

CITY OF CALAIS, MAINE

Annual Financial Report

For the Year Ended June 30, 2015

CITY OF CALAIS, MAINE
Annual Financial Report
For the Year Ended June 30, 2015

Table of Contents

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-12
	<u>Statements</u>
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	1 15
Statement of Activities	2 16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	3 17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4 18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5 19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	6 20
Statement of Net Position - Proprietary Funds	7 21
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8 22
Statement of Cash Flows - Proprietary Funds	9 23
Statement of Fiduciary Net Position - Fiduciary Funds	10 24
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	11 25
Notes to Financial Statements	26-45
Required Supplementary Information	46-48
	<u>Exhibits</u>
Combining and Individual Fund Statements and Schedules:	
General Fund:	
Comparative Balance Sheets	A-1 51
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	A-2 52-54
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Education	A-3 55
Nonmajor Governmental Funds:	
Combining Balance Sheet	B-1 59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2 60
Combining Balance Sheet - Nonmajor Special Revenue Funds	C-1 61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	C-2 62

CITY OF CALAIS, MAINE
Annual Financial Report
June 30, 2015

Table of Contents, Continued

	<u>Schedules</u>	<u>Page</u>
City Special Revenue Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	1	65
School Special Revenue Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	2	66
Nonmajor Capital Project Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	3	67
Nonmajor Permanent Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	4	68
Agency Funds - Student Activity Funds - Statement of Changes in Assets and Liabilities	5	69

Independent Auditor's Report

City Council
City of Calais, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Calais, Maine as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Water Fund, a department of the City of Calais, Maine, which is a major fund that is presented as a proprietary fund. The information for the Water Fund is reported as of December 31, 2014. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Water Fund, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Calais, Maine, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Calais, Maine's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2016 on our consideration of the City of Calais, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Calais, Maine's internal control over financial reporting and compliance.



March 23, 2016
South Portland, Maine

CITY OF CALAIS, MAINE
Management's Discussion and Analysis
June 30, 2015

The Management's Discussion and Analysis ("MD&A") is a report of the City of Calais's fiscal activity for the year ending June 30, 2015. The report is presented in a manner that fairly represents the City's present financial position in respect to all funds and accounts. Included is all the information to accurately understand the City's financial position, and the data is correct to the best of our knowledge and belief.

The report includes funds and accounts that the City of Calais is required, either by legal or fiduciary duty, to maintain in the operation of all services. The use of the additional financial statements is encouraged to more fully understand the report.

The financial information of the City includes all City departments. All City departments include municipal departments (Public Works, Police, Fire, Ambulance, Administration, Library, Recreation, Sewer, and Water) and the school department. The school department and all other municipal departments combined are what comprise the City. The financial statements and assets include the municipal and school departments as one total. The combination of these gives the true financial status of the City of Calais.

THE COMMUNITY

The City of Calais is a border community located on the St. Croix River in Washington County, Maine, the sixth busiest port on the U.S.-Canada border. The government of the City of Calais consists of a six-member City Council and Mayor, elected at large, and a Manager system governed by a City Charter. The City was incorporated in 1851.

Calais has physical boundaries with the municipalities of Robbinston and the unorganized plantation of Baring, as well as strong physical and economic connections with St. Stephen, N.B. over the international bridge. After the opening of the new international bridge located at the City's Industrial Park in November 2009, truck traffic in the downtown has decreased significantly.

The City of Calais has a wealth of historic and archaeological resources as a result of its location at the head of the tide of the St. Croix River. The City is investing in the Waterfront Park as part of its downtown revitalization efforts. The Waterfront Walkway is part of the East Coast Greenway stretching from Key West, Florida to Calais, Maine. For continuing efforts for economic development in our downtown in 2012 by the Downtown Revitalization Coalition, the City received the Maine Downtown Network Designation.

Calais has a wide variety of facilities and services provided by the public and private sectors. This is the heritage of a once much larger City as well as a strong spirit of volunteerism and cooperation among citizens. It is also the result of prudent investments that will continue with the priorities the City has set and in the capital improvement plan.

FINANCIAL INFORMATION

The City Administration is responsible for the accounting structure of the community. This structure includes the establishment of financial controls that protect the City from loss and misuse. All accounting information is maintained and reported using generally accepted accounting principles (GAAP). Further, the administration performs constant review of all services to promote and assure optimum utilization of resources to provide the services requested by the community. The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are attained. The concept of reasonable assurance recognizes that: (1) the cost of any control should not exceed the benefit likely to be derived; (2) the valuation of cost and benefits requires judgments by management.

CITY OF CALAIS, MAINE
Management's Discussion and Analysis, Continued

FINANCIAL HIGHLIGHTS

The following is a summary of the financial highlights of the City for the fiscal year:

- The balance of the City's cash assets as of June 30, 2015 was \$1,106,977.
- The City's long-term debt decreased by \$767,535, for a balance of \$9,401,081.
- The City's net position increased by a total of \$1,957,604.
- The fund balance as reported in the City's fund financial statements increased by \$180,711 to a total of \$3,642,271.
- On a budgetary basis, the City's revenues exceeded its expenditures by \$736,418. The City had budgeted a deficiency of \$60,000. This is a positive budget variance of \$796,418.

OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis is an introduction to the City's basic financial statements. The basic financial statements are prepared and are part of the City's annual audit. The MD&A serves as a subjective explanation by the City of the data contained in the audit. The three areas that the financial statements are broken into include: 1. Government-Wide financial statements, 2. Fund Financial statements, and 3. Notes to the financial statements. Subjective analyses of the statements are also made and other supplementary information to better explain the statements.

Government-wide Financial Statements

The government-wide financial statements are a total overview of the City's financial status. They include all assets, liabilities, and activities in a manner similar to private sector accounting. The purpose is to show City finance's in a format that is familiar to the common person.

The statement of net position is used to express the financial data required for the government-wide financials. This shows the total assets which now include land, buildings, inventory, and other capital assets. These are then reduced by the liabilities which now include total bonds and leases due over their entire lives. The result is the net position of the City.

Government-wide statements distinguish business-type activities from governmental activities. Business-type activities are those that are funded through use fees or user based revenue, no tax dollars being the key separation from governmental activities. It then follows that governmental activities are those that are primarily funded through taxes and governmental fees. The business-type activities in Calais include ambulance, sewer and water department operations.

Fund Financial Statements

The City segregates accounts into funds, which are presented in the fund financial statements. Each fund is determined to separate information in order to accurately report specific account activities. The determination of funds is based upon accounting standards and legal requirements. The City presents two major funds: the General Fund (Primary Fund) and the Day Treatment Program. All Other Governmental Funds (Special Revenue, Capital Project, and Permanent Funds) are presented together in the aggregate.

CITY OF CALAIS, MAINE
Management's Discussion and Analysis, Continued

General Fund

The general fund covers essentially the same data as included in the government-wide statements. The difference is that fund financials focus on yearly inflows and outflows to determine a specific year's accessible resources. Capital assets and depreciation are not included because they do not exemplify a specific year's transactions.

A budgetary comparison statement is provided to show budgeted amounts as compared to the actual activity. This information is useful to determine future budgets and community planning.

Proprietary Funds

The City maintains only one type of proprietary fund. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its ambulance, sewer, and water department operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 21-23 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the City cannot use these funds to finance its operations. The basic fiduciary fund financial statements can be found on pages 24-25 of this report.

Other Governmental Funds

Other Governmental Funds are comprised of special revenue funds, permanent funds, and capital project funds. These funds were each individually determined to be non-major and are required to be categorized and grouped into other governmental funds. Separate schedules are provided in the other supplemental information.

Notes to Financial Statements

The notes to the financial statements are included in the audit to give specific comment to certain areas. These are a crucial part of the audit and are closely monitored by City administration. The reason they are monitored is that they provide additional insight into activities of the City. These can show areas of strength and weakness for continued success and improvement. The notes to the financial statements are included on pages 26-45.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's proportionate share of the net pension liability. Required supplementary information can be found on pages 46-48.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information.

CITY OF CALAIS, MAINE
Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,764,690 as of June 30, 2015.

A portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, and improvements, vehicles, and furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Position for the Period Ending June 30, 2015

	Governmental Activities		Business-type Activities		Total	
	2015	2014 (Restated)	2015	2014	2015	2014 (Restated)
Current & other assets	\$ 5,893,247	5,268,952	(528,010)	(530,956)	5,365,237	4,737,996
Capital assets, net	5,112,615	5,209,963	24,610,265	23,558,455	29,722,880	28,768,418
Total assets	11,005,862	10,478,915	24,082,255	23,027,499	35,088,117	33,506,414
Deferred outflows	522,575	197,164	-	-	522,575	197,164
Current liabilities	1,908,774	1,470,829	311,161	90,959	2,219,935	1,561,788
Noncurrent liabilities	1,292,185	1,949,981	8,756,192	9,384,723	10,048,377	11,334,704
Total liabilities	3,200,959	3,420,810	9,067,353	9,475,682	12,268,312	12,896,492
Deferred inflows	577,690	-	-	-	577,690	-
Net investment in						
capital assets	4,467,726	4,426,070	15,854,073	14,305,620	20,321,799	18,731,690
Restricted	1,876,106	1,759,984	317,618	429,021	2,193,724	2,189,005
Unrestricted	1,405,956	1,069,215	(1,156,789)	(1,182,824)	249,167	(113,609)
Total net position	\$ 7,749,788	7,255,269	15,014,902	13,551,817	22,764,690	20,807,086

A portion of the City's net position, 9.6%, represents resources that are restricted. Unrestricted net position of \$249,167 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2015, the City is able to report positive balances in all three categories of net position for the government as a whole, as well as for its governmental activities. The City was only able to report positive balances in two of the three categories of its net position for the business-type activities.

CITY OF CALAIS, MAINE
Management's Discussion and Analysis, Continued

The following table presents a summary of revenues and expenses for the fiscal year ended June 30, 2015.

