56,672)	
Change in deferred inflows/outflows of resources	<u>106,943</u>	

Change in net position of governmental activities (Exhibit B) \$ 1,007,772

CITY OF CARIBOU, MAINE

Exhibit G

Statement of Fiduciary Net Position
December 31, 2024

	<u>Total</u>	<u>Cemetery Trust Funds</u>	<u>Library Trust Funds</u>	<u>Memorial Funds</u>
ASSETS				
Cash	<u>\$ 146,782</u>	<u>\$ 995</u>	<u>\$ 50,351</u>	<u>\$ 95,436</u>
NET POSITION				
Undesignated	<u>\$ 146,782</u>	<u>\$ 995</u>	<u>\$ 50,351</u>	<u>\$ 95,436</u>

Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2024

	<u>Total</u>	<u>Cemetery Trust Funds</u>	<u>Library Trust Funds</u>	<u>Memorial Funds</u>
REVENUE				
Interest income	<u>\$ 6,265</u>	<u>\$ 2</u>	<u>\$ 2,212</u>	<u>\$ 4,051</u>
DEDUCTIONS				
Expenses	<u>8,587</u>	<u>30</u>	<u>-</u>	<u>8,557</u>
NET CHANGE IN NET POSITION	<u>(2,322)</u>	<u>(28)</u>	<u>2,212</u>	<u>(4,506)</u>
NET POSITION - JANUARY 1	<u>149,104</u>	<u>1,023</u>	<u>48,139</u>	<u>99,942</u>
CASH AND NET POSITION - DECEMBER 31	<u>\$ 146,782</u>	<u>\$ 995</u>	<u>\$ 50,351</u>	<u>\$ 95,436</u>

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

CITY OF CARIBOU, MAINE

Notes to the Financial Statements December 31, 2024

(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, 2024

(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, 2024

(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, 2024

(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 \$44,000 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>	Governmental	Business-type
	Activities	Activities
	<u>Estimated Lives</u>	<u>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, 2024

(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, 2024

(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 2024 fiscal year there were no unrestricted committed funds.

Restatement

The opening balance of net position was restated due to the overstatement of fixed assets in 2023. The change resulted in a reduction in net position as originally reported.

Statement of Activities

January 1, 2024 net position as originally reported	\$30,255,023
Restatement for fixed assets	<u>(113,393)</u>
January 1, 2024 net position, as restated	<u>\$30,141,630</u>

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, 2024, the bank balance, including the various fiduciary accounts, was \$14,620,248 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 \$28,311 as of December 31, 2024.

The note receivable of \$28,311 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, 2024, the note receivable matures as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 6,804
2026	6,940
2027	7,079
2028	<u>7,488</u>
	<u>\$28,311</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-four 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

CITY OF CARIBOU, MAINE

Notes to the Financial Statements
December 31, 2024

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

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.

(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, 2024, was as follows:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
<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	8,307,559	-	-	8,307,559
Vehicles	5,251,826	148,611	45,250	5,355,187
Equipment	<u>3,952,704</u>	<u>468,370</u>	<u>108,103</u>	<u>4,312,971</u>
Totals at historical cost	<u>29,327,645</u>	<u>616,981</u>	<u>153,353</u>	<u>29,791,273</u>
Less accumulated depreciation for:				
Land improvements	1,199,797	18,848	-	1,218,645
Buildings	3,501,258	208,075	-	3,709,333
Vehicles	4,659,359	213,358	31,675	4,841,042
Equipment	<u>2,074,338</u>	<u>228,204</u>	<u>73,621</u>	<u>2,228,921</u>
Total accumulated depreciation	<u>11,434,752</u>	<u>668,485</u>	<u>105,296</u>	<u>11,997,941</u>
Governmental activities capital assets, net	<u>\$17,892,893</u>	<u>\$ (51,504)</u>	<u>\$ 48,057</u>	<u>\$17,793,332</u>

Depreciation expense was charged to governmental functions as follows:

<u>Governmental Activities</u>	
General	\$ 70,875
Library	13,144
Police	60,382
Fire and Ambulance	220,524
Public works	98,690
Recreation and parks	163,241
Airport	38,760
Other	<u>2,869</u>
	<u>\$668,485</u>

CITY OF CARIBOU, MAINE

Notes to the Financial Statements December 31, 2024

(6) GENERAL LONG-TERM DEBT

As of December 31, 2024, long-term debt consisted of a 3.591% capital lease payable in semi-annual payments of principal and interest through June 2025. The lease had a balance due of \$71,136 at December 31, 2024.

