

Federal Compliance Audit

City of Presque Isle, Maine

December 31, 2021



Proven Expertise & Integrity

CITY OF PRESQUE ISLE, MAINE

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DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Presque Isle
Presque Isle, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Presque Isle, Maine as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the City of Presque Isle, Maine's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Presque Isle, Maine as of December 31, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Presque Isle, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principle 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.

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

Auditor's Responsibilities for the Audit of Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5 through 18 on page 77 through 84 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Presque Isle, Maine's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules, capital asset schedules and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2022, on our consideration of the City of Presque Isle Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that

report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City of Presque Isle Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Presque Isle's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
August 30, 2022

CITY OF PRESQUE ISLE
Management's Discussion and Analysis
December 31, 2021

As management of the City of Presque Isle, we offer this narrative overview and analysis of the financial activities of the City of Presque Isle for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here along with additional information that is furnished in our letter of transmittal which can be found at the beginning of this report.

Financial Highlights

- The assets of the City of Presque Isle exceeded its liabilities at the close of 2021 by \$82,194,858.
- The City's total net position increased by \$2,689,458 from December 31, 2020.
- As of the close of the current fiscal year, the City of Presque Isle's governmental funds reported a combined ending fund balance of \$15,036,783 an increase of \$2,515,006 from the previous year. Of this total amount, 6.71% or \$1,009,310 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current year, unassigned fund balance for the general fund was \$4,135,973 or 20.82% of total general fund expenditures.
- The City of Presque Isle's bonds and notes outstanding increased by \$755,492 or 10.37%.

Overview of the Financial Statements

This management's discussion and analysis is intended to serve as an introduction to the City of Presque Isle's basic financial statements. The City's financial statements have three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information intended to furnish additional support to the basic financial statements themselves.

The **Basic Financial Statements** include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to the financial statements that explain in more detail certain information in the financial statements and provide the user with the accounting policies used in their preparation.

The **Government-Wide Financial Statements** are designed to provide readers with a broad overview of the City of Presque Isle's finances. These statements are presented using the accrual basis of accounting which is similar to the accounting method used by most private sector businesses. There are two Government-Wide Financial Statements, the *statement of net position* and the *statement of activities*.

The *statement of net position* presents information on all of the City of Presque Isle's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, you may also need to consider other nonfinancial factors, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City's financial position.

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

For the City of Presque Isle, all activities are classified as *governmental activities* because they are principally supported by taxes and intergovernmental revenues (federal and state grants). All of the City's basic services are reported in governmental activities, which includes general government, public safety, solid waste, public works, recreation and culture, airport, education and community services.

The government-wide financial statements can be found on pages 19 through 22 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Presque Isle, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal documents. All of the funds of the City are categorized as governmental funds.

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

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

The City of Presque Isle maintains individual governmental funds for specific purposes. Information is presented separately in the *governmental funds balance sheet* and in the *governmental funds statement of revenues, expenditures and changes in fund balance* for the general fund, airport fund, airport project #52 fund, the development fund and the emergency reserve, all of which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Presque Isle adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 23 through 26 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 75 of this report.

Other information In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* consisting of: a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Proportionate Share of the Net OPEB Liability - Group Life, Schedule of Changes in Net OPEB Liability - Health Plan, Schedule of Changes in Net OPEB Liability and Related Ratios - Health Plan, Schedule of Contributions - OPEB Group Life and Health Plan and Notes to Required Supplementary Information. Required supplementary information can be found on page 76 through 84 of this report.

Other supplementary information follows the *required supplementary information* and provides additional information regarding nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the required supplementary information on pensions and OPEB. Combining and individual fund statements can be found on pages 85 through 118 of this report.

Government-Wide Overall Financial Analysis

As noted earlier, net position may serve as a useful indicator over time of a government's financial position. For the City of Presque Isle, assets and deferred inflows of resources exceeded liabilities and deferred outflows of resources by at December 31, 2021 by \$82,194,858.

Table 1
City of Presque Isle, Maine
Net Position
December 31,

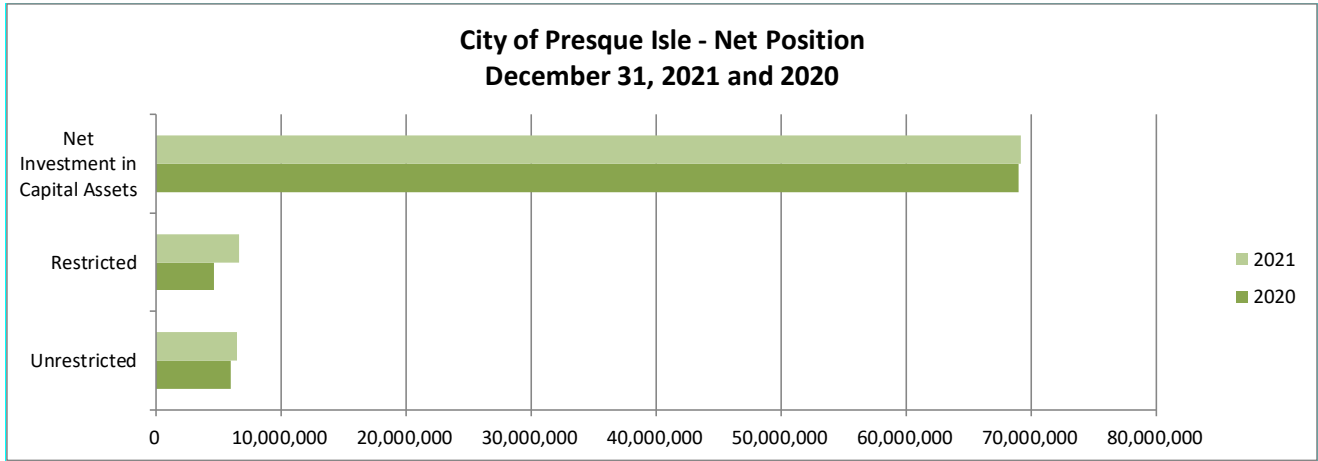
	<u>2021</u>	<u>2020</u>
Assets		
Current Assets	\$ 17,318,942	\$ 14,233,673
Noncurrent Assets - Capital Assets	<u>77,188,291</u>	<u>76,264,575</u>
Total Assets	<u>94,507,233</u>	<u>90,498,248</u>
Deferred Outflows of Resources		
Deferred Outflows Related to OPEB	147,012	114,953
Deferred Outflows Related to Pensions	<u>2,286,228</u>	<u>1,097,814</u>
Total Deferred Outflows of Resources	<u>2,433,240</u>	<u>1,212,767</u>
Liabilities		
Current Liabilities	1,394,573	1,189,540
Noncurrent Liabilities	<u>9,447,724</u>	<u>9,921,514</u>
Total Liabilities	<u>10,842,297</u>	<u>11,111,054</u>
Deferred Inflows of Resources		
Prepaid Taxes	42,404	41,739
Deferred Revenues	110,711	90,246
Deferred Inflows Related to OPEB	807,686	948,541
Deferred Inflows Related to Pensions	<u>2,942,517</u>	<u>14,035</u>
Total Deferred Inflows of Resources	<u>3,903,318</u>	<u>1,094,561</u>
Net Position		
Net Investment in Capital Assets	69,145,979	68,977,755
Restricted	6,644,025	4,593,064
Unrestricted	<u>6,404,854</u>	<u>5,934,581</u>
Total Net Position	<u>\$ 82,194,858</u>	<u>\$ 79,505,400</u>

By far the largest portion of the City of Presque Isle's net position, \$69,145,979 (84.12%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment) less accumulated depreciation and any related outstanding debt used to acquire those assets. The City uses these capital assets to provide a wide variety of services to citizens; consequently, these assets are *not* available for future spending. Although the City of Presque Isle'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.