	Governmental Activities		Business-type Activities		Total	
	2015	2014 (Restated)	2015	2014	2015	2014 (Restated)
REVENUES						
Charges for services	\$ 2,004,443	442,424	2,477,843	2,603,873	4,482,286	3,046,297
Operating grants and contributions	6,873,307	8,438,381	642	81,090	6,873,949	8,519,471
Capital grants and contributions	74,006	-	1,640,089	350,482	1,714,095	350,482
Property taxes	3,949,619	3,776,238	-	-	3,949,619	3,776,238
Excise and misc. taxes	532,027	500,798	-	-	532,027	500,798
Grants and contributions not restricted to specific purpose	323,129	500,489	-	-	323,129	500,489
Unrestricted investment income	23,293	77,307	1,585	2,994	24,878	80,301
Miscellaneous revenues	227,182	-	-	-	227,182	-
Transfers	109,269	-	(109,269)	-	-	-
Special item-loss on disposal of assets	-	(36,761)	-	-	-	(36,761)
Total revenues	14,116,275	13,698,876	4,010,890	3,038,439	18,127,165	16,737,315
EXPENSES						
General government	681,074	536,634	-	-	681,074	536,634
City services	322,861	394,781	-	-	322,861	394,781
Public safety	1,004,417	1,165,101	-	-	1,004,417	1,165,101
Public works	822,245	916,913	-	-	822,245	916,913
County tax	262,188	262,937	-	-	262,188	262,937
Unclassified	386,785	321,003	-	-	386,785	321,003
Education	9,991,464	9,985,847	-	-	9,991,464	9,985,847
Interest on debt service	14,099	20,415	-	-	14,099	20,415
Capital maintenance	136,623	60,059	-	-	136,623	60,059
Business-type activities	-	-	2,547,805	2,675,802	2,547,805	2,675,802
Total expenses	13,621,756	13,663,690	2,547,805	2,675,802	16,169,561	16,339,492
Change in net position	494,519	35,186	1,463,085	362,637	1,957,604	397,823
Restatement of beginning net position	(835,295)	53,913	-	(53,913)	(835,295)	-
Net position, beginning of year, restated	7,255,269	8,055,378	13,551,817	13,189,180	20,807,086	21,244,558
Net position, end of year	\$ 7,749,788	8,090,564	15,014,902	13,551,817	22,764,690	21,642,381

CITY OF CALAIS, MAINE
Management's Discussion and Analysis, Continued

Analysis of the City's Operations

Governmental Activities

Governmental activities increased net position by \$494,519 of the total increase in net position. Net investment in capital assets increased by \$41,656, or 1%, due to purchases of capital assets and repayment of debt principal exceeding depreciation expense. Unrestricted net position increased by \$336,741.

Total revenues for governmental activities increased from the prior year by \$417,399. Miscellaneous revenues increased by \$227,182 due to receiving funds from Maine PERS for the City's IUUAL credit. Property tax revenues increased \$173,381 or 4.5%, from the prior fiscal year.

Expenses of governmental activities include depreciation expense of \$228,279, a decrease of \$83,299 from the prior fiscal year. Depreciation expense has been allocated and is included in the various function/program expenses of the City.

Business-type Activities

Net position from business-type activities increased by \$1,463,085 from \$13,551,817 to \$15,014,902. Net investment in capital assets increased by \$1,548,453, primarily due to ongoing sewer and water projects, most of which were funded with grant revenues.

Charges for services decreased \$126,030 or 4.8% from the prior year.

Depreciation expense decreased \$3,716 from the prior year to \$747,597.

Financial Analysis of the City's Funds

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

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. As the City completed the year, its governmental funds reported a combined fund balance of \$3,642,271, \$180,711 higher than the previous year. As analysis of transactions affecting the change in the combined fund balance of the City's governmental funds is as follows:

Revenues include property taxes totaling \$3,839,519. Excise taxes accounted for \$532,027 in total revenue.

CITY OF CALAIS, MAINE
Management's Discussion and Analysis, Continued

Total governmental fund expenditures for the year were \$13,825,464 and are broken down as follows:

	<u>2015</u>	<u>2014</u>
General government	\$ 697,355	562,396
City services	299,550	354,505
Public safety	944,138	1,144,931
Public works	745,849	682,723
County tax	262,188	262,937
Unclassified	386,785	321,003
Education	10,079,261	9,968,977
Debt service	142,784	163,721
Capital outlay	267,554	291,411
Total governmental fund expenditures	<u>\$ 13,825,464</u>	<u>13,752,604</u>

The City paid \$267,554 in capital outlays during the year. In total, \$218,262 was capitalized for equipment, vehicles and various other improvements.

Proprietary funds

Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer and water department operations.

Net position of the proprietary fund reported a combined balance of \$15,014,902, \$1,463,085 higher than the previous year.

Total proprietary fund operating expenses for the year were \$2,488,897 and are broken down as follows:

Sewer fund	\$1,043,292
Ambulance fund	901,238
Water fund	<u>544,367</u>
Total Proprietary Funds Expenses	<u>\$2,488,897</u>

CITY OF CALAIS, MAINE
Management's Discussion and Analysis, Continued

Capital Asset and Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$29,722,880, net of accumulated depreciation. The investment in capital assets includes, land, building and improvements, equipment and furniture, vehicles, infrastructure and construction in progress.

The following summarizes capital assets at year end:

	Governmental Activities		Business-type Activities		Total	
	2014				2014	
	2015	(Restated)	2015	2014	2015	(Restated)
Land	\$ 3,089,305	3,089,305	75,896	75,896	3,165,201	3,165,201
Construction in progress	-	87,331	814,795	212,157	814,795	299,488
Buildings and improvements	1,790,994	1,703,663	8,446,521	8,446,521	10,237,515	10,150,184
Furniture, equipment and vehicles	3,269,462	3,466,068	1,397,336	1,368,604	4,666,798	4,834,672
Infrastructure	238,660	116,956	23,445,208	22,277,171	23,683,868	22,394,127
Total capital assets	8,388,421	8,463,323	34,179,756	32,380,349	42,568,177	40,843,672
Accumulated depreciation	(3,275,806)	(3,253,360)	(9,569,491)	(8,821,894)	(12,845,297)	(12,075,254)
Capital assets, net	\$ 5,112,615	5,209,963	24,610,265	23,558,455	29,722,880	28,768,418

The significant change in capital assets is related to the various construction projects for water and sewer funds. Additional information on the City's capital assets can be found in the Notes to Basis Financial Statements on pages 34-35 of this report.

Debt Administration

The City's debt consists of bonds, notes payable and several capital leases from various lending sources.

	Governmental Activities		Business-type Activities		Total	
	2014				2014	
	2015	(Restated)	2015	2014	2015	(Restated)
Bonds and notes payable	\$ 577,443	706,128	8,756,192	9,384,723	9,333,635	10,090,851
Capital lease obligations	67,446	77,765	-	-	67,446	77,765
Totals	\$ 644,889	783,893	8,756,192	9,384,723	9,401,081	10,168,616

During the fiscal year, the City's total debt decreased by \$767,535 or 7.5%.

A summary of the City's debt activity for the year ended June 30, 2015 is detailed in the Notes to Basic Financial Statements on pages 36-38 of this report.

CITY OF CALAIS, MAINE
Management's Discussion and Analysis, Continued

BUDGETARY HIGHLIGHTS

The City recognizes revenues and expenditures on a budget basis that differs from how revenues and expenditures should be recognized under generally accepted accounting principles (GAAP).

Additional information about this difference can be found in the notes to the basic financial statements. The amount of the difference is disclosed on page 32 of the financial statements.

The following is a discussion of the budgetary highlights during the fiscal year ended June 30, 2015.

During the year, actual revenues exceeded budgeted revenues by \$392,443. Most of this variance resulted from under-anticipated education revenue.

Budgeted expenditures exceeded actual expenditures by \$331,348. Most of this variance resulted from over anticipated public safety and education expenditures.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In this coming fiscal year, the City's budget continues to be impacted by the slowdown in economic growth. Sales prices of houses in the City continue to be steady, although we are seeing an increase in their marketing time. The homestead exemption for the upcoming year is \$9,600, which is the same as the 2014-2015 fiscal year.

Council continues to balance its goals with estimated incoming revenue. State Revenue Sharing was increased this year and excise collections continue to see a bit of an increase. The City is committed to its replacement policy and is able to maintain upgrading its equipment and vehicles by utilization of reserve funds.

The fiscal year 2015-2016 budgeted revenues for sewer remain the same as 2014-2015, with no increase in fees to the sewer users.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens and customers with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Director, at P.O. Box 413, Calais, Maine 04619 or call (207) 454-2521, Ext. 1003.

BASIC FINANCIAL STATEMENTS

CITY OF CALAIS, MAINE
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 359,487	747,490	1,106,977
Investments	1,100,927	-	1,100,927
Receivables:			
Taxes	557,576	-	557,576
Due from other governments	390,222	377,760	767,982
Accounts, net	228,101	762,682	990,783
Loans, net	397,114	-	397,114
Internal balances	2,845,826	(2,462,546)	383,280 *
Inventory	13,994	46,604	60,598
Capital assets, not being depreciated	3,089,305	890,691	3,979,996
Capital assets, net of accumulated depreciation	2,023,310	23,719,574	25,742,884
Total assets	11,005,862	24,082,255	35,088,117
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	522,575	-	522,575
Total deferred outflows of resources	522,575	-	522,575
LIABILITIES			
Accounts payable and other current liabilities	332,958	257,809	590,767
Accrued payroll and benefits	634,819	13,016	647,835
Taxes paid in advance	127,199	-	127,199
Line of credit	665,000	-	665,000
Compensated absences payable	148,798	6,625	155,423
Accrued interest	-	33,711	33,711
Noncurrent liabilities:			
Due within one year	165,130	555,475	720,605
Due in more than one year	1,127,055	8,200,717	9,327,772
Total liabilities	3,200,959	9,067,353	12,268,312
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	577,690	-	577,690
Total deferred inflows of resources	577,690	-	577,690
NET POSITION			
Net investment in capital assets	4,467,726	15,854,073	20,321,799
Restricted for:			
Permanent Funds - Nonexpendable principal	498,071	-	498,071
Permanent Funds - Expendable	89,358	-	89,358
Education	238,532	-	238,532
Grants and restricted programs	1,050,145	317,618	1,367,763
Unrestricted	1,405,956	(1,156,789)	249,167
Total net position	\$ 7,749,788	15,014,902	22,764,690

See accompanying notes to basic financial statements.