Long-term debt activity during the year ended December 31, 2024, was as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Due Within One Year
<u>Governmental Activities</u>					
Capital Lease Payable	\$186,526	\$ -	\$115,390	\$71,136	\$71,136

As of December 31, 2024, long-term obligations mature as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2025 (included in current liabilities)	\$71,136	\$1,472

(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, 2024, there were 336 employers in the plan. As of June 30, 2024, the City had 29 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 3.88%), 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, 2024

(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, 2024, the City reported a liability of \$939,914 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024, the City's proportion was .2348%, which was a decrease of .00677% from its proportion as measured as of June 30, 2023.

For the year ended December 31, 2024, the City recognized pension expense of \$314,042. At December 31, 2024, 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	\$278,962	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	97,726
Changes of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>39,282</u>	<u>14,262</u>
Total	<u>\$318,244</u>	<u>\$111,988</u>

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

Year Ending <u>June 30,</u>	<u>Amount</u>
2025	\$ 17,411
2026	220,807
2027	(13,026)
2028	(18,936)

CITY OF CARIBOU, MAINE

Notes to the Financial Statements
December 31, 2024

(7) EMPLOYEES' RETIREMENT PLAN (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2024 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, 2024. 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 2024. 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, 2024 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>
\$2,348,508	\$939,914	\$(220,606)

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 or at the MainePERS office in Augusta.

CITY OF CARIBOU, MAINE

Notes to the Financial Statements
December 31, 2024

(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, 2024, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to, but not yet receiving, benefits	-
Active employees	49
Total	50

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 3.26% as of December 31, 2024. The discount rate as of December 31, 2023 was 3.72% per annum.

The following table shows how the net MMEHT OPEB liability as of December 31, 2024 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
2.26%	3.26%	4.26%
\$622,392	\$522,630	\$441,910

CITY OF CARIBOU, MAINE

Notes to the Financial Statements
December 31, 2024

(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>
\$431,931	\$522,630	\$640,245

Actuarial Methods and Assumptions

The collective total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2024, 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, 2024, the City reported a liability of \$522,630 for its net MMEHT liability. The net OPEB liability was measured as of January 1, 2024, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

At December 31, 2024, 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	\$ 6,844	\$225,252
Changes of assumptions	240,975	68,459
Total	\$247,819	\$293,711

CITY OF CARIBOU, MAINE

Notes to the Financial Statements
December 31, 2024

(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>
2025	\$ 3,954
2026	3,959
2027	(6,389)
2028	(1,307)
2029	(1,304)
Thereafter	(44,805)

Change in net OPEB Liability

Balance at December 31, 2023	\$ 465,958
Changes for the year:	
Service cost	21,153
Interest	17,972
Changes of benefits	-
Differences between expected and actual	(121,700)
Changes of assumptions	147,329
Benefit payments/ Employer contributions	(8,082)
Net changes	56,672
Balance at December 31, 2024	\$ 522,630

(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 June 19, 2025. These financial statements are available from the City's Finance Department.

A summary of the facility's activity for 2024, is as follows:

	<u>Amount</u>
Total assets	\$27,354,331
Deferred outflows of resources	120,246
Total liabilities	25,766,810
Deferred inflows of resources	82,380
Total net position	\$ 1,625,387
Total revenue	\$ 4,465,796
Less total expenditures	(4,635,772)
(Decrease) in net position	\$ (169,976)

CITY OF CARIBOU, MAINE

Notes to the Financial Statements December 31, 2024

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

The City has guaranteed, together with the other member communities, three notes payable. As of December 31, 2024, the total balance owed was \$10,511,300.

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, 2024, the estimated total cost of closure and post-closure care was approximately \$38,700,000 of which \$14,390,853 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 2024 financial statements of 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. Additional risks include, but are not limited to, global military conflicts, the oil and gas market, supply chain issues and inflation. The City purchases insurance for risks of loss that it deems feasible.

(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, 2024, the City abated property taxes totaling \$169,742 in connection with these six 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, 2024

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

During March 2023, 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 2023 and will continue through 2036.