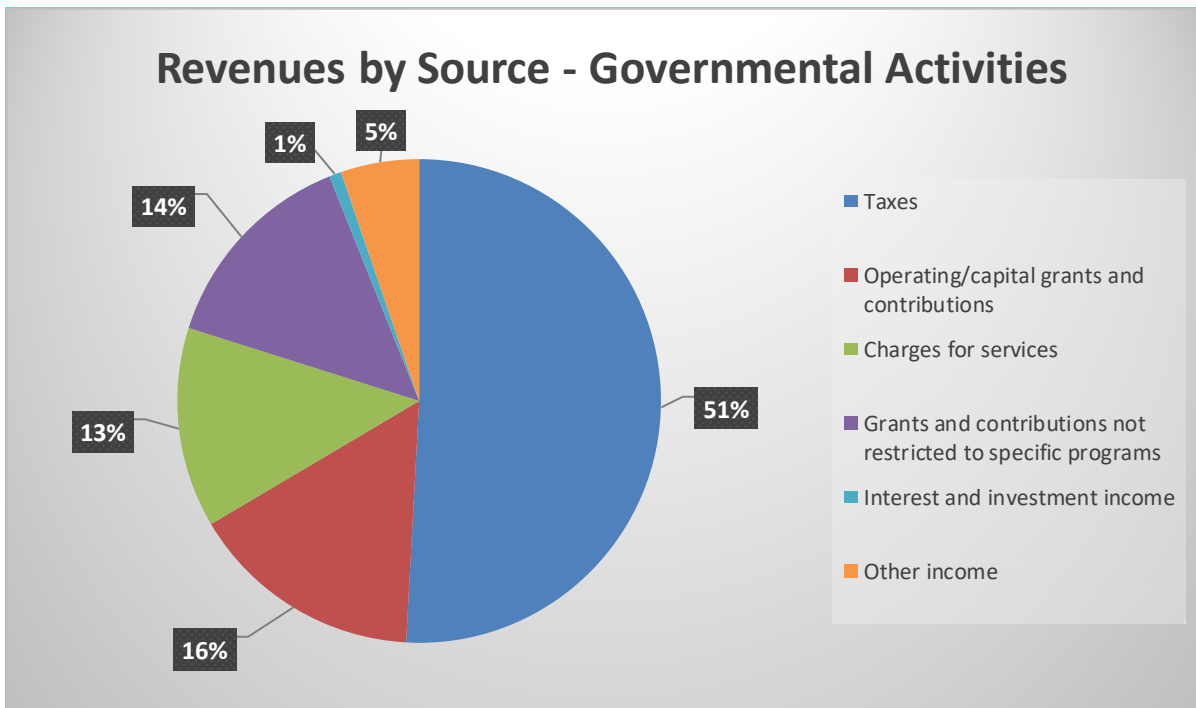
An additional portion of the City of Presque Isle’s net position, \$6,644,025 (8.08%) represents resources that are subject to external restrictions on how they may be spent. The remaining balance of \$6,404,854 (7.79%) is unrestricted and may be used to meet the City’s ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Presque Isle is able to report a positive balance in all three categories of net position for the government as a whole.

Table 2
City of Presque Isle, Maine
Change in Net Position
For the Years Ended December 31,

	<u>2021</u>	<u>2020</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 3,982,111	\$ 4,059,182
Operating grants and contributions	4,653,332	10,369,666
<i>General Revenues:</i>		
Taxes	15,134,332	14,787,622
Grants and contributions not restricted to specific programs	4,184,431	2,873,390
Interest income	130,747	162,305
Investment income, net of unrealized gains/(losses)	110,761	62,018
Miscellaneous	1,560,196	1,638,067
Total Revenues	<u>29,755,910</u>	<u>33,952,250</u>
Expenses		
<i>Current:</i>		
General government	4,737,739	1,911,672
Public safety	3,295,795	3,481,501
Solid waste	332,237	337,506
Public works	3,153,617	3,370,805
Recreation and culture	1,898,282	1,888,773
Airport	5,164,675	3,773,946
Education	6,280,533	6,281,135
County tax	833,939	792,561
Community service	545,466	236,480
Interest on debt service	320,102	322,461
Capital outlay	504,067	288,528
Total Expenses	<u>27,066,452</u>	<u>22,685,368</u>
Change in Net Position	2,689,458	11,266,882
Net Position - January 1	<u>79,505,400</u>	<u>68,238,518</u>
Net Position - December 31	<u>\$ 82,194,858</u>	<u>\$ 79,505,400</u>



Governmental Activities - The City’s net position increased by \$2,689,458 during the current year. Factors that affected the increase in net position include: an increase of \$708,908 in capital assets due to higher capital additions than depreciation expense; an increase in bonds and notes outstanding of \$755,492, a decrease in the landfill closure of \$145,000, which was due to the payments made to Aroostook Waste Solutions related to the landfill and a net decrease in pension and OPEB liabilities of \$1,426,546.

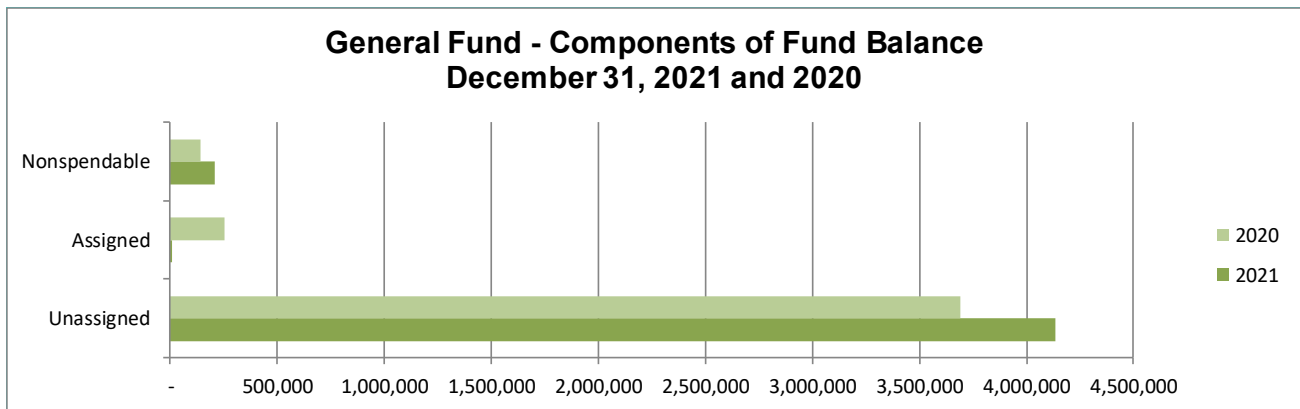


Financial Analysis of Governmental Funds

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

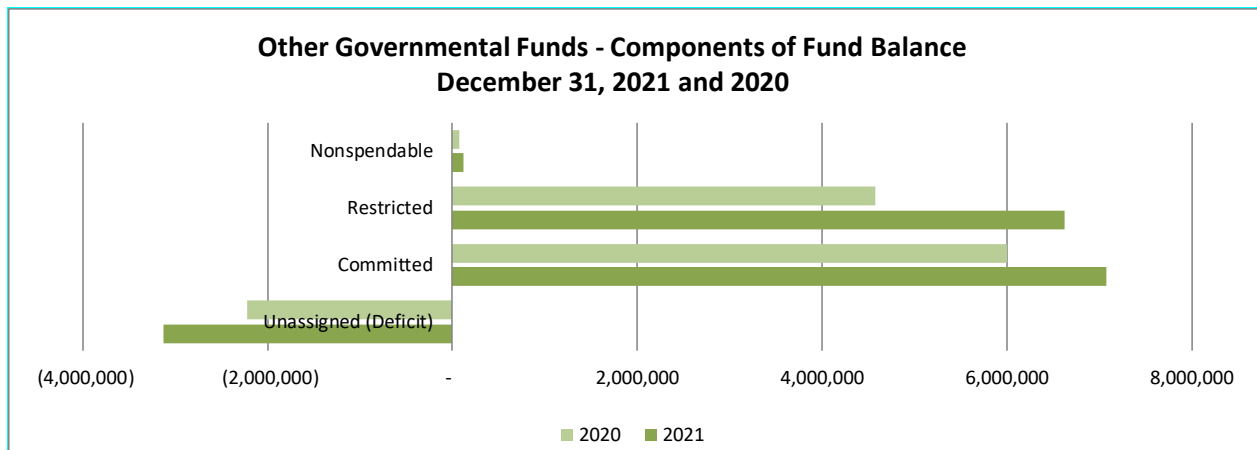
Governmental Funds. The focus of the City of Presque Isle’s **governmental funds** is to provide information on near-term inflows, outflows and balance of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, *unassigned fund balance* may serve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

As of December 31, 2021, the City of Presque Isle’s governmental funds reported combined fund balance of \$15,036,783, an increase of \$2,515,006 from 2020. Approximately 6.71% of the total amount, \$1,009,310, constitutes *unassigned fund balance*, which is available to meet the future financial needs of the City. The remainder of the fund balance is either *nonspendable, restricted, committed or assigned* to indicate that it is 1) not in spendable form (\$324,761), 2) restricted for a particular purpose (\$6,624,025), 3) committed for particular purposes (\$7,072,382) or 4) assigned for particular purposes (\$6,305).



The *general fund* is the central operating fund of the City of Presque Isle. At the end of the current fiscal year, unassigned fund balance of the general fund is \$4,135,973, an increase of \$445,898 from 2020. The total fund balance increased by \$261,200 to \$4,349,152.

As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 20.82% of total general fund expenditures, while total fund balance represents approximately 21.90% of that same amount.



The *Airport Fund* is used to monitor the activities of the City’s airport. During 2021 the airport generated \$3,388,996 in revenues and transfers in and had expenses and transfers out of \$3,162,864. The fund balance at December 31, 2021 was a fund balance of \$403.

The *Airport Project #52 Fund* is used to account for the revenue and expenses of an airport grant project. In 2021, \$255,757 of revenue was received and \$829,626 was expended to bring the fund balance to a deficit balance of \$880,206.