* Due to Water Fund being presented as of December 31, 2014

CITY OF CALAIS, MAINE
Statement of Activities
For the Year Ended June 30, 2015

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 681,074	107,037	111,314	-	(462,723)	-	(462,723)
City services	322,861	75,356	2,933	-	(244,572)	-	(244,572)
Public safety	1,004,417	-	17,002	-	(987,415)	-	(987,415)
Public works	822,245	35,801	65,537	-	(720,907)	-	(720,907)
County tax	262,188	-	-	-	(262,188)	-	(262,188)
Unclassified	386,785	-	-	-	(386,785)	-	(386,785)
Education	9,991,464	1,786,249	6,676,521	-	(1,528,694)	-	(1,528,694)
Interest on debt service	14,099	-	-	-	(14,099)	-	(14,099)
Capital maintenance	136,623	-	-	74,006	(62,617)	-	(62,617)
Total governmental activities	13,621,756	2,004,443	6,873,307	74,006	(4,670,000)	-	(4,670,000)
Business-type activities:							
Sewer	1,140,677	930,515	-	744,932	-	534,770	534,770
Ambulance	901,915	909,665	-	-	-	7,750	7,750
Water	505,213	637,663	642	895,157	-	1,028,249	1,028,249
Total business-type activities	2,547,805	2,477,843	642	1,640,089	-	1,570,769	1,570,769
Total primary government	\$ 16,169,561	4,482,286	6,873,949	1,714,095	(4,670,000)	1,570,769	(3,099,231)
General revenues:							
Property taxes					\$ 3,949,619	-	3,949,619
Motor vehicle excise taxes					532,027	-	532,027
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					216,705	-	216,705
Homestead and BETE exemptions					102,725	-	102,725
Other					3,699	-	3,699
Unrestricted investment earnings					23,293	1,585	24,878
Miscellaneous revenues					227,182	-	227,182
Transfers					109,269	(109,269)	-
Total general revenues and transfers					5,164,519	(107,684)	5,056,835
Change in net position					494,519	1,463,085	1,957,604
Net position - beginning, restated					7,255,269	13,551,817	20,807,086
Net position - ending					\$ 7,749,788	15,014,902	22,764,690

See accompanying notes to basic financial statements.

CITY OF CALAIS, MAINE
Balance Sheet
Governmental Funds
June 30, 2015

	General	Day Treatment Program	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 266,677	-	92,810	359,487
Investments	-	-	1,100,927	1,100,927
Receivables:				
Taxes	557,576	-	-	557,576
Due from other governments	163,647	170,912	55,663	390,222
Accounts	224,601	-	3,500	228,101
Loans, net	-	-	397,114	397,114
Interfund loans receivable	3,093,909	-	448,743	3,542,652
Inventory	5,106	-	8,888	13,994
Total assets	\$ 4,311,516	170,912	2,107,645	6,590,073
LIABILITIES				
Accounts payable	253,352	52,968	800	307,120
Accrued payroll and benefits	584,753	22,346	27,720	634,819
Payroll withholdings payable	19,765	-	-	19,765
Payable to other governments	6,073	-	-	6,073
Interfund loans payable	377,983	261,834	57,009	696,826
Taxes paid in advance	127,199	-	-	127,199
Line of credit	665,000	-	-	665,000
Total liabilities	2,034,125	337,148	85,529	2,456,802
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	491,000	-	-	491,000
Total deferred inflows of resources	491,000	-	-	491,000
FUND BALANCES				
Nonspendable	5,106	-	895,185	900,291
Restricted	155,468	-	825,453	980,921
Committed	-	-	395,545	395,545
Assigned	-	-	-	-
Unassigned	1,625,817	(166,236)	(94,067)	1,365,514
Total fund balances (deficit)	1,786,391	(166,236)	2,022,116	3,642,271
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,311,516	170,912	2,107,645	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				5,112,615
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				491,000
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:				
Accrued compensated absences				(148,798)
Capital leases				(67,446)
Bonds payable				(577,443)
Net pension liability with associated deferred inflows and outflows				(702,411)
Net position of governmental activities			\$	7,749,788

See accompanying notes to basic financial statements.

CITY OF CALAIS, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2015

	General	Day Treatment Program	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 4,371,546	-	-	4,371,546
Intergovernmental	5,253,573	993,777	731,170	6,978,520
Charges for services	1,235,395	669,296	99,752	2,004,443
Investment earnings	2,285	-	21,008	23,293
Unclassified	386,383	-	132,721	519,104
Total revenues	11,249,182	1,663,073	984,651	13,896,906
Expenditures:				
Current:				
General government	525,403	-	171,952	697,355
City services	299,058	-	492	299,550
Public safety	934,087	-	10,051	944,138
Public works	743,352	-	2,497	745,849
County tax	262,188	-	-	262,188
Unclassified	385,460	-	1,325	386,785
Education	7,427,974	1,829,309	821,978	10,079,261
Debt service	91,221	-	51,563	142,784
Capital outlay	142,670	-	124,884	267,554
Total expenditures	10,811,413	1,829,309	1,184,742	13,825,464
Excess (deficiency) of revenues over (under) expenditures	437,769	(166,236)	(200,091)	71,442
Other financing sources (uses):				
Transfers from other funds	199,269	-	10,200	209,469
Transfers to other funds	(10,200)	-	(90,000)	(100,200)
Total other financing sources (uses)	189,069	-	(79,800)	109,269
Net change in fund balances	626,838	(166,236)	(279,891)	180,711
Fund balances, beginning of year, restated	1,159,553	-	2,302,007	3,461,560
Fund balances (deficits), end of year	\$ 1,786,391	(166,236)	2,022,116	3,642,271

See accompanying notes to basic financial statements.

CITY OF CALAIS, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2015

Net change in fund balances - total governmental funds (from Statement 4)	\$	180,711
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$228,279) exceeded capital outlay (\$130,931).</p>		
		(97,348)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		110,100
<p>Change in accruals are recorded on the statement of net position, but not on the governmental fund balance sheet - increase in accrued compensated absences (\$104,461) and decrease in the net pension liability with associated deferred outflows and deferred inflows (\$266,513).</p>		
		162,052
<p>Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of bond principal and capital lease principal repayments.</p>		
		139,004
Change in net position of governmental activities (see Statement 2)		\$ 494,519

See accompanying notes to basic financial statements.

CITY OF CALAIS, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended June 30, 2015

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 4,406,115	4,406,115	4,371,546	(34,569)
Intergovernmental	4,746,509	4,746,509	4,761,898	15,389
Charges for services	1,054,101	1,054,101	1,235,395	181,294
Interest earned	2,000	2,000	2,285	285
Unclassified	156,339	156,339	386,383	230,044
Total revenues	10,365,064	10,365,064	10,757,507	392,443
Expenditures:				
Current:				
General government	599,548	599,548	525,403	74,145
City services	342,085	342,085	299,058	43,027
Public safety	1,065,985	1,065,985	934,087	131,898
Public works	786,889	786,889	743,352	43,537
County tax	262,188	262,188	262,188	-
Unclassified	292,053	292,053	385,460	(93,407)
Education	6,998,536	6,998,536	6,826,719	171,817
Debt service	91,222	91,222	91,221	1
Capital outlay	43,000	103,000	142,670	(39,670)
Total expenditures	10,481,506	10,541,506	10,210,158	331,348
Excess (deficiency) of revenues over (under) expenditures	(116,442)	(176,442)	547,349	723,791
Other financing sources (uses):				
Use of surplus	-	60,000	-	(60,000)
Transfers from other funds	206,302	206,302	199,269	(7,033)
Transfers to other funds	(20,000)	(20,000)	(10,200)	9,800
Total other financing sources (uses)	186,302	246,302	189,069	(57,233)
Net change in fund balance - budgetary basis	69,860	69,860	736,418	666,558
Reconciliation to GAAP basis:				
Change in teacher summer salaries			(109,580)	
Net change in fund balance - GAAP basis			626,838	
Fund balance, beginning of year, restated			1,159,553	
Fund balance, end of year	\$		1,786,391	

See accompanying notes to basic financial statements.

CITY OF CALAIS, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2015
(Water Fund presented as of December 31, 2014)

	Business-type Activities - Enterprise Funds			Totals
	Sewer Fund	Ambulance Fund	Water Fund	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 430,827	212,554	104,109	747,490
Accounts receivable, net	395,721	213,686	153,275	762,682
Due from other governments	317,618	-	60,142	377,760
Interfund loans receivable	-	-	392,641	392,641
Inventory	-	-	46,604	46,604
Total current assets	1,144,166	426,240	756,771	2,327,177
Noncurrent assets:				
Property, plant, and equipment:				
Land and organization costs	-	-	75,896	75,896
Construction in progress	670,795	144,000	-	814,795
Buildings and improvements	8,348,925	-	97,596	8,446,521
Equipment and vehicles	234,461	548,446	614,429	1,397,336
Infrastructure	14,473,268	-	8,971,940	23,445,208
Less accumulated depreciation	(6,852,273)	(517,412)	(2,199,806)	(9,569,491)
Total noncurrent assets	16,875,176	175,034	7,560,055	24,610,265
Total assets	18,019,342	601,274	8,316,826	26,937,442
LIABILITIES				
Current liabilities:				
Accounts payable	15,776	27,147	214,886	257,809
Accrued payroll and benefits	-	13,016	-	13,016
Accrued compensated absences	-	6,625	-	6,625
Accrued interest	29,089	-	4,622	33,711
Interfund loans payable	1,869,996	710,039	275,152	2,855,187
Current portion of bonds payable	366,536	-	188,939	555,475
Total current liabilities	2,281,397	756,827	683,599	3,721,823
Noncurrent liabilities:				
Bonds payable	4,814,306	-	3,386,411	8,200,717
Total noncurrent liabilities	4,814,306	-	3,386,411	8,200,717
Total liabilities	7,095,703	756,827	4,070,010	11,922,540
NET POSITION				
Net investment in capital assets	11,694,334	175,034	3,984,705	15,854,073
Restricted	317,618	-	-	317,618
Unrestricted	(1,088,313)	(330,587)	262,111	(1,156,789)
Total net position	\$ 10,923,639	(155,553)	4,246,816	15,014,902

See accompanying notes to basic financial statements.