During January 2023, 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 July 17, 2025, 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, 2024

	General Fund		
	Budgeted Amounts		Actual Budgetary Basis
	Original	Final	
REVENUES			
Local property taxes	\$ 9,315,067	\$ 9,315,067	\$ 9,330,468
Homestead exemption reimbursement	904,723	904,723	1,038,327
Abatements	(15,000)	(15,000)	(61,739)
Other property tax related	517,148	517,148	538,481
Excise taxes	1,574,500	1,574,500	1,743,587
Federal and state assistance	2,244,667	2,244,667	2,579,587
Ambulance fees	1,077,767	1,077,767	1,231,889
Fire/Ambulance charge to towns	517,875	517,875	514,875
Other licenses, permits and fees	250,812	250,812	249,052
Economic Development (TIF)	843,545	843,545	843,545
Other	1,543,514	1,543,514	347,937
TOTAL REVENUES	18,774,618	18,774,618	18,356,009
EXPENDITURES			
General government	914,310	914,310	1,129,362
Education	4,976,200	4,976,200	4,976,200
Health and sanitation	267,238	267,238	267,237
Public works	2,760,666	2,760,666	2,652,462
Police department and emergency management	2,458,678	2,458,678	2,176,469
Fire and ambulance	2,578,623	2,578,623	2,285,287
Insurance and retirement	90,370	90,370	74,656
Parks and recreation	856,267	856,267	805,075
Library	292,130	292,130	264,527
County tax	1,044,146	1,044,146	1,044,146
Tax assessment office	222,229	222,229	192,934
Tax increment financing	843,545	843,545	843,545
Appropriations to capital outlays	1,144,980	1,144,980	1,144,980
Other	302,770	302,770	642,988
TOTAL EXPENDITURES	18,752,152	18,752,152	18,499,868
Excess of Revenues Over (Under) Expenditures	22,466	22,466	(143,859)
OTHER SOURCES			
Appropriations and transfers in excess of capital outlays	-	-	323,074
Net Increase in Fund Balance	\$ 22,466	\$ 22,466	179,215
Fund Balance - January 1, 2024			10,936,743
Fund Balance - December 31, 2024			\$ 11,115,958

CITY OF CARIBOU, MAINE

Note to Supplement 1 - Budgetary Comparison Schedule
For the General Fund
For the Year Ended December 31, 2024

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.

CITY OF CARIBOU, MAINE

Supplement 2

Modified Approach for City Capital Assets
December 31, 2024

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, 2021 through December 31, 2024, the City's Runway System was rated at an index of 100. The detail of the condition assessments from December 31, 2021 through December 31, 2024 are as follows:

<u>Condition</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Asset Management System Rating</u>
Good	52%	39%	48%	1
Fair	41%	54%	49%	2
Poor to Substandard	7%	7%	3%	3 and 4
Index rating	80	80	80	

As of December 31, 2024, the City had 10,311,934 square feet of roads with a historical cost of \$5,159,583. As of December 31, 2024, the City had 109,189 square feet of sidewalks with a historical cost of \$243,750. As of December 31, 2024, 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>
2024	\$618,500	\$616,252	\$176,709
2023	644,000	624,663	163,697
2022	613,861	610,446	266,993

CITY OF CARIBOU, MAINE

Supplement 3

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

	2024	2023	2022	2021	2020
City's proportion of the net pension liability	0.234831%	0.241644%	0.198642%	0.166299%	0.163962%
City's proportionate share of the net pension liability (asset)	\$ 939,914	\$ 771,074	\$ 528,061	\$ (53,442)	\$ 651,442
City's covered-employee payroll	2,236,704	2,219,789	2,258,329	2,058,065	1,763,461
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.02%	34.74%	23.38%	-2.60%	36.94%
Plan fiduciary net position as a percentage of the total pension liability	91.10%	92.30%	93.30%	100.90%	88.30%

	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.162736%	0.164850%	0.177237%	0.157442%	0.141646%
City's proportionate share of the net pension liability (asset)	\$ 497,422	\$ 451,157	\$ 725,674	\$ 836,538	\$ 451,917
City's covered-employee payroll	1,793,591	1,706,657	1,621,469	1,553,062	1,364,960
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	27.73%	26.44%	44.75%	53.86%	33.11%
Plan fiduciary net position as a percentage of the total pension liability	90.60%	91.10%	86.40%	81.60%	88.30%

CITY OF CARIBOU, MAINE

Supplement 4

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

	2024	2023	2022	2021	2020
Contractually required contribution	\$ 237,365	\$ 234,458	\$ 190,572	\$ 129,991	\$ 108,469
Contributions in relation to the contractually required contribution	<u>237,365</u>	<u>234,458</u>	<u>190,572</u>	<u>129,991</u>	<u>108,469</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,236,704	\$ 2,219,789	\$ 2,258,329	\$ 2,058,065	\$ 1,763,461
Contributions as a percentage of covered-employee payroll	10.61%	10.56%	8.44%	6.32%	6.15%