The *Development Fund* manages funds from the Federal Government and is used as a revolving fund for the purpose of lending money for economic development. Currently there are four loans outstanding totaling \$419,126 and \$1,579,003 available for lending.

The *Emergency Reserve* was created by City Charter to meet 'unanticipated, extraordinary needs'. This account is funded by an appropriation of 1.5% of the City's net annual budget appropriation. Expenditures require a unanimous vote of all Councilors but only for 'unanticipated, extraordinary needs'. In 2021, the City contributed \$95,000 to this fund and \$12,500 constituted earnings on investments.

Other governmental funds include the activities of all other nonmajor special revenue funds, nonmajor capital projects funds and nonmajor permanent funds.

General Fund Budgetary Highlights

The General Fund budget overall (on a budgetary basis of accounting), ended the year with revenue \$241,816 over estimates and expenses \$39,384 below estimates, for an increase to fund balance of \$281,200 at year end.

Resources (inflows) for the General Fund (on the budgetary basis of accounting) totaled \$21,986,014 for the year ended December 31, 2021, an increase of \$640,696 or 3.00% from 2020.

For both the current and prior years, taxes represent the largest revenue source - \$14,893,832 or 67.74%% of all general fund revenues, an increase of \$27,975 or (0.19%) from 2020.

Intergovernmental revenues of \$3,623,654 or 16.48% of total revenues increased by \$662,295 from 2020.

Charges for services revenue of \$2,812,807 or 12.79% of total revenues a decrease of \$287,044 from 2020.

Charges to Appropriations (outflows) from the General Fund (on the budgetary basis of accounting) totaled \$21,724,814 for the year ended December 31, 2021, an increase of \$1,379,070 from 2020.

Education expenditures of \$6,280,533 (28.91% of total) decreased by \$602 from 2020.

General Government expenditures of \$3,771,086 (17.36% of the total) increased by \$15,615 from 2020.

Public Safety expenditures of \$2,946,892 (13.56% of the total) decreased by \$48,957 from 2020.

The following schedule provides a summary of General Fund revenues and expenditures on the budgetary basis of accounting for the year 2021 and the change from 2020.

City of Presque Isle
General Fund Analysis of Revenues and Expenses
For the Year Ended December 31, 2021

Revenues	Amount	% of Total	Increase/ (Decrease) from 2020
Taxes			
Real Estate	\$ 13,029,947	59.3%	\$ 4,407
Excise	1,863,885	8.5%	23,568
Intergovernmental	3,623,654	16.5%	662,295
Charges for services	2,812,807	12.8%	(287,044)
Investment Income	54,367	0.2%	(30,668)
Other revenue	288,551	1.3%	42,535
Bond proceeds	225,603	1.0%	225,603
Transfers from other funds	87,200	0.4%	-
Total Revenues	<u>\$21,986,014</u>	<u>100.0%</u>	<u>\$ 640,696</u>
Expenditures			
General government	\$ 3,771,086	17.4%	\$ 15,615
Public safety	2,946,892	13.6%	(48,957)
Public works	2,206,850	10.2%	(259,783)
Solid waste	453,913	2.1%	1,140
Recreation and culture	1,350,632	6.2%	37,079
Education	6,280,533	28.9%	(602)
County tax	833,939	3.8%	41,378
Outside services	49,150	0.2%	(2,300)
Unclassified	721,919	3.3%	536,889
Debt Service	1,247,785	5.7%	316,997
Transfers Out	1,862,115	8.6%	741,614
Total Expenditures	<u>\$21,724,814</u>	<u>100.0%</u>	<u>\$ 1,379,070</u>

Capital Asset and Debt Administration

Capital Assets - As of December 31, 2021, the City of Presque Isle's investment in capital assets was \$76,973,483 (net of depreciation), an increase of \$708,908 or 0.93% from December 31, 2020. This increase is a result of capital additions of \$5,015,458, less net retirements of \$20,382 and current year depreciation expense of \$4,286,168. This investment in capital assets includes land and building improvements, machinery, equipment, vehicles and roads.

Table 4
City of Presque Isle, Maine
Capital Assets (Net of Depreciation)
December 31,

	<u>2021</u>	<u>2020</u>
Land	\$ 5,183,758	\$ 4,937,288
Construction in progress	4,260,775	1,359,875
Works of art and historical treasures	698,990	698,990
Buildings, building improvements	22,274,621	22,487,945
Land improvements	7,901,210	8,244,385
Machinery, equipment and vehicles	7,437,668	7,916,415
Infrastructure	29,216,461	30,619,677
Total	<u>\$ 76,973,483</u>	<u>\$ 76,264,575</u>

Major capital asset events during the current fiscal year include:

- Land purchases:
 - Recreation and parks, \$234,570
 - City-wide, \$11,900
- Land improvements:
 - PIIC, \$19,940
 - Recreation and parks, \$32,081
- Buildings:
 - Library, \$169,000
 - Recreation and parks, \$225,000
- Building improvements:
 - PIIC, \$77,349
 - Airport, \$47,362
 - Library, \$5,734
 - Recreation and parks, \$307,700
- Furniture, equipment and vehicle purchases:
 - Recreation and parks, \$168,718
 - Public safety, \$38,983
 - City hall, \$18,077
 - Airport, \$34,999
 - Public works, \$205,888
- Road improvements, \$517,257
- Construction in progress - City Hall improvements \$727,397, bike path improvements \$69,944, maintenance shop improvements \$47,458 and airport improvements \$2,056,101

Additional information about the City of Presque Isle’s capital assets can be found in the notes to the financial statements on pages 43 - 44 of this report.

Long-term Debt - At the end of the current fiscal year, the City of Presque Isle had total bonded debt outstanding of \$7,789,921, an increase of \$977,007 from 2020 due to new debt of \$1,750,000 and scheduled principal payments of \$772,993. Notes from direct borrowings outstanding of \$252,391 decreased by \$221,515 from 2020 due to principal pay downs.

Additional information about the City of Presque Isle’s long-term debt can be found in the notes to the financial statements beginning on page 45.

State statutes limit the amount of general obligation debt a municipality may issue to 15% of its total state assessed valuation. The current debt limitation of the City of Presque Isle is \$79,919,730 which is well in excess of the City’s outstanding general obligation debt.

The City of Presque Isle’s rating was set at A+ by Standard and Poor’s for its general obligation debt. Other long-term obligations consist of landfill closure of \$725,000, a decrease of \$145,000, accrued compensated absences of \$401,513, an increase of \$23,856, net OPEB liability of \$1,005,541, an increase of \$64,737 and net pension liability/(asset) of (\$214,808), a decrease of \$1,491,283 from 2020.

Table 4
City of Presque Isle, Maine
Outstanding Long-Term Obligations
December 31,

	2021	2020
Bonds payable	\$ 7,789,921	\$ 6,812,914
Notes from direct borrowings payable	252,391	473,906
Landfill closure	725,000	870,000
Accrued compensated absences	401,513	377,657
Net OPEB liability	1,005,541	940,804
Net pension liability/(asset)	(214,808)	1,276,475
	\$ 9,959,558	\$ 10,751,756

Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the City of Presque Isle, Maine. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the City of Presque Isle, Maine.

Economic Factors and Next Year's Budget

In preparing the City's 2022 budget, City management and officials considered many factors in making judgments and estimates about the finances of the upcoming year. A primary objective was to continue to provide basic services to the citizens of the City while attempting to keep the property tax low.

During the 2022 fiscal year, the City's management will continue to monitor and evaluate local economic conditions. Items of concern include:

Revenue Projections:

- Revenue projections are still looking positive with businesses starting to get back to normal after the COVID 19 pandemic. The City, along with the Presque Isle Industrial Council has been able to attract several large businesses to the area. This increases the tax base and brings in new revenue for the City. We will continue to keep a close eye on the State's Revenue Sharing and projections throughout the year.

Expenditure projections:

- Uncertainty in the State budget regarding local school funding is an ongoing concern. The increase in expenses (Wages, Utilities, Insurances, etc.) increases the amount the City pays to SAD 1 each year.
- The cost of capital assets has increased drastically from the COVID 19 pandemic. We are seeing 40-50 percent increases in equipment, utilities, and street paving.
- Rising cost of health insurance and wages.
- Union negotiations

Requests for Information

This financial report is designed to provide a general overview of the City of Presque Isle's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 12 Second Street, Presque Isle, Maine 04769.