CITY OF CALAIS, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2015
(Water Fund presented for the year ended December 31, 2014)

	Business-type Activities - Enterprise Funds			
	Sewer Fund	Ambulance Fund	Water Fund	Totals
Operating revenues:				
Charges for services	\$ 905,084	873,403	637,663	2,416,150
Interest and lien fees	18,921	-	-	18,921
Miscellaneous	6,510	36,262	-	42,772
Total operating revenues	930,515	909,665	637,663	2,477,843
Operating expenses:				
Personnel services	208,524	683,269	247,206	1,138,999
Contractual services	113,064	66,923	33,391	213,378
Utilities	104,168	2,593	30,157	136,918
Repairs and maintenance	3,618	20,051	-	23,669
Materials and supplies	61,517	71,881	48,469	181,867
Miscellaneous	9,125	6,004	29,860	44,989
Bad debt expense	-	-	1,480	1,480
Capital outlay	-	-	-	-
Depreciation	543,276	50,517	153,804	747,597
Total operating expenses	1,043,292	901,238	544,367	2,488,897
Operating income	(112,777)	8,427	93,296	(11,054)
Nonoperating revenue (expense):				
Interest income	-	131	1,454	1,585
Capital grants and contributions	744,932	-	895,157	1,640,089
Miscellaneous revenues (expenses)	-	-	642	642
Interest expense	(97,385)	(677)	(9,207)	(107,269)
Total nonoperating revenue (expense)	647,547	(546)	888,046	1,535,047
Net income (loss) before transfers	534,770	7,881	981,342	1,523,993
Transfers:				
Transfer to other funds	(60,908)	-	-	(60,908)
Total transfers	(60,908)	-	-	(60,908)
Change in net position	473,862	7,881	981,342	1,463,085
Total net position, beginning of year	10,449,777	(163,434)	3,265,474	13,551,817
Total net position, end of year	\$ 10,923,639	(155,553)	4,246,816	15,014,902

See accompanying notes to basic financial statements.

CITY OF CALAIS, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2015
(Water Fund presented for the year ended December 31, 2014)

	Business-type Activities - Enterprise Funds			
	Sewer Fund	Ambulance Fund	Water Fund	Totals
Cash flows from operating activities:				
Receipts from customers and users	\$ 920,229	1,102,374	635,562	2,658,165
Payments to suppliers	(275,716)	(140,816)	(145,435)	(561,967)
Payments to employees/employee services	(208,524)	(682,656)	(247,206)	(1,138,386)
Net cash provided by operating activities	435,989	278,902	242,921	957,812
Cash flows from non-capital financing activities:				
Transfers to other funds	(60,908)	-	-	(60,908)
(Increase) decrease in interfund loans	646,119	84,319	(392,641)	337,797
Net cash provided by (used in) non-capital financing activities	585,211	84,319	(392,641)	276,889
Cash flows from capital and related financing activities:				
Purchase of capital assets	(710,801)	(144,000)	(774,601)	(1,629,402)
Capital grants and contributions	559,202	-	855,105	1,414,307
Principal payments on debt	(360,693)	(79,639)	(188,200)	(628,532)
Interest paid on debt	(96,421)	(906)	(8,844)	(106,171)
Net cash used in capital financing activities	(608,713)	(224,545)	(116,540)	(949,798)
Cash flows from investing activities:				
Interest income	-	131	1,454	1,585
Net cash provided by investing activities	-	131	1,454	1,585
Increase (decrease) in cash and cash equivalents	412,487	138,807	(264,806)	286,488
Cash and cash equivalents, beginning of year	18,340	73,747	368,915	461,002
Cash and cash equivalents, end of year	\$ 430,827	212,554	104,109	747,490
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (112,777)	8,427	93,296	(11,054)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	543,276	50,517	153,804	747,597
Miscellaneous revenues (expenses)	-	-	642	642
(Increase) decrease in operating assets:				
Accounts receivable, net	(10,286)	192,709	(2,743)	179,680
Inventory	-	-	(8,153)	(8,153)
Increase (decrease) in operating liabilities:				
Accounts payable	15,776	26,636	6,075	48,487
Accrued wages and benefits	-	5,146	-	5,146
Accrued compensated absences	-	(4,533)	-	(4,533)
Net cash provided by operating activities	435,989	278,902	242,921	957,812

See accompanying notes to basic financial statements.

CITY OF CALAIS, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

		Private- purpose Trust Funds	Student Activities	Other Agency Funds
ASSETS				
Cash and cash equivalents	\$	-	140,556	73,290
Investments		66,084	-	-
Total assets		66,084	140,556	73,290
LIABILITIES				
Due to others		-	140,556	73,290
Total liabilities		-	140,556	73,290
NET POSITION				
Held in trust	\$	66,084	-	-

See accompanying notes to basic financial statements.

CITY OF CALAIS, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2015

		Private- purpose Trust Funds
<hr/>		
Additions:		
Investment income	\$	861
<hr/>		
Total additions		861
<hr/>		
Deductions:		
Scholarships and other		-
<hr/>		
Total deductions		-
<hr/>		
Change in net position		861
Net position, beginning of year		65,223
<hr/>		
Net position, end of year	\$	66,084

See accompanying notes to basic financial statements.

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures of the City of Calais, Maine conform to generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Calais, Maine was incorporated under the laws of the State of Maine in 1851 and operates under a council/manager form of government. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City of Calais, Maine (the primary government) and its component units. The decision to include a potential component unit was made by applying the criteria set forth in accounting principles generally accepted in the United States of America, which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability of the primary government to impose its will on the component unit, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there were no potential component units required to be included in this report.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Measurement Focus, Basis of Accounting and Basis of Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers tax revenues to be available in the fund financial statements if they are collected within 60 days of the end of the current fiscal period. A one-year period is used for revenue recognition for all other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, intergovernmental revenue, interest revenue, and charges for services. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The Day Treatment Program is a special revenue fund that accounts for the day treatment program administered by the School Department.

The City reports the following major proprietary funds:

The Sewer Fund accounts for the operation of the City's sewer department.

The Ambulance Fund accounts for the operation of the City's ambulance services.

The Water Fund accounts for the operation of the City's water department.

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. As such, fiduciary funds are not reported in the government-wide statements. The City's fiduciary funds include the following:

Private-purpose trust funds account for resources where funds are legally restricted by a formal trust agreement and may be used for purposes that benefit individuals, private organizations, or other governments. These include scholarship funds.

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. The agency funds are used to account for assets that the government holds for others in an agency capacity and include student activity funds, and funds held on behalf of the Calais School Department Trustees and the Calais Fire Department Association.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Assets, Liabilities, and Equity

1. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Investments are stated at fair value. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

2. Interfund Receivables/Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans or as interfund advances (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are generally recorded as expenditures when consumed rather than when purchased.

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The threshold for capitalizing assets, not including infrastructure assets, is \$5,000. The threshold for capitalizing infrastructure assets is \$10,000. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	20-50 years
Equipment and furniture	3-50 years
Vehicles	3-25 years
Infrastructure	50-100 years

5. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The deferred outflows relate to the net pension liability, which include the City's contributions subsequent to the measurement date, which are recognized as a reduction of the net pension liability in the subsequent year. They also include changes of assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds have one type of item that qualifies for reporting in this category, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred inflows that relate to the net pension liability, which include the differences between expected and actual experience, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accrued vacation and sick leave are accrued when incurred in the governmental-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts if material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. All other interfund transfers are reported as transfers.

10. Use of Estimates

Preparation of the City's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

11. Fund Equity

Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the City imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The City has formally adopted a minimum fund balance policy which requires that an amount between 12% and 16% of the City’s current fiscal year budgeted expenditures be maintained as unassigned fund balance. In the event that the balance drops below the established minimum level, the City Council will develop a written plan to replenish the fund balance to the established minimum level within three fiscal years.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the City’s policy to use committed or assigned resources first, and then unassigned resources as they are needed. In the case of capital reserves, funds can be spent only after General Fund appropriations are fully utilized or upon approval of the City Council.

The City Council has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Likewise, the City Council, School Committee, or a body or official delegated by the City Council or School Committee may assign unspent budgeted amounts to specific purposes in the General Fund at year end based on Department requests.

12. Comparative Data

Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

The City utilizes a formal budgetary accounting system to control revenues and expenditures accounted for in the General Fund. The budget is established in accordance with the various laws which govern the City's operations. The budget is prepared substantially in accordance with accounting principles generally accepted (GAAP) in the United States of America, except for certain payroll expenditures, including teachers' summer salaries, which are budgeted on a cash basis, and revenues and expenditures related to "on-behalf payments" made by the State of Maine to the Maine Public Employees Retirement System for teachers and other school employees are not budgeted.

All unexpended appropriations lapse at year end, except for balances approved to be carried forward by the City Council. In accordance with legal requirements of the State of Maine, all educational balances are carried forward to the next fiscal year.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2015, expenditures exceeded appropriations in the following areas:

Assessing	8,342	Insurance	897
Street and traffic lights	1,216	Regular instruction	91,929
Capital projects	39,670	Transportation and buses	6,518
Employee benefits	95,037		

C. Deficit Fund Balances

At June 30, 2015, the following funds had deficit fund balances:

CDBG facade grant	\$ 1,891	Day treatment program	166,236
2013 justice assistance grant	6,575	School lunch	27,750
2012 justice assistance grant	376	Donation – skateboard	407
Stone garden grant	25	Land disposition	45,409
Scholarship account	1,250	CIP public works	147
Title IA - disadvantaged	10,237		

These deficits will be funded by future grant revenue, charges for services, or transfers.