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 104,430	\$ 95,568	\$ 89,994	\$ 84,006	\$ 65,501
Contributions in relation to the contractually required contribution	<u>104,430</u>	<u>95,568</u>	<u>89,994</u>	<u>84,006</u>	<u>65,501</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,793,591	\$ 1,706,657	\$ 1,621,469	\$ 1,553,062	\$ 1,364,960
Contributions as a percentage of covered-employee payroll	5.82%	5.60%	5.55%	5.41%	4.80%

CITY OF CARIBOU, MAINE

Notes to Supplements 3 and 4
December 31, 2024

NOTE 1 – VALUATION DATE

Only fiscal years 2024 through 2015 are reported. The amounts presented have a measurement date as of June 30, 2024.

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	Level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for the year
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 2024, 2023, 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
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 Seven Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability							
Service cost	\$ 21,153	\$ 25,854	\$ 28,801	\$ 24,494	\$ 16,515	\$ 19,105	\$ 15,625
Interest (includes interest on service cost)	17,972	10,783	13,146	14,890	17,137	15,055	12,011
Changes of benefits	-	-	-	-	(9,616)	-	-
Differences between expected and actual experience	(121,700)	-	(133,002)	-	(37,988)	-	30,784
Changes of assumptions	147,329	(65,049)	3,609	38,885	137,171	(45,706)	62,272
Benefit payments, including refunds of member contributions	<u>(8,082)</u>	<u>(6,432)</u>	<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	56,672	(34,844)	(93,484)	72,463	117,569	(16,979)	117,575
Total OPEB liability - beginning	<u>465,958</u>	<u>500,802</u>	<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>\$ 522,630</u>	<u>\$ 465,958</u>	<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	\$ 8,082	\$ 6,432	\$ 6,038	\$ 5,806	\$ 5,650	\$ 5,433	\$ 3,117
Benefit payments	<u>(8,082)</u>	<u>(6,432)</u>	<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	-	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability - ending (a) - (b)	<u>\$ 522,630</u>	<u>\$ 465,958</u>	<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	N/A	N/A
Covered-employee payroll	\$2,803,187	\$2,685,510	\$2,685,510	\$2,971,088	\$2,971,088	\$3,048,055	\$ 3,048,055
Net OPEB liability as a percentage of covered-employee payroll	18.6%	17.4%	18.6%	20.0%	17.6%	13.3%	13.8%

CITY OF CARIBOU, MAINE

Notes to Supplement 5
December 31, 2024

NOTE 1 – VALUATION DATE

Only fiscal years 2024 through 2018 are reported. The amounts presented have a measurement date as of January 1, 2024. 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 2024.

NOTE 3 – CHANGE IN ASSUMPTIONS

The change in discount rate from 3.72% to 3.26% was the only change in assumption for the 2024 valuation.

NOTE 4 – METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Entry age normal
Investment rate of return	3.26% compounded annually for 2024 3.72% compounded annually for 2023 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, 2024

	<u>Snowmobile Trail Maintenance</u>	<u>Housing</u>	<u>Economic Development</u>	<u>EMS Stabilization Grant</u>	<u>MCA Connectivity Hub Grant</u>	<u>American Rescue Plan</u>	<u>Revolving Loan Fund #10</u>	<u>Total Non-Major Funds</u>
<u>ASSETS</u>								
Cash	\$ 18,748	\$ 142,012	\$ 1,301,564	\$ 8,834	\$ 457,307	\$ 490,570	\$ 255,387	\$ 2,674,422
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance	18,748	142,012	1,301,564	8,834	457,307	490,570	255,387	2,674,422
Total liabilities and fund balances	\$ 18,748	\$ 142,012	\$ 1,301,564	\$ 8,834	\$ 457,307	\$ 490,570	\$ 255,387	\$ 2,674,422