CITY OF PRESQUE ISLE, MAINE

STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 9,921,888
Investments	3,735,499
Accounts receivable (net of allowance for uncollectibles):	
Taxes/liens	1,692,288
Other	1,664,506
Tax acquired property	25,860
Inventory	97,887
Prepaid items	181,014
Total current assets	<u>17,318,942</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	10,143,523
Depreciable assets, net of accumulated depreciation	66,829,960
Net pension asset	214,808
Total noncurrent assets	<u>77,188,291</u>
TOTAL ASSETS	<u>94,507,233</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	147,012
Deferred outflows related to pensions	2,286,228
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,433,240</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 96,940,473</u>

STATEMENT A (CONTINUED)

CITY OF PRESQUE ISLE, MAINE

STATEMENT OF NET POSITION
DECEMBER 31, 2021

LIABILITIES

Current liabilities:	
Accounts payable	\$ 397,296
Accrued payables	238,793
Due to other governments	31,842
Current portion of long-term obligations	726,642
Total current liabilities	<u>1,394,573</u>

Noncurrent liabilities:

Noncurrent portion of long-term obligations:	
Bonds payable	7,236,055
Notes from direct borrowings payable	244,691
Landfill closure	580,000
Net OPEB liability	1,005,541
Accrued compensated absences	381,437
Total noncurrent liabilities	<u>9,447,724</u>

TOTAL LIABILITIES	<u>10,842,297</u>
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DEFERRED INFLOWS OF RESOURCES

Prepaid taxes	42,404
Deferred revenues	110,711
Deferred inflows related to OPEB	807,686
Deferred inflows related to pensions	2,942,517
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,903,318</u>

NET POSITION

Net investment in capital assets	69,145,979
Restricted for:	
Grant funds	5,596,811
Capital projects funds	135,490
Cemetery and other permanent funds:	
Expendable	891,724
Nonexpendable	20,000
Unrestricted	6,404,854
TOTAL NET POSITION	<u>82,194,858</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 96,940,473</u>
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See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 4,737,739	\$ 1,006,019	\$ 301,313	\$ -	\$ (3,430,407)
Public safety	3,295,795	861,117	160,064	-	(2,274,614)
Solid waste	332,237	635,177	764,120	-	1,067,060
Public works	3,153,617	-	206,157	-	(2,947,460)
Recreation and culture	1,898,282	213,373	3,000	-	(1,681,909)
Airport	5,164,675	1,266,425	3,214,378	-	(683,872)
Education	6,280,533	-	-	-	(6,280,533)
County tax	833,939	-	-	-	(833,939)
Community service	545,466	-	4,300	-	(541,166)
Interest on long-term debt	320,102	-	-	-	(320,102)
Capital outlay	504,067	-	-	-	(504,067)
Total governmental activities	<u>\$ 27,066,452</u>	<u>\$ 3,982,111</u>	<u>\$ 4,653,332</u>	<u>\$ -</u>	<u>(18,431,009)</u>

STATEMENT B (CONTINUED)

CITY OF PRESQUE ISLE, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(18,431,009)
General revenues:	
Tax revenue	15,134,332
Grants and contributions not restricted to specific programs	4,184,431
Interest income	130,747
Investment income, net of unrealized gains/(losses)	110,761
Miscellaneous	1,560,196
Total general revenues	21,120,467
CHANGE IN NET POSITION	2,689,458
NET POSITION - JANUARY 1	79,505,400
NET POSITION - DECEMBER 31	\$ 82,194,858

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	Airport	Airport Project #52	Development Fund	Emergency Reserve	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 9,883,539	\$ -	\$ -	\$ -	\$ -	\$ 38,349	\$ 9,921,888
Investments	2,862,124	-	-	-	-	873,375	3,735,499
Accounts receivable (net of allowance for uncollectibles):							
Taxes/liens	1,692,288	-	-	-	-	-	1,692,288
Other	1,212,041	-	-	419,126	-	33,339	1,664,506
Tax acquired property	25,860	-	-	-	-	-	25,860
Inventory	-	97,887	-	-	-	-	97,887
Prepaid items	181,014	-	-	-	-	-	181,014
Due from other funds	3,126,663	-	-	1,579,003	2,608,162	8,165,053	15,478,881
TOTAL ASSETS	\$ 18,983,529	\$ 97,887	\$ -	\$ 1,998,129	\$ 2,608,162	\$ 9,110,116	\$ 32,797,823
LIABILITIES							
Accounts payable	\$ 397,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 397,296
Accrued payables	184,506	-	-	-	-	-	184,506
Due to other governments	31,842	-	-	-	-	-	31,842
Due to other funds	12,352,218	97,484	880,206	-	-	2,148,973	15,478,881
TOTAL LIABILITIES	12,965,862	97,484	880,206	-	-	2,148,973	16,092,525
DEFERRED INFLOWS OF RESOURCES							
Prepaid taxes	42,404	-	-	-	-	-	42,404
Deferred revenues	110,711	-	-	-	-	-	110,711
Deferred tax revenues	1,515,400	-	-	-	-	-	1,515,400
TOTAL DEFERRED INFLOWS OF RESOURCES	1,668,515	-	-	-	-	-	1,668,515
FUND BALANCES (DEFICITS)							
Nonspendable	206,874	97,887	-	-	-	20,000	324,761
Restricted	-	-	-	1,998,129	-	4,625,896	6,624,025
Committed	-	-	-	-	2,608,162	4,464,220	7,072,382
Assigned	6,305	-	-	-	-	-	6,305
Unassigned	4,135,973	(97,484)	(880,206)	-	-	(2,148,973)	1,009,310
TOTAL FUND BALANCES (DEFICITS)	4,349,152	403	(880,206)	1,998,129	2,608,162	6,961,143	15,036,783
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 18,983,529	\$ 97,887	\$ -	\$ 1,998,129	\$ 2,608,162	\$ 9,110,116	\$ 32,797,823

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Total Governmental Funds
Total Fund Balances	\$ 15,036,783
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, net of accumulated depreciation	76,973,483
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	1,515,400
Deferred outflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the funds	2,433,240
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest	(54,287)
Bonds payable	(7,789,921)
Notes from direct borrowings payable	(252,391)
Landfill closure	(725,000)
Net OPEB liability	(1,005,541)
Accrued compensated absences	(401,513)
Net pension (liability) asset	214,808
Deferred inflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the funds	(3,750,203)
Net position of governmental activities	\$ 82,194,858

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	Airport	Airport Project #52	Development Fund	Emergency Reserve	Other Governmental Funds	Total Governmental Funds
REVENUES							
Tax revenue	\$ 14,893,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,893,832
Intergovernmental revenue	3,623,654	1,963,540	255,757	-	-	2,994,812	8,837,763
Charges for services	2,812,807	1,169,304	-	-	-	-	3,982,111
Interest income	54,367	-	-	26,000	12,500	37,880	130,747
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	110,761	110,761
Other revenue	288,551	30,424	-	14,074	-	1,227,147	1,560,196
TOTAL REVENUES	21,673,211	3,163,268	255,757	40,074	12,500	4,370,600	29,515,410
EXPENDITURES							
Current:							
General government	3,771,086	-	-	7,000	-	285,453	4,063,539
Public safety	2,946,892	-	-	-	-	32,841	2,979,733
Solid waste	453,913	-	-	-	-	-	453,913
Public works	2,206,850	-	-	-	-	-	2,206,850
Recreation and culture	1,350,632	-	-	-	-	39,045	1,389,677
Airport	-	3,050,364	-	-	-	112,255	3,162,619
Education	6,280,533	-	-	-	-	-	6,280,533
County tax	833,939	-	-	-	-	-	833,939
Outside services	49,150	-	-	-	-	-	49,150
Unclassified	721,919	-	-	-	-	-	721,919
Debt service	1,247,785	-	-	-	-	66,825	1,314,610
Capital outlay	-	-	829,626	-	-	4,464,296	5,293,922
TOTAL EXPENDITURES	19,862,699	3,050,364	829,626	7,000	-	5,000,715	28,750,404
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,810,512	112,904	(573,869)	33,074	12,500	(630,115)	765,006
OTHER FINANCING SOURCES (USES)							
Bond proceeds	225,603	-	-	-	-	1,524,397	1,750,000
Transfers in	87,200	225,728	-	-	95,000	3,066,510	3,474,438
Transfers (out)	(1,862,115)	(112,500)	-	(100,000)	-	(1,399,823)	(3,474,438)
TOTAL OTHER FINANCING SOURCES (USES)	(1,549,312)	113,228	-	(100,000)	95,000	3,191,084	1,750,000
NET CHANGE IN FUND BALANCES (DEFICITS)	261,200	226,132	(573,869)	(66,926)	107,500	2,560,969	2,515,006
FUND BALANCES (DEFICITS) - JANUARY 1	4,087,952	(225,729)	(306,337)	2,065,055	2,500,662	4,400,174	12,521,777
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 4,349,152	\$ 403	\$ (880,206)	\$ 1,998,129	\$ 2,608,162	\$ 6,961,143	\$ 15,036,783

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, 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 DECEMBER 31, 2021

Net change in fund balances - total governmental funds (Statement E)	\$ 2,515,006
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	5,015,458
Capital asset disposals	(20,382)
Depreciation expense	<u>(4,286,168)</u>
	<u>708,908</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>240,500</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
OPEB	32,059
Pension	<u>1,188,414</u>
	<u>1,220,473</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	
	<u>(1,750,000)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>994,508</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
OPEB	140,855
Pension	<u>(2,928,482)</u>
	<u>(2,787,627)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Landfill closure	145,000
Net OPEB liability	(64,737)
Accrued compensated absences	(23,856)
Net pension liability	<u>1,491,283</u>
	<u>1,547,690</u>
Change in net position of governmental activities (Statement B)	<u>\$ 2,689,458</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Presque Isle was incorporated under the laws of the State of Maine. The City operates under the City Council-Manager form of government and provides the following services: general government, public safety, solid waste, public works, recreation and culture, airport, education and unclassified.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The City's combined financial statements include all accounts and all operations of the City. We have determined that the City has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March of 2020, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. The state of emergency expired on June 30, 2021.