BUDGETARY VS. GAAP BASIS OF ACCOUNTING - GENERAL FUND

As required by accounting principles generally accepted in the United States of America, the School Department has recorded a revenue and an expenditure for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under accounting principles generally accepted in the United States of America of \$491,675.

These amounts have been included as an intergovernmental revenue and as an education expense/expenditure on Statement 2 and 4 (GAAP basis). There is no effect on the net position/fund balance at the end of the year.

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

DEPOSITS AND INVESTMENTS

As of June 30, 2015, the City had the following investments, some of which are classified as cash and cash equivalents:

	<u>Fair value</u>	<u>Less than 1 year</u>	<u>1 – 5 years</u>	<u>Over 5 years</u>
U.S. Treasury/Agency Notes	\$ 622,270	30,340	314,089	277,841
Certificates of Deposit	544,741	45,170	449,659	49,912

Custodial credit risk- deposits – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City currently does not have a deposit policy for custodial credit risk. As of June 30, 2015, the City’s bank balance was \$1,952,145, none of which was exposed to custodial credit risk. The entire balance was covered by the F.D.I.C. or collateral held by the pledging financial institution.

Credit risk – Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certificates of deposit. As of June 30, 2015, all of the City’s investments were rated, at a minimum, AA+ by Standard & Poor’s. The City currently does not have a policy for credit risk.

Interest rate risk – The City does not have a policy related to interest rate risk.

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

As of June 30, 2015, the City had the following accounts and loans receivable with allowance for uncollectible account balances:

	<u>Ambulance Fund</u>	<u>UDAG Loan Fund</u>	<u>Uptown Loan Fund</u>
Accounts receivable	\$ 278,101	-	-
Loans receivable	-	458,582	56,057
Allowance for uncollectible accounts	(64,415)	(94,754)	(22,771)
<u>Accounts and loans receivable, net</u>	<u>\$ 213,686</u>	<u>363,828</u>	<u>33,286</u>

PROPERTY TAX

Property taxes for the current year were committed on July 30, 2014, on the assessed value listed as of the prior April 1 for all real and personal property located in the City. Assessed values were established by the City's Assessor at 96% of assumed market value.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$69,860 for the year ended June 30, 2015.

Upon the expiration of eight months, and within one year from the date of the original commitment, a tax lien is recorded for all delinquent taxes on real estate.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as unavailable revenues.

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

PROPERTY TAX, CONTINUED

The following summarizes the levy:

	<u>2015</u>	<u>2014</u>
Assessed value	\$ 153,274,120	149,393,660
Tax rate (per \$1,000)	25.30	25.30
Commitment	3,877,835	3,779,660
Supplemental taxes assessed	8,516	1,158
	3,886,351	3,780,818
Less:		
Abatements	8,936	-
Collections	3,533,624	3,462,016
Current year taxes receivable at end of year	\$ 343,791	318,802

	October 1, 2014	October 1, 2013
Due date - current year	7.00%	7.00%
Interest rate on delinquent taxes	91.1%	91.8%
Collection rate		

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance (Restated) June 30, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2015</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,089,305	-	-	3,089,305
Construction in progress	87,331	-	87,331	-
Total capital assets not being depreciated	3,176,636	-	87,331	3,089,305
Capital assets, being depreciated:				
Buildings and improvements	1,703,663	87,331	-	1,790,994
Furniture and equipment	1,688,837	9,227	109,349	1,588,715
Vehicles	1,777,231	-	96,484	1,680,747
Infrastructure	116,956	121,704	-	238,660
Total capital assets being depreciated	5,286,687	218,262	205,833	5,299,116
Less accumulated depreciation for:				
Buildings and improvements	931,298	42,195	-	973,493
Furniture and equipment	1,096,074	99,598	109,349	1,086,323
Vehicles	1,221,602	74,553	96,484	1,199,671
Infrastructure	4,386	11,933	-	16,319
Total accumulated depreciation	3,253,360	228,279	205,833	3,275,806
Total capital assets being depreciated, net	2,033,327	(10,017)	-	2,023,310
Governmental activities capital assets, net	\$ 5,209,963	(10,017)	87,331	5,112,615

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2015</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 75,896	-	-	75,896
<u>Construction in progress</u>	<u>212,157</u>	<u>826,068</u>	<u>223,430</u>	<u>814,795</u>
Total capital assets not being depreciated	288,053	826,068	223,430	890,691
Capital assets, being depreciated:				
Buildings and improvements	8,446,521	-	-	8,446,521
Equipment, furniture, and vehicles	1,368,604	28,732	-	1,397,336
<u>Infrastructure</u>	<u>22,277,171</u>	<u>1,168,037</u>	<u>-</u>	<u>23,445,208</u>
Total capital assets being depreciated	32,092,296	1,196,769	-	33,289,065
Less accumulated depreciation for:				
Buildings and improvements	4,086,094	258,873	-	4,344,967
Equipment, furniture, and vehicles	1,216,411	57,830	-	1,274,241
<u>Infrastructure</u>	<u>3,519,389</u>	<u>430,894</u>	<u>-</u>	<u>3,950,283</u>
Total accumulated depreciation	8,821,894	747,597	-	9,569,491
<u>Total capital assets being depreciated, net</u>	<u>23,270,402</u>	<u>449,172</u>	<u>-</u>	<u>23,719,574</u>
<u>Business-type capital assets, net</u>	<u>\$ 23,558,455</u>	<u>1,275,240</u>	<u>223,430</u>	<u>24,610,265</u>

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

Governmental activities:	
General government	\$ 19,440
City services	24,608
Public safety	55,567
Public works	78,234
<u>Education</u>	<u>50,430</u>
<u>Total depreciation expense – governmental activities</u>	<u>\$ 228,279</u>
Business-type activities:	
Sewer fund	\$ 543,276
Ambulance fund	50,517
<u>Water fund</u>	<u>153,804</u>
<u>Total depreciation expense – business-type activities</u>	<u>\$ 747,597</u>

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
Notes payable	\$ 706,128	-	128,685	577,443	131,142
Capital leases	77,765	-	10,319	67,446	33,988
Compensated absences	44,337	104,461	-	148,798	-
Net pension liability	1,166,088	-	518,792	647,296	-
Governmental activities long-term liabilities	\$ 1,994,318	104,461	657,796	1,440,983	165,130
Business-type activities:					
Bonds and notes payable	\$ 9,384,723	-	628,531	8,756,192	555,475
Compensated absences	11,158	-	4,533	6,625	-
Business-type activities long-term liabilities	\$ 9,395,881	-	633,064	8,762,817	555,475

CAPITAL LEASES

The City has entered into lease agreements as lessee for financing the acquisition of equipment. These leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of its inception.

The following is a schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payment at June 30, 2015.

	<u>Governmental Activities</u>
2016	\$ 37,288
2017	13,118
2018	13,402
2019	9,680
Total minimum lease payments	73,488
<u>Less: amount representing interest</u>	<u>(6,042)</u>
Present value of future minimum lease payments	\$ 67,446

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

BONDS AND NOTES PAYABLE

Bonds and notes payable at June 30, 2015 are comprised of the following:

	<u>Date of issue</u>	<u>Original amount issued</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance June 30, 2015</u>
Governmental activities:					
Equipment note	10/25/12	\$ 247,279	2018	1.40%	150,366
Sidewalk/Library note	11/23/12	584,992	2020	2.20%	427,077
Total governmental activities					577,443
Business-type activities:					
2009 sewer bond	10/26/09	\$ 978,822	2030	1.00%	752,064
2010-FS-CW	12/22/10	2,263,000	2031	1.00%	1,013,785
2010-SR-CW	6/29/10	943,371	2030	1.00%	724,826
2011-FR-CW	3/28/11	1,231,000	2031	1.50%	1,013,219
2012 Rural Development	12/2/11	777,000	2040	2.25%	714,948
2013 sewer note	1/16/13	53,913	2017	1.35%	27,226
2002 sewer bond	2/16/02	2,350,000	2022	2.355%	934,774
2013 water note	1/29/13	27,497	2020	2.025%	19,913 *
2013 water note	1/29/13	138,000	2021	2.25%	105,090 *
2013 water note	1/29/13	127,241	2026	2.75%	118,985 *
2008 water bond	6/17/08	1,963,998	2031	0.00%	1,391,158 *
2009 water bond	2009	914,500	2036	0.00%	718,537 *
2009 water bond	2009	44,500	2039	0.00%	36,342 *
2009 water bond	2009	143,550	2039	0.00%	117,232 *
2009 water bond	2009	584,500	2039	0.00%	487,082 *
2012 water bond	6/22/12	382,250	2042	0.00%	344,026 *
2014 water bond	11/22/13	305,000	2044	1.00%	236,985 *
Total business-type activities					8,756,192
Total bonds and notes payable					\$ 9,333,635

* All outstanding bonds and notes payable for the Water Department are reported as of December 31, 2014.

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

BONDS AND NOTES PAYABLE

The annual requirements to amortize all long-term debt outstanding as of June 30, 2015 are as follows:

<u>June 30,</u>	<u>Governmental activities</u>			<u>Business-type activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 131,142	11,632	142,774	555,475	90,109	645,584
2017	133,631	9,143	142,774	562,178	83,366	645,544
2018	136,163	6,554	142,717	555,123	76,489	631,612
2019	87,284	3,937	91,221	561,909	69,661	631,570
2020	89,223	1,990	91,213	568,818	62,708	631,526
2021-2025	-	-	-	2,402,518	208,473	2,610,991
2026-2030	-	-	-	2,154,607	102,281	2,256,888
2031-2035	-	-	-	858,120	37,369	895,489
2036-2040	-	-	-	475,070	15,248	490,318
2041-2044	-	-	-	62,374	927	63,301
Total	\$ 577,443	33,256	610,699	8,756,192	746,631	9,502,823

The City is subject to a statutory limitation, by the State of Maine, of its general long-term debt equal to 15% of the State's valuation of the City. The City's outstanding general long-term debt of \$9,333,635 at June 30, 2015 was within the statutory limit.