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, 2024

	Snowmobile Trail Maintenance	Housing	Economic Development	EMS Stabilization Grant	MCA Connectivity Hub Grant	American Rescue Plan	Revolving Loan Fund #10	Total Non-major Funds
REVENUES								
Federal and state assistance	\$ 82,540	\$ 107,550	\$ -	\$ 200,000	\$ 461,882	\$ 100,349	\$ -	\$ 952,321
Interest income	-	-	-	-	-	-	7,293	7,293
TIF Funds	-	-	600,127	-	-	-	-	600,127
Reimbursements	-	119,319	-	-	-	-	-	119,319
Other income	1,250	-	-	-	-	1,024	-	2,274
Total Revenues	83,790	226,869	600,127	200,000	461,882	101,373	7,293	1,681,334
EXPENDITURES								
Program expenditures	84,565	231,107	295,647	191,166	4,575	190,535	-	997,595
Excess of Revenues Over (Under) Expenditures	(775)	(4,238)	304,480	8,834	457,307	(89,162)	7,293	683,739
Fund Balance - January 1	19,523	146,250	997,084	-	-	579,732	248,094	1,990,683
Fund Balance - December 31	\$ 18,748	\$ 142,012	\$ 1,301,564	\$ 8,834	\$ 457,307	\$ 490,570	\$ 255,387	\$ 2,674,422

CITY OF CARIBOU, MAINE

Schedule 3

Schedule of Capital Outlays - General Fund
For the Year Ended December 31, 2024

<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	\$ 174,712	\$ 59,000	\$ -	\$ 39,986	\$ 273,698	\$ 54,536	\$ 219,162
Library	123,856	-	-	1,993	125,849	10,632	115,217
Police	432,943	132,055	11,025	208,844	784,867	433,962	350,905
Fire	27,428	134,325	2,512	68,096	232,361	355,654	(123,293)
Ambulance	77,160	128,000	200,000	14,920	420,080	389,391	30,689
Public Works	426,410	351,500	-	14,581	792,491	251,914	540,577
Assessment Office	61,197	600	1,200	-	62,997	755	62,242
Airport	134,124	100,000	8,059	45,795	287,978	111,390	176,588
General Government	154,720	219,500	7,697	6,207	388,124	233,285	154,839
Economic Development	338,037	-	3,584	8,061	349,682	45,290	304,392
TIF accounts	225,495	-	186,076	-	411,571	143,905	267,666
RSU 39 Commitment	(1,082,828)	-	4,976,200	-	3,893,372	4,976,200	(1,082,828)
Other reserves	377,068	20,000	27,992	14,599	439,659	202,131	237,528
	<u>\$ 1,470,322</u>	<u>\$ 1,144,980</u>	<u>\$ 5,424,345</u>	<u>\$ 423,082</u>	<u>\$ 8,462,729</u>	<u>\$ 7,209,045</u>	<u>\$ 1,253,684</u>

CITY OF CARIBOU, MAINE

Schedule 4

Schedule of Non-Capital Outlays - General Fund
For the Year Ended December 31, 2024

	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	\$ 30,299	\$ -	\$ 30,000	\$ -	\$ 60,299	\$ 86,787	\$ (26,488)
Revolving Loan Fund - Cash	405,920	-	-	6,671	412,591	-	412,591
Revolving Loan Fund - Loans Receivable	34,982	-	-	-	34,982	6,671	28,311
Tax Relief Fund	803,289	-	(298,498)	-	504,791	-	504,791
Thursday on Sweden Street	105	-	-	-	105	-	105
Heritage Day	(8,000)	-	-	-	(8,000)	-	(8,000)
Caribou Marathon	(45,252)	-	-	-	(45,252)	-	(45,252)
Story of Caribou	5,732	-	-	-	5,732	-	5,732
City Retirement	1,080	-	-	-	1,080	-	1,080
Retirement Reserves	4,139	-	-	-	4,139	-	4,139
Retirement Investment Fund	3,000,427	-	-	-	3,000,427	-	3,000,427
Community Bulletin Board	200	-	-	-	200	-	200
HRA Contribution Reserve	112,237	-	14,988	118,241	245,466	116,468	128,998
Aroostook Waste Solutions	324,082	-	-	-	324,082	-	324,082
Caribou Cares About Kids	-	-	4,500	14,500	19,000	10,921	8,079
Small Business Saturday	245	-	-	-	245	-	245
Miscellaneous events	4,204	-	-	-	4,204	-	4,204
	<u>\$4,673,689</u>	<u>\$ -</u>	<u>\$(249,010)</u>	<u>\$ 139,412</u>	<u>\$4,564,091</u>	<u>\$ 220,847</u>	<u>\$ 4,343,244</u>