Impact on and Results of Operations

On March 17, 2020, Maine LD 2167 was issued and executed by the Governor of Maine. In accordance with Executive Order 8, issued by the Governor of Maine on August 26, 2020, the City took required measures to further reduce the risk of exposure to voters,

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

poll workers and election officials participating in the state primary and in municipal and school district elections by implementing safe distancing, increased staff to monitor this and to ensure the polling stations were sanitized. The City also implemented plexiglass barriers between the voters and poll workers.

Impact on Finances

The City does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security (“CARES”) Act, American Rescue Plan Act (“ARPA”) funding and applicable Federal and/or State programs.

Expected Federal/State Support

The City may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the City expects that if those actions are necessary, that the City would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the City and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the City. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the City.

Implementation of New Accounting Standards

During the year ended December 31, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 89 “Accounting for Interest cost Incurred before the End of a Construction Period”. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 “Conduit Debt Obligations”. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 “Replacement of Interbank Offered Rates (paragraphs 4-11a).” The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency and comparability of reported information. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 97 “Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans” - an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3)

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

Both the government-wide and fund financial statements categorize primary activities as governmental. The City categorizes all activities as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position are reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The City does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the City are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the City:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

Major funds:

- a. The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Airport Fund is used to account for the operations of the City's airport and the revenues associated with the operations such as terminal fees, landing fees and general aviation revenues.
- c. The Airport Project #52 Fund is used to account for financial resources to be used for the reconstruction of the commercial apron at the airport. Primary revenue sources are intergovernmental revenues.
- d. The Development Fund is used to account for the City's loan funds for business development and associated revenues from loan receipts and interest income.
- e. The Emergency Reserve Fund is used to accumulate funds to cover any unforeseen and unbudgeted emergency expenses. Revenues are primarily from interest income and transfers from the general fund.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor funds:

- f. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- g. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- h. Permanent Funds are used to account for assets held by the City that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the City or its citizenry. The City's policy for authorizing and spending investment income follows State statutes.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The City's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Per City Charter, the City Manager must submit a budget to the City Council at least 90 days prior to the beginning of the next fiscal year.
2. The annual budget is prepared for the general fund and includes a net appropriation for the capital reserves and airport fund.
3. The legal level of budgetary control is at the department level.
4. The City Council must hold at least two public hearings.
5. The City Council must adopt the budget before the beginning of the next fiscal year.

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the City's policy to value investments at fair value. None of the City's investments are reported at amortized cost. 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 a cash equivalent. The City Treasurer is authorized by State Statutes to invest all excess funds in the following:

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

Receivables

Receivables include amounts due from governmental agencies, local businesses and sewer receivables. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$616,034 as of December 31, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$1,664,506 for the year ended December 31, 2021.

Tax Acquired Properties

Real property becomes tax acquired when tax liens placed on property and associated costs remain unpaid eighteen months after the filing of the tax lien in accordance with 36 M.R.S.A. § 943. The amount of the taxes and associated costs become assets classified as tax acquired property receivables that are secured by the real property that foreclosed.

After real property becomes tax acquired, the Council is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the City as authorized by the City Policy for Tax Acquired Property.

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost. Under the consumption method, the costs of inventory items are recognized as expenditures when used. The airport fund inventory consists of diesel fuel and gasoline on hand at the end of the year. The cost value is determined using the first-in, first-out (FIFO) method.

Prepaid Items

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

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances”.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets, donated works of art or similar items and capital assets received in a service concession arrangement are reported at the fair market value on the date received. Works of art have been capitalized as non-depreciable assets as they are considered inexhaustible. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, airport runways, etc. These infrastructure assets are likely to be the largest asset class of the City.

Estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Infrastructure	5 - 50 years
Machinery and equipment	2 - 30 years
Vehicles	3 - 25 years

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, landfill closure, accrued compensated absences, net OPEB liability and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

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 Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated 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.

Other Postemployment Benefits (OPEB)

For purposes of measuring the City's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan (the 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, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the City's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority of the City. Commitments may be established, modified or rescinded only through a City Council meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given by the Charter and is expressed by the City Council.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the City meeting vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times 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/expenditure) until then. The City has two types of item, deferred outflows related to OPEB and deferred outflows related to pensions. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times 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. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and deferred revenues also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. Deferred

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

inflows related to OPEB and deferred inflows related to pensions qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The City's property tax for the current year was levied July 13, 2021 on the assessed value listed as of April 1, 2021, for all real and personal property located in the City. Taxes were due on October 15, 2021. Interest on unpaid taxes commenced on October 16, 2021, at 6% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

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 \$27,041 for the year ended December 31, 2021.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The City has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The City does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the City's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS

reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

The City's policies, which follow state statutes, authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all City funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the City will not be able to recover its deposits. The City does not have a policy covering custodial credit risk for deposits. However, the City maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF.

At December 31, 2021, the City's cash balance of \$9,921,888 was comprised of bank deposits and cash equivalents totaling \$10,152,513. Of these bank deposits, \$8,455,301 was insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$32,249 was covered by the Securities Investor Protection Corporation (SIPC) and \$1,664,963 was collateralized with securities held by the financial institution in the City's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 2,023,562
ICS savings account	7,724,485
Money market accounts	372,217
Cash equivalents	32,249
	<u>\$ 10,152,513</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the City does not have a policy for custodial credit risk for investments; however, the City seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. Of the City's investments in certificates of deposit of \$2,862,124 all were

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

fully insured by NCUA and federal depository insurance and consequently not exposed to custodial credit risk. Of the City's investments in mutual funds and stocks of \$873,375, \$500,000 was covered by the Securities Investor Protection Corporation (SIPC) and consequently was not exposed to custodial credit risk and the remaining amount of \$373,375 was collateralized by insurance coverage purchased by the clearing broker associated with the investment institution.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At December 31, 2021, the City had the following investments and maturities:

Investment Type	Fair Value	N/A	<1 Year	1 - 5 Years
Fixed income - mutual funds	\$ 236,230	\$ 236,230	\$ -	\$ -
Equities - stock	637,145	637,145	-	-
	<u>\$ 873,375</u>	<u>\$ 873,375</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as December 31, 2021:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
Investments by fair value level				
Equity securities:				
Mutual funds - fixed income	\$ 236,230	\$ 236,230	\$ -	\$ -
Common stock	637,145	637,145	-	-
Total equity securities	<u>873,375</u>	<u>873,375</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>873,375</u>	<u>\$ 873,375</u>	<u>\$ -</u>	<u>\$ -</u>
Cash equivalents measured at the net asset value (NAV)				
Money market mutual funds	32,249			
Total cash equivalents measured at the NAV	<u>32,249</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 905,624</u>			

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. The City has no Level II or III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of December 31, 2021 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

Credit risk - Statutes for the State of Maine authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The City does not have an investment policy on credit risk. Generally, the City invests excess funds in repurchase agreements, savings accounts and various insured certificates of deposit. Certain long-term trust funds are invested through a financial institution with trust powers in a mix of securities that comply with state and federal regulations to provide long-term growth and income.

NOTE 3 - REVOLVING LOAN FUND

The revolving loan program is used for the purpose of lending money for economic development. The program has seven loans outstanding. Loans receivable at December 31, 2021 and 2020 were \$419,126 and \$708,389, respectively.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2021 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
	<u> </u>	<u> </u>
General fund	\$ 3,126,663	\$ 12,352,218
Airport	-	97,484
Airport project #52	-	880,206
Development fund	1,579,003	-
Emergency reserve	2,608,162	-
Nonmajor special revenue funds	4,029,963	34,469
Nonmajor capital projects funds	4,135,090	2,114,504
	<u>\$ 15,478,881</u>	<u>\$ 15,478,881</u>

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

The result of amounts owed between funds are considered to be in the course of normal operations by the City. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers at December 31, 2021 consisted of the following:

	Transfers To	Transfers From
General fund	\$ 87,200	\$ 1,862,115
Airport	225,728	112,500
Emergency reserve	95,000	-
Nonmajor special revenue funds	357,721	137,500
Nonmajor capital projects funds	2,708,789	1,262,323
	<u>\$ 3,474,438</u>	<u>\$ 3,474,438</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations. Significant transfers that occurred were between the General Fund and the four tax increment financing funds.