In addition to the notes and bonds payable, the City is contingently responsible for the following overlapping debt as of June 30, 2015:

<u>Entity</u>	<u>Net debt outstanding</u>	<u>Applicable to the City</u>	<u>City's share of debt</u>
Calais School District Trustees	\$ 3,883,500	100%	\$ 3,883,500

LINE OF CREDIT

The City of Calais currently has a line of credit with the First, with a credit limit of \$900,000 and an interest rate of 1.03%. Interest is payable and due each month based on the outstanding balance. The balance as of June 30, 2015 was \$665,000.

Line of credit activity for the year ended June 30, 2015 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Line of credit payable	\$ 665,000	-	-	665,000	665,000

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

INTERFUND BALANCES AND TRANSFERS

As of June 30, 2015, the balances of interfund loans receivable/payable and transfers were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>	<u>Transfers in (out)</u>
General Fund	\$ 3,093,909	377,983	189,069
Day Treatment Program	-	261,834	-
Proprietary Funds:			
Sewer Fund	-	1,869,996	(60,908)
Ambulance Fund	-	710,039	-
Water Fund *	392,641	275,152	(48,361)
Other Governmental Funds:			
City Special Revenue Funds	43,766	-	-
School Special Revenue Funds	55,395	-	-
School Lunch	-	46,349	10,200
Capital Projects Fund	349,582	-	(90,000)
Permanent Fund	-	10,660	-
Totals	\$ 3,935,293	3,552,013	-

* Interfund loans receivables and payables do not equal due to the Water Department being reported as of December 31, 2014. Transfers for the Water Department are classified as operating expenses on the statement of revenues, expenses, and changes in net position (Statement 8).

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 bonds, notes, and capital leases payable and adding back any unspent proceeds. The City's net investment in capital assets was calculated as follows at June 30, 2015:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 8,388,421	34,179,756
Accumulated depreciation	(3,275,806)	(9,569,491)
Bonds and notes payable	(577,443)	(8,756,192)
Capital leases payable	(67,446)	-
Total net investment in capital assets	\$ 4,467,726	15,854,073

CONTRACT COMMITMENTS

The Calais School Department has entered into a contract for school transportation services with First Student, Inc. The contract expires in June of 2017. Future payments under this contract are as follows:

2016	\$ 286,585
2017	290,884
Total	\$ 577,469

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

FUND BALANCE

As of June 30, 2015, fund balance components consisted of the following:

	General Fund	Day Treatment Program	Other Governmental Funds	Total
Nonspendable:				
Inventory	\$ 5,106	-	-	5,106
Loans receivable	-	-	397,114	397,114
Principal for permanent funds	-	-	498,071	498,071
Total nonspendable	5,106	-	895,185	900,291
Restricted:				
General government	-	-	26,087	26,087
City services	-	-	2,000	2,000
Public safety	-	-	10,710	10,710
Education	155,468	-	83,064	238,532
Loan funds	-	-	614,234	614,234
Permanent funds	-	-	89,358	89,358
Total restricted	155,468	-	825,453	980,921
Committed:				
Capital projects	-	-	395,545	395,545
Total committed	-	-	395,545	395,545
Unassigned	1,625,817	(166,236)	(94,067)	1,365,514
Total fund balance (deficit)	\$ 1,786,391	(166,236)	2,022,116	3,642,271

RISK MANAGEMENT - CITY

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors, and omissions, and natural disasters for which the City either carries commercial insurance, or participates in public entity risk pools. The School Department is a member of the Maine School Management Association – Unemployment Compensation Trust Fund (MSMA). Based on the coverage provided by these pools, as well as certain coverage provided by commercial insurance purchased, the City is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2015.

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

Plan Description - Employees of the City are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan) and teaching-certified employees of the City are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), cost-sharing multiple-employer defined benefit pension plans, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at www.maineopers.org.

Benefits Provided - The PLD and SET Plans provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). For SETP members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

PLD Plan - Employees are required to contribute 7.0% of their annual pay. The City's contractually required contribution rates for the year ended June 30, 2015 were 7.8% of annual payroll. Contributions to the pension plan from the City were \$111,737 for the year ended June 30, 2015.

SET Plan - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2015, was 15.68% of annual payroll of which 2.65% of payroll was required from the City and 13.03% was required from the State. Contributions to the pension plan from the City were \$85,776 for the year ended June 30, 2015.

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2015, the City reported a liability of \$472,801 for its proportionate share of the net pension liability. At June 30, 2014, the City's proportion of the PLD Plan was 0.3073%.

SET Plan - At June 30, 2015, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 174,495
State's proportionate share of the net pension liability associated with the City	3,125,546
Total	\$ 3,300,041

At June 30, 2014, the City's proportion of the SETP Plan was 0.0162%.

For the year ended June 30, 2015, the City recognized pension expense of \$83,354 for the PLD Plan and \$269,405 for the SET Plan with revenue of \$421,759 for support provided by the State. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 59,370	872
Changes of assumptions	12,017	-
Net difference between projected and actual earnings on pension plan investments	-	576,818
Changes in proportion and differences between City contributions and proportionate share of contributions	253,675	-
City contributions subsequent to the measurement date	197,513	-
Total	\$ 522,575	577,690

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

\$197,513 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2016	\$ 3,727
2017	3,727
2018	(115,878)
2019	(144,204)

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	3.5%	3.5%
Salary Increases, per year	3.5% to 9.5%	3.5% to 13.5%
Investment return, per annum, compounded annually	7.25%	7.125%
Cost of living benefit increases, per annum	3.12%	2.55%

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. 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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	2.5%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.0%
Total	100%	

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Discount Rate - The discount rate used to measure the total pension liability was 7.25% for the PLD Plan and 7.125% for the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 liabilities.

Sensitivity of the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25% for the PLD Plan and 7.125% for the SET Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25% for PLD Plan and 6.125% for SET Plan) or 1 percentage-point higher (8.25% for PLD Plan and 8.125% for SET Plan) than the current rate:

<u>PLD Plan</u>	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
City's proportionate share of the net pension liability	\$ 1,475,001	\$ 472,801	(\$364,913)
<u>SET Plan</u>	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
City's proportionate share of the net pension liability	\$ 334,230	\$ 174,495	\$ 40,833

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of June 30, 2015.

NEW PRONOUNCEMENTS AND RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2015, the City has elected to implement Statement No. 68 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27. As a result of implementing GASB Statement No. 68, the City has restated beginning net position in the government-wide statement of net position to account for the addition of the City's proportionate share of the net pension liability of \$1,166,088 and deferred outflows for the City's contributions subsequent to the measurement date of \$197,164, which effectively decreased the City's net position as of July 1, 2014 by \$968,924.

CITY OF CALAIS, MAINE
Notes to Basic Financial Statements, Continued

RESTATEMENTS OF FUND BALANCE AND NET POSITION

The City has restated fund balances and net position for the following purposes:

	Governmental <u>activities</u>	General <u>Fund</u>
Fund balance/net position, July 1, 2014	\$ 8,090,564	1,060,226
Timing differences caused by City to School reconciliation	54,990	54,990
Removing accrued compensated absences from fund financial statements	-	44,337
Removing depreciation from over-depreciated assets	78,639	-
Addition of net pension liability	(968,924)	-
<u>Restated fund balance/net position, July 1, 2014</u>	<u>\$ 7,255,269</u>	<u>1,159,553</u>

CITY OF CALAIS, MAINE
Required Supplementary Information

Schedule of City's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan
(SET)

Last 10 Fiscal Years*

	<u>2015**</u>
<u>PLD Plan</u>	
City's proportion of the net pension liability	0.3073%
City's proportionate share of the net pension liability	\$ 472,801
City's covered-employee payroll	1,432,520
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	33.00%
Plan fiduciary net position as a percentage of the total pension liability	94.10%
<u>SET Plan</u>	
City's proportion of the net pension liability	0.0162%
City's proportionate share of the net pension liability	174,495
State's proportionate share of the net pension liability associated with the City	<u>3,125,546</u>
<u>Total</u>	<u>\$ 3,300,041</u>
City's covered-employee payroll	3,236,834
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	5.39%
Plan fiduciary net position as a percentage of the total pension liability	83.91%

* Only one year of information available

** The amounts presented for each fiscal year were determined as of the prior fiscal year.

CITY OF CALAIS, MAINE
Required Supplementary Information, Continued

Schedule of City Contributions
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)
Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>
<u>PLD Plan</u>		
Contractually required contribution	\$ 111,737	106,371
Contributions in relation to the contractually required contribution	(111,737)	(106,371)
<u>Contribution deficiency (excess)</u>	<u>\$ -</u>	<u>-</u>
City's covered-employee payroll	1,432,520	1,636,481
Contributions as a percentage of covered- Employee payroll	7.80%	6.50%
<u>SET Plan</u>		
Contractually required contribution	\$ 85,776	90,793
Contributions in relation to the contractually required contribution	(85,756)	(90,793)
<u>Contribution deficiency (excess)</u>	<u>\$ -</u>	<u>-</u>
City's covered-employee payroll	3,236,834	3,426,161
Contributions as a percentage of covered- Employee payroll	2.65%	2.65%

* Only two years of information available

CITY OF CALAIS, MAINE
Notes to Required Supplementary Information

Changes of Benefit Terms - None

Changes of Assumptions - The SETP changed the discount rate from 7.25% in the 2013 valuation to 7.125% in the 2014 valuation.