CITY OF CARIBOU, MAINE

Schedule 5

Schedule of Property Taxes - General Fund
For the Year Ended December 31, 2024

	<u>Total</u>	<u>2025 Taxes</u>	<u>2024 Taxes</u>	<u>2023 Taxes and Liens</u>	<u>Prior Taxes</u>
UNCOLLECTED AT JANUARY 1	<u>\$ 1,188,012</u>	<u>\$ -</u>	<u>\$ (91,161)</u>	<u>\$ 951,278</u>	<u>\$ 327,895</u>
2024 COMMITMENT (\$474,701,499 @ .02140)	10,158,612	-	10,158,612	-	-
SUPPLEMENTAL TAX	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>10,158,612</u>	<u>-</u>	<u>10,158,612</u>	<u>-</u>	<u>-</u>
COLLECTIONS	10,082,676	53,331	9,143,473	752,246	133,626
TAX-ACQUIRED PROPERTY	10,511	-	-	4,956	5,555
ABATEMENTS	<u>8,257</u>	<u>-</u>	<u>6,615</u>	<u>1,581</u>	<u>61</u>
	<u>10,101,444</u>	<u>53,331</u>	<u>9,150,088</u>	<u>758,783</u>	<u>139,242</u>
UNCOLLECTED AT DECEMBER 31	<u>\$ 1,245,180</u>	<u>\$ (53,331)</u>	<u>\$ 917,363</u>	<u>\$ 192,495</u>	<u>\$ 188,653</u>
REPRESENTED BY:					
Real Estate Taxes	\$ 1,107,446	\$ (53,252)	\$ 904,462	\$ 177,930	\$ 78,306
Personal Property Taxes	<u>137,734</u>	<u>(79)</u>	<u>12,901</u>	<u>14,565</u>	<u>110,347</u>
	<u>\$ 1,245,180</u>	<u>\$ (53,331)</u>	<u>\$ 917,363</u>	<u>\$ 192,495</u>	<u>\$ 188,653</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, 2024, 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 July 17, 2025.

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 or significant deficiencies 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

July 17, 2025

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, 2024. 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, 2024.

Basis for Opinion on Each Major Federal Program

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

July 17, 2025

CITY OF CARIBOU, MAINE

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	☐ yes	☒ no
Significant deficiencies identified that are not considered to be material weaknesses?	☐ yes	☒ none reported
Noncompliance material to financial statements noted?	☐ yes	☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	☐ yes	☒ no
Significant deficiencies identified that are not considered to be material weakness(es)?	☐ yes	☒ 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)?	☐ yes	☒ no
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871/14.896	Housing Choice Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	☐ yes ☒ 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, 2024

Federal Grantor/ Pass-through Grantor/ <u>Program Title</u>	Federal Assistance Listing Number	Pass- through Grantor's Number	Disburse- ments
<u>U.S. Department of Housing and Urban Development</u>			
Direct Award - Section 8 Housing Choice Vouchers	14.871	N/A	\$ 1,282,491
Direct Award - Family Self-Sufficiency Program	14.896	N/A	<u>66,388</u>
Subtotal - Housing Voucher Cluster			1,348,879
Direct Award - Mainstream Vouchers	14.879	N/A	245,597
** Direct Award - Emergency Housing Vouchers	14.EHV	N/A	<u>84,357</u>
Subtotal - U.S. Department of Housing and Urban Development			<u>1,678,833</u>
<u>U.S. Department of Justice</u>			
Passed through Aroostook County Sheriff's Office			
Bulletproof Vest Program	16.607	N/A	1,897
Cops Hiring Program (CHP)	16.710	N/A	<u>16,057</u>
Subtotal - U.S. Department of Justice			<u>17,954</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	1,818
Distracted Driving Enforcement	20.616	N/A	<u>2,354</u>
Subtotal - U.S. Department of Transportation			<u>4,172</u>
<u>U.S. Department of the Treasury</u>			
** Direct Award - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>190,535</u>
Subtotal - U.S. Department of the Treasury			<u>190,535</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Maine Emergency Management Agency			
Emergency Management Performance Grants			
** ARPA Generator Grant	97.042	N/A	<u>31,420</u>
Subtotal - U.S. Department of Homeland Security			<u>31,420</u>
Total *			<u>\$ 1,922,914</u>

** COVID Related funding

CITY OF CARIBOU, MAINE

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2024

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 Federal Assistance Listing Number (FALN) advised by the pass-through grantor.

NOTE C – INDIRECT COSTS

The City has elected not to use the 15% *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, 2024

There were no audit findings reported for the year ended December 31, 2023 that require follow-up in the December 31, 2024 report.