NOTE 6 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2021:

	Balance, 1/1/21	Additions	Deletions	Balance, 12/31/21
Non-depreciated assets:				
Land	\$ 4,937,288	\$ 246,470	\$ -	\$ 5,183,758
Construction in progress	1,359,875	2,900,900	-	4,260,775
Works of art and historical treasures	698,990	-	-	698,990
	<u>6,996,153</u>	<u>3,147,370</u>	<u>-</u>	<u>10,143,523</u>
Depreciated assets:				
Land improvements	15,922,998	52,021	-	15,975,019
Buildings	32,468,818	394,000	(142,200)	32,720,618
Building improvements	13,710,306	438,145	-	14,148,451
Furniture and fixtures	438,130	21,868	-	459,998
Machinery and equipment	10,212,501	142,306	-	10,354,807
Vehicles	7,720,510	302,491	(127,536)	7,895,465
Infrastructure	53,961,732	517,257	-	54,478,989
	<u>134,434,995</u>	<u>1,868,088</u>	<u>(269,736)</u>	<u>136,033,347</u>

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	Balance, 1/1/21	Additions	Deletions	Balance, 12/31/21
Less: accumulated depreciation				
Land improvements	(7,678,613)	(395,196)	-	(8,073,809)
Buildings	(17,308,975)	(564,821)	142,200	(17,731,596)
Building improvements	(6,382,204)	(480,648)	-	(6,862,852)
Furniture and fixtures	(187,053)	(19,570)	-	(206,623)
Machinery and equipment	(5,323,306)	(455,594)	-	(5,778,900)
Vehicles	(4,944,367)	(449,866)	107,154	(5,287,079)
Infrastructure	(23,342,055)	(1,920,473)	-	(25,262,528)
	<u>(65,166,573)</u>	<u>(4,286,168)</u>	<u>249,354</u>	<u>(69,203,387)</u>
Subtotal	<u>69,268,422</u>	<u>(2,418,080)</u>	<u>(20,382)</u>	<u>66,829,960</u>
Net capital assets	<u>\$ 76,264,575</u>	<u>\$ 729,290</u>	<u>\$ (20,382)</u>	<u>\$ 76,973,483</u>
<u>Current year depreciation</u>				
General government				\$ 509,736
Public safety				316,062
Public works				926,385
Airport				2,002,056
Solid waste				23,324
Recreation				508,605
Total depreciation expense				<u>\$ 4,286,168</u>

NOTE 7 – SHORT-TERM DEBT

The following is a summary of changes in the short-term debt for the year ended December 31, 2021:

	Balance 1/1/2021	Draws	Repayments	Balance 12/31/2021
Tax anticipation note	\$ -	\$ 1,500,000	\$ (1,500,000)	\$ -
Totals	<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ (1,500,000)</u>	<u>\$ -</u>

On July 23, 2021, the City issued a tax/revenue anticipation note through Katahdin Trust Company in anticipation of revenues to meet its operating obligations during the fiscal year. The note allowed principal draws up to \$1,500,000 at 1.00% interest with a maturity date of October 31, 2021. The City paid the loan off on October 22, 2021. Interest of \$4,110 was paid.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended December 31, 2021:

	Balance, 1/1/21	Additions	Deletions	Balance, 12/31/21	Due Within One Year
<u>Governmental Activities:</u>					
Bonds payable	\$ 6,812,914	\$ 1,750,000	\$ (772,993)	\$ 7,789,921	\$ 553,866
Notes from direct borrowings payable	473,906	-	(221,515)	252,391	7,700
Total Governmental Activities	<u>\$ 7,286,820</u>	<u>\$ 1,750,000</u>	<u>\$ (994,508)</u>	<u>\$ 8,042,312</u>	<u>\$ 561,566</u>

The following is a summary of outstanding bonds payable:

\$1,145,000, 2007 General Obligation Bond due in annual principal installments and semiannual interest installments through November 2025. Interest is charged at a varying fixed rate of 2.00% to 6.00% per annum. Annual principal installments vary from \$42,999 to \$91,297.	\$ 339,921
\$7,500,000, 2016 General Obligation Bond due in annual principal installments and semiannual interest installments through July 2040. Interest is charged at a varying fixed rate of 2.00% to 3.25% per annum. Annual principal installments are \$300,000.	5,700,000
\$1,750,000, 2021 General Obligation Bond due in annual installements and semiannual interest installments through May 2031. Interest is charged at a varying fixed rate of 0.610% to 1.780% per annum. Annual principal installments are \$175,000.	<u>1,750,000</u>
	<u>\$ 7,789,921</u>

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding notes from direct borrowings payable:

\$270,000 Note payable to Presque Isle Development Fund for an airport hanger with a fixed interest rate of 3.25%. Note matures on December 31, 2044 with monthly principal and interest payments of \$1,316.	<u>\$ 252,391</u>
	<u>\$ 252,391</u>

The following is a summary of outstanding bonds principal and interest requirements for the following fiscal years ending December 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2022	\$ 553,866	\$ 184,387	\$ 738,253
2023	557,809	173,588	731,397
2024	561,949	161,446	723,395
2025	566,297	151,638	717,935
2026	475,000	142,220	617,220
2027-2031	2,375,000	578,445	2,953,445
2032-2036	1,500,000	322,500	1,822,500
2037-2041	1,200,000	94,875	1,294,875
	<u>\$ 7,789,921</u>	<u>\$ 1,809,099</u>	<u>\$ 9,599,020</u>

The following is a summary of outstanding notes from direct borrowings principal and interest requirements for the following fiscal years ending December 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2022	\$ 7,700	\$ 8,089	\$ 15,789
2023	7,954	7,835	15,789
2024	8,217	7,572	15,789
2025	8,488	7,301	15,789
2026	8,768	7,021	15,789
2027-2031	48,374	30,572	78,946
2032-2036	56,896	22,049	78,945
2037-2041	66,921	12,024	78,945
2042-2046	39,073	1,714	40,787
	<u>\$ 252,391</u>	<u>\$ 104,177</u>	<u>\$ 356,568</u>

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 - LONG TERM DEBT (CONTINUED)

All bonds and notes from direct borrowings payable are direct obligations of the City, for which its full faith and credit are pledged. The City is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the City.

NOTE 9 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended December 31, 2021 is as follows:

	Balance, #REF!	Additions	Deletions	Balance, 12/31/21	Due Within One Year
Landfill closure	\$ 870,000	\$ -	\$ (145,000)	\$ 725,000	\$ 145,000
Accrued compensated absences	377,657	23,856	-	401,513	20,076
Net OPEB liability	940,804	90,507	(25,770)	1,005,541	-
Net pension liability(asset)	1,276,475	-	(1,491,283)	(214,808)	-
Total Governmental Activities	<u>\$ 3,464,936</u>	<u>\$ 114,363</u>	<u>\$ (1,662,053)</u>	<u>\$ 1,917,246</u>	<u>\$ 165,076</u>

Please see Notes 10, 18, 21 and 23 for detailed information on each of the other long-term obligations.

NOTE 10 - ACCRUED COMPENSATED ABSENCES

The City's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of December 31, 2021, the City's liability for compensated absences is \$401,513.

NOTE 11 - NONSPENDABLE FUND BALANCES

At December 31, 2021, the City had the following nonspendable fund balances:

General fund:	
Tax acquired property	\$ 25,860
Prepaid items	181,014
Airport fund:	
Inventory	97,887
Downing park trust fund:	
Principal held in perpetuity	20,000
	<u>\$ 324,761</u>

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 12 - RESTRICTED NET POSITION

At December 31, 2021, the City had the following restricted net position:

Development fund	\$ 1,998,129
Nonmajor special revenue funds (Schedule E)	3,598,682
Nonmajor capital projects funds (Schedule G)	135,490
Nonmajor permanent funds (Schedule I)	911,724
	<u>\$ 6,644,025</u>

NOTE 13 - RESTRICTED FUND BALANCES

At December 31, 2021, the City had the following restricted fund balances:

Development fund	\$ 1,998,129
Nonmajor special revenue funds (Schedule E)	3,598,682
Nonmajor capital projects funds (Schedule G)	135,490
Nonmajor permanent funds (Schedule I)	891,724
	<u>\$ 6,624,025</u>

NOTE 14 - COMMITTED FUND BALANCES

At December 31, 2021, the City had the following committed fund balances:

Emergency reserve	\$ 2,608,162
Nonmajor special revenue funds (Schedule E)	464,620
Nonmajor capital projects funds (Schedule G)	3,999,600
	<u>\$ 7,072,382</u>

NOTE 15 - ASSIGNED FUND BALANCES

At December 31, 2021, the City had the following assigned fund balances:

General fund:	
Drug forfeiture	<u>\$ 6,305</u>

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 16 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the City either carries commercial insurance, participates in a public entity risk pool or is effectively self-insured. Currently the City participates in several public-entity and self-insured risk pools sponsored by the Maine Municipal Association.