GENERAL FUND

CITY OF CALAIS, MAINE
General Fund
Comparative Balance Sheets
June 30, 2015 and 2014

	2015	2014 (Restated)
ASSETS		
Cash and cash equivalents	\$ 266,677	213,971
Taxes receivable	557,576	436,805
Due from other governments	163,647	419,888
Accounts receivable	224,601	23,197
Interfund loans receivable	3,093,909	2,135,408
Inventory	5,106	23,364
Total assets	\$ 4,311,516	3,252,633
LIABILITIES		
Accounts payable	253,352	96,309
Accrued payroll and benefits	584,753	462,114
Payroll withholdings payable	19,765	36,517
Payable to other governments	6,073	7,325
Interfund loans payable	377,983	371,836
Taxes paid in advance	127,199	128,069
Line of credit	665,000	665,000
Total liabilities	2,034,125	1,767,170
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	491,000	380,900
Total deferred inflows of resources	491,000	380,900
FUND BALANCES		
Nonspendable - inventory	5,106	23,364
Restricted - education	155,468	-
Unassigned - education	-	(134,952)
Unassigned	1,625,817	1,216,151
Total fund balances	1,786,391	1,104,563
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,311,516	3,252,633

CITY OF CALAIS, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2015

	2015		Variance positive (negative)
	Budget	Actual	
Revenues:			
Taxes:			
Property taxes	\$ 3,877,835	3,770,429	(107,406)
Excise taxes	473,000	532,027	59,027
Payments in lieu of taxes	25,280	29,015	3,735
Interest on taxes	30,000	40,075	10,075
Total taxes	4,406,115	4,371,546	(34,569)
Intergovernmental:			
Education	4,368,990	4,393,384	24,394
State revenue sharing	207,000	216,705	9,705
Homestead exemption	87,450	91,608	4,158
Business equipment tax reimbursement	11,069	11,117	48
Veterans exemption	-	3,699	3,699
Tree growth reimbursement	21,000	-	(21,000)
Snowmobile reimbursement	1,000	933	(67)
General assistance	6,500	4,580	(1,920)
Urban Rural Initiative Payment	43,500	39,872	(3,628)
Total intergovernmental	4,746,509	4,761,898	15,389
Charges for services:			
Tuition	828,333	1,017,201	188,868
Administration	15,000	13,125	(1,875)
Code enforcement	3,000	3,797	797
Loan administration	7,500	-	(7,500)
EMS administration	88,268	83,597	(4,671)
Motor vehicle agent fees	4,000	5,518	1,518
Building rentals	1,000	1,000	-
Library	12,000	7,335	(4,665)
Recreation	58,000	68,021	10,021
Transfer station	37,000	35,801	(1,199)
Total charges for services	1,054,101	1,235,395	181,294
Interest earned	2,000	2,285	285
Unclassified:			
Sale of property	2,000	1,699	(301)
Police	1,300	3,217	1,917
Fire	-	-	-
Public works	10,841	11,657	816
Cemetery	17,000	14,008	(2,992)
MPERS IUUAL credit	-	222,853	222,853
Unclassified - City	-	2,630	2,630
Unclassified - Education	125,198	130,319	5,121
Total unclassified	156,339	386,383	230,044
Total revenues	10,365,064	10,757,507	392,443

CITY OF CALAIS, MAINE
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund, Continued

	2015		Variance positive (negative)
	Budget	Actual	
Expenditures:			
Current:			
General government:			
City Council	\$ 4,839	4,839	-
City Manager	166,635	127,286	39,349
City Clerk	73,502	67,397	6,105
Finance department	140,334	120,363	19,971
Legal services	32,000	21,536	10,464
Assessing	61,826	70,168	(8,342)
City building	67,432	64,263	3,169
St. Croix Fire House	2,430	1,373	1,057
Public buildings - North	50,550	48,178	2,372
Total general government	599,548	525,403	74,145
City services:			
Library	152,800	137,116	15,684
Recreation	188,285	161,009	27,276
Subsidies and donations	1,000	933	67
Total City services	342,085	299,058	43,027
Public safety:			
Police	553,262	456,100	97,162
Fire	433,223	397,271	35,952
Street and traffic lights	79,500	80,716	(1,216)
Total public safety	1,065,985	934,087	131,898
Public works:			
Public works	592,135	570,780	21,355
Transfer station	99,566	97,328	2,238
Cemetery	95,188	75,244	19,944
Total public works	786,889	743,352	43,537
County tax	262,188	262,188	-
Unclassified:			
Miscellaneous	230,137	227,610	2,527
Employee benefits	5,000	100,037	(95,037)
Insurance	56,916	57,813	(897)
Total unclassified	292,053	385,460	(93,407)

CITY OF CALAIS, MAINE
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund, Continued

	2015		Variance positive (negative)
	Budget	Actual	
Expenditures, continued:			
Current:			
Education	6,998,536	6,826,719	171,817
Debt service	91,222	91,221	1
Capital projects	103,000	142,670	(39,670)
Total expenditures	10,541,506	10,210,158	331,348
Excess (deficiency) of revenues over (under) expenditures	(176,442)	547,349	723,791
Other financing sources (uses):			
Use of surplus	60,000	-	(60,000)
Transfers from other funds	206,302	199,269	(7,033)
Transfers to other funds	(20,000)	(10,200)	9,800
Total other financing sources (uses)	246,302	189,069	(57,233)
Net change in fund balance - budgetary basis	69,860	736,418	666,558
Reconciliation to GAAP basis:			
Change in teacher summer salaries		(109,580)	
Net change in fund balance - GAAP basis		626,838	
Fund balance, beginning of year, restated		1,159,553	
Fund balance, end of year	\$	1,786,391	

CITY OF CALAIS, MAINE
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Education
For the year ended June 30, 2015

	2015		Variance positive (negative)
	Budget	Actual	
Revenues:			
Local assessment	\$ 1,696,015	1,696,015	-
State subsidy	4,285,490	4,285,490	-
MaineCare	83,500	107,894	24,394
Tuition - elementary	144,000	91,416	(52,584)
Tuition - secondary	623,000	798,215	175,215
Tuition - special	61,333	127,570	66,237
Other revenues	125,198	130,319	5,121
Total revenues	7,018,536	7,236,919	218,383
Expenditures:			
Current:			
Regular instruction	2,630,884	2,722,813	(91,929)
Special education	951,111	784,680	166,431
Career and technical education	853,774	836,091	17,683
Other instruction	126,946	112,918	14,028
Student and staff support	308,440	280,198	28,242
System administration	262,127	248,491	13,636
School administration	293,727	274,537	19,190
Transportation and buses	291,166	297,684	(6,518)
Facilities maintenance	727,525	716,471	11,054
Debt service assessments:			
Principal	388,350	388,350	-
Interest	164,486	164,486	-
Total expenditures	6,998,536	6,826,719	171,817
Excess (deficiency) of revenues over (under) expenditures	20,000	410,200	(390,200)
Other financing sources (uses):			
Transfers out	(20,000)	(10,200)	9,800
Total other financing sources (uses)	(20,000)	(10,200)	9,800
Net change in fund balances - budgetary basis	-	400,000	(400,000)
Reconciliation to GAAP basis:			
Change in teacher summer salaries		(109,580)	
Net change in fund balance - GAAP basis		290,420	
Fund balance (deficit), beginning of year, restated		(134,952)	
Fund balance, end of year	\$	155,468	

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the purchase or construction of capital assets other than those accounted for in other funds.

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

CITY OF CALAIS, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 28,435	-	64,375	92,810
Investments	567,213	-	533,714	1,100,927
Due from other governments	55,663	-	-	55,663
Accounts receivable	3,500	-	-	3,500
Loans receivable, net	397,114	-	-	397,114
Interfund loans receivable	99,161	349,582	-	448,743
Inventory	8,888	-	-	8,888
Total assets	\$ 1,159,974	349,582	598,089	2,107,645
LIABILITIES				
Accounts payable and other accrued liabilities	800	-	-	800
Accrued payroll and benefits	27,720	-	-	27,720
Interfund loans payable	46,349	-	10,660	57,009
Total liabilities	74,869	-	10,660	85,529
FUND BALANCES				
Nonspendable	397,114	-	498,071	895,185
Restricted	736,095	-	89,358	825,453
Committed	-	395,545	-	395,545
Unassigned	(48,104)	(45,963)	-	(94,067)
Total fund balances	1,085,105	349,582	587,429	2,022,116
Total liabilities and fund balances	\$ 1,159,974	349,582	598,089	2,107,645

CITY OF CALAIS, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental	\$ 731,170	-	-	731,170
Charges for services	99,752	-	-	99,752
Investment income	9,115	-	11,893	21,008
Unclassified	58,715	74,006	-	132,721
Total revenues	898,752	74,006	11,893	984,651
Expenditures:				
Current:				
General government	171,347	-	605	171,952
City services	-	-	492	492
Public safety	10,051	-	-	10,051
Public works	-	-	2,497	2,497
Unclassified	1,250	-	75	1,325
Education	519,882	-	-	519,882
Food services	302,096	-	-	302,096
Debt service	-	51,563	-	51,563
Capital outlay	-	124,884	-	124,884
Total expenditures	1,004,626	176,447	3,669	1,184,742
Excess (deficiency) of revenues over (under) expenditures	(105,874)	(102,441)	8,224	(200,091)
Other financing sources (uses):				
Transfer from other funds	10,200	-	-	10,200
Transfer to other funds	-	(90,000)	-	(90,000)
Total other financing sources (uses)	10,200	(90,000)	-	(79,800)
Net change in fund balance	(95,674)	(192,441)	8,224	(279,891)
Fund balances, beginning of year, restated	1,180,779	542,023	579,205	2,302,007
Fund balances, end of year	\$ 1,085,105	349,582	587,429	2,022,116

CITY OF CALAIS, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	City Special Revenue Funds	School Special Revenue Funds	School Lunch	Totals
ASSETS				
Cash and cash equivalents	\$ 28,435	-	-	28,435
Investments	567,213	-	-	567,213
Due from other governments	-	45,952	9,711	55,663
Accounts receivable	3,500	-	-	3,500
Inventory	-	-	8,888	8,888
Interfund loans receivable	43,766	55,395	-	99,161
Loans receivable, net	397,114	-	-	397,114
Total assets	\$ 1,040,028	101,347	18,599	1,159,974
LIABILITIES				
Accounts payable	-	800	-	800
Accrued payroll and benefits	-	27,720	-	27,720
Interfund loans payable	-	-	46,349	46,349
Total liabilities	-	28,520	46,349	74,869
FUND BALANCES (DEFICITS)				
Nonspendable	397,114	-	-	397,114
Restricted	653,031	83,064	-	736,095
Unassigned	(10,117)	(10,237)	(27,750)	(48,104)
Total fund balances (deficits)	1,040,028	72,827	(27,750)	1,085,105
Total liabilities and fund balances	\$ 1,040,028	101,347	18,599	1,159,974