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the City is not aware of any material actual or potential claim liabilities which should be recorded on December 31, 2021. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 17 - OVERLAPPING DEBT

The City is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At December 31, 2021, the County of Aroostook had no outstanding debt. The City's share of school debt was approximately:

	<u>Outstanding Debt</u>	<u>City's Percentage</u>	<u>Total Share</u>
MSAD No. 1	\$ 1,887,517	71.47%	<u>\$ 1,349,008</u>

NOTE 18 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

City employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2021, there were 305 employees in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 0.93%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The City's plan members are required to contribute 7.05% (9.7% for fire and police department employees) of their annual covered salary and the City of Presque Isle is required to contribute an actuarially determined rate. The contribution rates of plan members and the City are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The City's contribution to the MainePERS PLD Consolidated Plan for the year ended December 31, 2021 was \$484,423.

Pension Liabilities/(Assets)

At December 31, 2021, the City reported a liability/(asset) of (\$214,808) for its proportionate share of the net pension liability/(asset) for the plan. The net pension liability/(asset) were measured as of June 30, 2021 and the total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

as of that date. The City's proportion of the net pension liability/(asset) were based on a projection of the City's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2021, the City's proportion was 0.668432%, which was an increase of 0.32412% from its proportion measured as of June 30, 2020.

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

For the year ended December 31, 2021, the City recognized net pension expense of \$248,785. At December 31, 2021, 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	\$ 138,955	\$ 14,600
Changes of assumptions	721,309	-
Net difference between projected and actual earnings on pension plan investments	-	2,927,917
Changes in proportion and differences between contributions and proportionate share of contributions	1,168,619	
Contributions subsequent to the measurement date	<u>257,345</u>	<u>-</u>
Total	<u>\$ 2,286,228</u>	<u>\$ 2,942,517</u>

\$257,345 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 liability/(asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2022	\$ 435,696
2023	130,778
2024	(666,498)
2025	(813,610)
2026	-
Thereafter	-

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

The collective total pension liability/(asset) for the Plan was determined by an actuarial valuation as of June 30, 2021, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities/(assets). Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age, of the member's expected future salary. The normal cost for each employee is the product of the member's pay and their normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2021 are as follows:

Investment Rate of Return - 6.50% per annum for the year ended June 30, 2021 and 6.75% per annum for the year ended June 30, 2020, compounded annually.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Salary Increases, Merit and Inflation - 2.75% -11.48%

Mortality Rates - Based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

Cost of Living Benefit Increases - 1.91%

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

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	7.2%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the total pension liability/(asset) was 6.50% for 2021 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The following table shows how the collective net pension liability/(asset) as of June 30, 2021 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for the PLD Consolidated and Agent Plans.

	1% Decrease	Discount Rate	1% Increase
Discount rate	5.50%	6.50%	7.50%
City's net pension liability/(asset)	\$ 3,056,847	\$ (214,808)	\$ (2,920,899)

Changes in Net Pension Liability/(Asset)

Each employer's share of the collective net pension liability/(asset) is equal to the collective net pension liability/(asset) multiplied by the employer's proportionate share as of June 30, 2021 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability/(asset) are recognized in pension expense for the year ended June 30, 2021 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2021 and 2020, this was three years for the PLD Consolidated Plan.

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2021 valuation were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability/(asset).

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2021 Annual Comprehensive Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 19 - DEFINED CONTRIBUTION PLAN

Plan Description

The City offers its employees a defined contribution plan created in accordance with Internal Revenue Code Section 401. All eligible employees hired subsequent to July 1, 1996 may only enroll in the 401 Plan. Employees who were enrolled in the MainePERS plan as of July 1, 1996, also have the option of changing to the 401 Plan.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 19 - DEFINED CONTRIBUTION PLAN (CONTINUED)

The Plan was established as a money purchase pension plan and trust to be known as the Money Purchase Pension Plan and Trust. The plan is administered by MissionSquare Retirement.

Funding Policy

Plan provisions and contribution requirements are established and may be amended by the City Council. Under the 401 Plan, the City is required to contribute 6.0% of a participant's earnings for the plan year. Participating police and fire personnel received contributions of 8.0% of their earnings for the plan year. The City Manager and Deputy City Manager received contributions of 8.0% of their earnings for the plan year. For the year ended December 31, 2021, the City recognized pension expense of \$52,712.

Employees become fully vested in City contributions and earnings on City contributions after completion of 48 months of creditable service with the City. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the year ended December 31, 2021, forfeitures reduced the City's pension expense by \$0.

NOTE 20 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits the employee to defer a portion of salary until future years. There is an employer match by the City of 1%. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the City's management that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

City employees contribute to the Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan of the Maine Public Employees Retirement System (MainePERS)), a cost-sharing multiple-employer defined benefit plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. As of June 30, 2021, there were 137 employers participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employees, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period. The City's contribution to the Plan for the year ended December 31, 2021 was \$3,807.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Proportionate Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2021, the City reported a liability of \$77,973 for its proportionate share of the net OPEB liabilities for the Plan. The net OPEB liabilities were measured as of June 30, 2021 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liabilities were based on a projection of the City's long-term share of contributions to the Plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2021, the City's proportion was 0.505645%, which was a decrease of 0.08541% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the City recognized net OPEB revenue of \$18,172. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>PLD Life Insurance</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,899	\$ -
Changes of assumptions	8,807	35,203
Net difference between projected and actual earnings on pension plan investments	-	16,023
Changes in proportion and differences between contributions and proportionate share of contributions	-	28,241
Contributions subsequent to the measurement date	<u>1,818</u>	<u>-</u>
Total	<u>\$ 16,524</u>	<u>\$ 79,467</u>

\$1,818 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

	<u>PLD Life Insurance</u>
Plan year ended June 30:	
2022	\$ (19,936)
2023	(13,276)
2024	(14,327)
2025	(13,671)
2026	(1,776)
Thereafter	(1,776)

Actuarial Methods and Assumptions

The collective total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2021, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

Investments are reported at fair value.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Amortization

The net OPEB liability of the Plan is amortized on a level percentage of payroll over a thirty-year period on a closed basis. As of June 30, 2021, there were 9 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2021 actuarial valuation was based on the results of an actuarial experience study conducted for the period of June 30, 2016 to June 30, 2020.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2021 are as follows:

Investment Rate of Return - For the PLD Plan, 6.50% per annum, compounded annually.

Inflation Rate - 2.75%

Annual Salary Increases including Inflation - For the PLD Plan, 2.75% to 11.48% per year.

Mortality Rates - For active members and non-disabled retirees of the Plan, the 2010 Public Plan General Benefits - Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model is used.

Participation Rate for Future Retirees - 100% of those currently enrolled.

Conversion Charges - Apply to the cost of active group life insurance, not retiree group life insurance.

Form of Benefit Payment - Lump sum

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

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.00%	6.00%
Real estate	5.00%	5.20%
Traditional credit	15.00%	3.00%
US Government securities	10.00%	2.30%
Total	100.00%	

Discount Rate

The discount rate used to measure the collective total OPEB liability was 6.50% for 2021. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The following table shows how the collective net OPEB liability/(asset) as of June 30, 2021 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for the PLD Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance: Discount rate	5.75%	6.75%	7.75%
City's proportionate share of the net OPEB benefits liability	\$ 77,492	\$ 52,203	\$ 31,915

Changes in Net OPEB Liability

Each employer's share of the collective net OPEB liability is equal to the collective net OPEB liability multiplied by the employer's proportionate share as of June 30, 2021 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2021 with the following exceptions:

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. There were no differences between expected and actual experience as of June 30, 2021.