CITY OF CALAIS, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2015

	City Special Revenue (Schedule 1)	School Special Revenue (Schedule 2)	School Lunch	Totals
Revenues:				
Intergovernmental	\$ 78,307	481,520	171,343	731,170
Charges for services	-	11,317	88,435	99,752
Investment income	9,115	-	-	9,115
Unclassified	44,212	14,503	-	58,715
Total revenues	131,634	507,340	259,778	898,752
Expenditures:				
Current:				
General government	171,347	-	-	171,347
Public safety	10,051	-	-	10,051
Education	-	519,882	-	519,882
Food services	-	-	302,096	302,096
Unclassified	1,250	-	-	1,250
Total expenditures	182,648	519,882	302,096	1,004,626
Excess (deficiency) of revenues over (under) expenditures	(51,014)	(12,542)	(42,318)	(105,874)
Other financing uses:				
Transfer from other funds	-	-	10,200	10,200
Total other financing uses	-	-	10,200	10,200
Net change in fund balances	(51,014)	(12,542)	(32,118)	(95,674)
Fund balances, beginning of year, restated	1,091,042	85,369	4,368	1,180,779
Fund balances (deficits), end of year	\$ 1,040,028	72,827	(27,750)	1,085,105

SCHEDULES

CITY OF CALAIS, MAINE
City Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2015

		Balances beginning of year	Revenues		Expenditures	Balances (deficits) end of year
			Inter- governmental	Other		
1730	CDBG Facade Grant	\$ -	61,640	-	63,531	(1,891)
1740	FEMA Disaster	-	4,707	-	-	4,707
1746	Downtown Community Enterprise	3,098	-	-	-	3,098
1762	2013 Justice Assistance Grant	-	276	-	6,851	(6,575)
1765	2012 Justice Assistance Grant	-	-	-	376	(376)
1766	Stone Garden Grant	-	1,814	-	1,839	(25)
1768	2011 Justice Assistance Grant	-	985	-	985	-
1789	Police Drug Forfeiture Funds	-	2,003	-	-	2,003
1795	Pet Smart Grant	5,712	-	-	5,481	231
1800	Summer Food Program	203	6,882	-	6,836	249
3625	Economic Development - Dawson	9,509	-	20,844	13,437	16,916
3633	Scholarship Account	-	-	-	1,250	(1,250)
3638	J. Baig Bequest - Firefighters	-	-	2,000	-	2,000
3648	J. Baig Bequest - Police	-	-	2,000	-	2,000
3764	J. Baig Bequest - Library	-	-	2,000	-	2,000
3885	PW Insurance Claim	-	-	5,008	-	5,008
4747	Walkway Extension Donation	306	-	-	-	306
	Rental Rehabilitation	276	-	5	2	279
	UDAG Economic Development Loan Fund	1,002,358	-	17,916	77,287	942,987
	Uptown Loan	69,580	-	3,554	4,773	68,361
Total City special revenue funds		\$ 1,091,042	78,307	53,327	182,648	1,040,028

CITY OF CALAIS, MAINE
School Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2015

		Balances beginning of year	Revenues	Expenditures	Balances (deficits) end of year
Federal programs:					
2300	Title IA - Disadvantaged	\$ -	261,305	271,542	(10,237)
2470	Local Entitlement	-	104,551	104,551	-
2510	Preschool	-	3,799	3,799	-
2670	Rural Low Income	-	8,766	8,766	-
2700	Title IIA - Improving Teacher Quality	-	25,447	25,447	-
2860	Perkins Learning Center	-	27,230	27,230	-
2890	Perkins Incentive Mini Grant	-	3,566	3,566	-
2915	HRSA Grant - School Based Health	79	-	-	79
Total federal programs		79	434,664	444,901	(10,158)
State programs:					
2220	Dental	112	400	413	99
2230	IT-V	6,113	-	-	6,113
2232	Proficiency Based Education	5,542	5,734	3,077	8,199
2250	Regional Support Unit	2,108	-	-	2,108
2900	HIV Prevention	134	-	-	134
2905	Youth Suicide Prevention	-	2,222	2,164	58
7020	DHHS Teen and Youth	17,441	50,788	53,622	14,607
Total state programs		31,450	59,144	59,276	31,318
Other programs:					
2010	Kellogg Grant	520	-	-	520
2020	Maine Dairy	28	-	-	28
2080	Suicide Prevention Grant	5,788	1,740	31	7,497
2090	Tootsie Roll Grant	1,834	520	286	2,068
2100	Recommissioned Computer Revenue	2,086	-	-	2,086
2130	Maine Indian Education - Afterschool	3,550	-	-	3,550
2135	CES Afterschool Program	-	11,272	9,226	2,046
2150	T.A.G.	3,046	-	-	3,046
2160	Underwater Robotics	5	-	-	5
2180	EPGY	5,624	-	-	5,624
2190	Private Dormant Grants	31,359	-	6,162	25,197
Total other programs		53,840	13,532	15,705	51,667
Totals		\$ 85,369	507,340	519,882	72,827

CITY OF CALAIS, MAINE
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2015

	Balances (deficits) beginning of year	Revenues	Expenditures	Transfers in (out)	Balances (deficits) end of year
2830 Donation - Skateboard	\$ (100)	-	307	-	(407)
3600 Animal Control Fees	2,003	576	188	-	2,391
3623 WCPA Purchase Escrow	226,089	19,241	-	-	245,330
3635 Firefighter Training FAC	2,873	-	-	-	2,873
3640 Police - DARE	6,820	1,540	1,807	-	6,553
3642 Police - Fingerprint Clinic	2,943	-	-	-	2,943
3660 Recreation Wellness	605	-	-	-	605
3661 Recreation Arts & Humanities	1,197	-	-	-	1,197
3663 Recreation Center Expansion	1,690	-	-	-	1,690
3664 Recreation Donations	200	-	-	-	200
3665 Recreation JMG Grant	400	-	-	-	400
3666 Recreation School Basketball	65	176	-	-	241
3758 Library - Eaton Foundation	10,946	5,000	5,425	-	10,521
3760 Library - Figure Foundation	367	-	137	-	230
3761 Library Building Fund	1,582	-	-	-	1,582
3762 Library - Special Gift Book	5,404	4,752	1,416	-	8,740
3767 Library - MBNA Collect Deve	125	-	30	-	95
3768 Library - Rudman Trust	136	-	-	-	136
3771 Library - Pike Fund Income	4,757	29,119	23,020	-	10,856
3778 Concert Donations	3,207	1,800	3,378	-	1,629
3782 Meridian Park	825	-	825	-	-
3783 Arts Council Donations	199	-	-	-	199
3785 Land Disposition	800	-	46,209	-	(45,409)
3874 Transfer Station Prof Services	1,000	-	-	-	1,000
3875 Transfer Station Environ Monit	1,870	-	19	-	1,851
3877 PW Tree Planting	1,000	500	-	-	1,500
3878 PW Tree Removal	500	1,500	-	-	2,000
3879 PW Chipping Program	12,000	5,000	15,500	-	1,500
3895 Nursing Home Feasibility Study	120	-	-	-	120
3900 Veteran's Memorial Pavers	1,412	-	160	-	1,252
4200 CIP Administration	16,669	132	-	-	16,801
4205 CIP Fire Department	60,276	343	3,937	(50,000)	6,682
4207 CIP Library	1	-	-	-	1
4210 CIP Recreation Dept	10,732	3,576	-	-	14,308
4215 CIP Police Dept	31,330	179	-	(20,000)	11,509
4220 CIP Public Works	34,746	194	17,172	(17,915)	(147)
4225 CIP Transfer Station	9,954	64	4,600	-	5,418
4230 CIP Cemetery	5,882	37	-	-	5,919
4235 CIP Equipment Reserve	176	1	-	-	177
4240 CIP North Street Building	5,083	25	754	(2,085)	2,269
4245 CIP Debt	64,926	251	51,563	-	13,614
7120 School - SCRTC Reserve Fund	11,213	-	-	-	11,213
Total nonmajor capital projects	\$ 542,023	74,006	176,447	(90,000)	349,582

CITY OF CALAIS, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the year ended June 30, 2015

	Cemetery Trust Funds	Library Trust Funds	Poor Trust Funds	Beckett Pool Funds	Totals
Revenues:					
Investment income	\$ 6,118	1,927	1,472	217	9,734
Unrealized gain (loss)	1,397	416	337	9	2,159
Total revenues	7,515	2,343	1,809	226	11,893
Expenditures:					
Current:					
General government	-	-	605	-	605
City services	-	492	-	-	492
Public works	2,497	-	-	-	2,497
Unclassified	-	-	-	75	75
Total expenditures	2,497	492	605	75	3,669
Net change in fund balances	5,018	1,851	1,204	151	8,224
Fund balances, beginning of year	354,498	142,492	69,232	12,983	579,205
Fund balances, end of year	\$ 359,516	144,343	70,436	13,134	587,429

CITY OF CALAIS, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds - Student Activity Funds
For the year Ended June 30, 2015

	Balances Beginning of year	Additions	Deletions	Balances End of year
ASSETS				
Cash	\$ 121,940	177,118	158,502	140,556
Total assets	\$ 121,940	177,118	158,502	140,556
LIABILITIES				
Due to student groups:				
Calais High School	90,624	80,596	90,666	80,554
St. Croix Technical Center	13,938	78,536	54,126	38,348
Calais Elementary School	17,378	17,986	13,710	21,654
Total liabilities	\$ 121,940	177,118	158,502	140,556