Differences between Projected and Actual Investment Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2021, the discount rate used for the PLD Consolidated Plan was reduced from 6.75% to 6.50%. In addition, assumptions related to salary increases, rates of terminations, mortality and age of retirement were updated to reflect the results of an experience study conducted in 2021.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

contribution requirement for an employer specific liability. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2021.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2021 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

MAINE MUNICIPAL EMPLOYEES' HEALTH TRUST

Plan Description

The City and City retirees contribute to the City's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the City and/or the City retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the City concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Employees Covered by Benefit Terms

At January 1, 2021, the following employees were covered by the benefit terms:

Active members	80
Retirees and spouses	<u>13</u>
Total	<u>93</u>

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

Retiree Premium Amounts

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
PPO 1000	\$906.40	\$2,032.57
<u>Medicare</u>		
Medicare-Eligible Retirees	\$589.25	\$1,178.50

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2021, the City reported a liability of \$953,338 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2021 and was determined by an actuarial valuation as of that date. The City's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations. The following is a schedule of changes in net OPEB liability as of December 31, 2021:

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/20 (Reporting December 31, 2020)	\$ 862,831	\$ -	\$ 862,831
Changes for the year:			
Service cost	41,652	-	41,652
Interest	24,366	-	24,366
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	55,132	-	55,132
Contributions - employer	-	30,643	(30,643)
Contributions - member	-	-	-
Projected earnings on investments	-	-	-
Net investment (gain) / loss	-	-	-
Benefit payments	(30,643)	(30,643)	-
Administrative expense	-	-	-
Net changes	<u>90,507</u>	<u>-</u>	<u>90,507</u>
Balances at 1/1/21 (Reporting December 31, 2021)	<u>\$ 953,338</u>	<u>\$ -</u>	<u>\$ 953,338</u>

For the year ended December 31, 2021, the City recognized OPEB revenue of \$90,005. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 616,804
Changes of assumptions	102,407	111,415
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>28,081</u>	<u>-</u>
Total	<u>\$ 130,488</u>	<u>\$ 728,219</u>

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

\$28,081 were reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MMEHT</u>
Plan year ended December 31:	
2020	\$ (127,500)
2021	(127,500)
2022	(127,499)
2023	(96,336)
2024	(76,931)
Thereafter	(70,046)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2021. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.12% per annum for January 1, 2021 was based upon a measurement date of December 31, 2020. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	1.12%	2.12%	3.12%
Total OPEB liability	\$ 1,104,484	\$ 953,338	\$ 830,405
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 1,104,484</u>	<u>\$ 953,338</u>	<u>\$ 830,405</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 816,566	\$ 953,338	\$ 1,127,513
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 816,566</u>	<u>\$ 953,338</u>	<u>\$ 1,127,513</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2021, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2019. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Amortization

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

Assumptions

The actuarial assumptions used in the January 1, 2021 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2021, they are as follows:

Discount Rate - 2.12% per annum for year end 2021 reporting. 2.74% per annum for 2020 year end reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2021_b was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.25%
Extra Trend due to Taste/Technology 2029+	1.120%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%)

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2021 to 2023 were based on plan design, population weighting, renewal projections and market analysis. For years 2024 to 2028, these are interpolated from 2023 to 2029 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

Administrative and claims expense: 3% per annum

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

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2021, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality - Based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2021. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended December 31, 2021 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2021 was \$616,804.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at City Hall at 12 Second Street, Presque Isle, Maine 04769.

NOTE 22 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the City's financial position.

The City participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 23 - JOINT VENTURE

On January 26, 2018, the City entered into a memorandum of understanding with the Aroostook Waste Solutions, formerly Tri-Community Recycling and Sanitary Landfill. The memorandum is supplemental to an interlocal solid waste agreement which has been executed and is effective on January 1, 2019. Also, as part of this agreement, the City has assigned the debt associated with the landfill to Aroostook Waste Solutions in the amount of \$4,749,198. As of January 1, 2019, Aroostook Waste Solutions became responsible for the operations and maintenance of the Presque Isle Landfill and acquired all property, fixtures and equipment associated with the Presque Isle Landfill from the City.

Also, as part of the memorandum of understanding the City agreed to make a payment to Aroostook Waste Solutions for the estimated closure/post-closure care liability of the Presque Isle Landfill, which amounted to \$880,800. Aroostook Waste Solutions will be responsible for the closure of the Presque Isle Landfill once it reaches capacity.

The City also agreed to make eight annual payments of \$145,000 to Aroostook Waste Solutions starting in March of 2019 as well as a total of \$2,000,000 in payments based on the following payment schedule: \$1,000,000 on January 15, 2019, \$500,000 on or before December 31, 2019 and \$500,000 on or before December 31, 2021.

The City of Presque Isle, Maine will have an ongoing financial interest and financial responsibility. Beginning in 2019, all financial gains or losses will be shared among all participating municipalities in accordance with a defined appropriation/distribution formula.

Aroostook Waste Solutions issues a publicly available financial report that includes financial statements. That report may be obtained by writing to Aroostook Waste Solutions, P.O. Box 605, Caribou, Maine 04736.

NOTE 24 - RELATED PARTIES

One of the City Council members owns a business that provides the following services to the Town: automotive repairs. During the fiscal year ended December 31, 2021, payments to this vendor for automotive repairs totaled \$330.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 25 - DEFICIT FUND BALANCES

At December 31, 2021, the City has the following funds with deficit fund balances:

Major funds:	
Airport project #52	\$ 880,206
Subtotal major funds	<u>880,206</u>
Nonmajor special revenue funds (Schedule E):	
CDBG program	25,691
Police grant	8,778
Nonmajor capital projects funds (Schedule G)	
Airport	551,917
Airport T hanger	377,324
Airport project 51	51,007
Airport trucks	145,487
Airport taxiland security fence	419,725
Airport project 54	56,659
Vault incentive package	512,385
Subtotal nonmajor funds	<u>2,148,973</u>
Total	<u>\$ 3,029,179</u>

NOTE 26 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 27 - TAX INCREMENT FINANCING AGREEMENTS

The City has established two tax increment financing districts in accordance with Maine statutes to finance development programs located in the City of Presque Isle. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured asset value". A portion of the incremental tax revenues will be returned to the districts to repay principal and interest on any indebtedness to fund the expenditures of the development program and to finance future expansion.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 27 - TAX INCREMENT FINANCING AGREEMENTS (CONTINUED)

BLD Hospitality, LLC Tax Increment Financing (TIF) District

On March 31, 2009, the City Council of the City of Presque Isle, as well as the Maine Department of Economic and Community Development, approved a Tax Increment Financing District to construct a 93-room inn. The original District, known as the “BLD Hospitality, LLC Tax Increment Financing (TIF) District,” is comprised of 2.44 acres with an original assessed value of \$128,100. This agreement was amended in June of 2019 to add 2.67 acres, extend the district term by 20 years and to amend municipal project costs. The potential projects that will be implemented under this Development Program include public infrastructure improvements and multi-use recreational trails. The City anticipates over the life of the district that new development, will result in approximately \$2,934,796 in new taxable value. Tax increment revenues generated from this value over the life of the district will be approximately \$4,042,439. The Development Program provides for 100% of the increase in assessed value of the BLD Hospitality, LLC Tax Increment Financing (TIF) District to be captured and designated as captured assessed value for 30 years, starting with the City’s 2009 calendar year. The tax increment revenues will be deposited by the City into the Development Program Fund for a period of 30 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5227(3)(A). The TIF revenue for 2021 was \$110,923.

The Development Plan authorized the City to enter into a Credit Enhancement Agreement (C.E.A.). The C.E.A. is a mechanism to assist the development project by using all or a portion of the incremental property tax revenues generated by the new investment to pay certain authorized project cost directly to the developer.

Downtown Tax Increment Financing (TIF) District

On February 12, 2021, the City Council of the City of Presque Isle, as well as the Maine Department of Economic and Community Development, approved the Presque Isle Downtown Omnibus Municipal Tax Increment Financing (TIF) District and Development Program (Program). The District is comprised of 923.90 acres with an original assessed value of \$147,955,100 and is in effect from February 12, 2021 through December 31, 2050. The potential projects that will be implemented under this Program includes to fund costs associated with redeveloping Riverside Drive from a vehicular road into a pedestrian promenade with retail shopping opportunities designed to promote economic activity \$350,000; Costs associated with demolition of blighted properties in the Downtown area \$200,000; Professional and administrative services costs \$600,000; Downtown sidewalk and streetscape improvements \$864,500; 5-Point Intersection improvement and other road improvements \$400,000; Permanent revolving loan fund and/or grant program, per § 5225(1)(C)(3), for costs authorized by 30-A M.R.S.A. § 5225

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 27 - TAX INCREMENT FINANCING AGREEMENTS (CONTINUED)

and DECD rules as amended from time to time, to promote certain capital improvements to non-owner occupied major residential rental downtown properties \$200,000; Downtown Wi-Fi Program to foster economic development \$15,000; Economic development studies and design work related to economic development planning efforts \$30,000; Water Tourism/Business Activation improvements and programming \$20,000; Outdoor Unleashed Dog Center to enable dog-friendly marketing of City for tourism/economic development \$10,000; Stormwater infrastructure improvements within District, or directly related to or made necessary by District \$500,000; Downtown storefront aesthetics permanent economic development grant program, per § 5225(1)(C)(3), for costs authorized by 30-A M.R.S.A. § 5225 and DECD rules as amended from time to time \$300,000; Multiuse recreational trails, having significant potential to promote economic development, and related costs \$1,000,000; Costs of funding downtown economic development events and programs to promote Downtown area \$30,000; Fund costs of marketing Downtown as a business location \$150,000; Economic Development costs including prorated economic development staff salaries and economic development planning costs \$450,000; Uniform Downtown signage costs \$50,000; GIS Mapping for economic development planning \$150,000.

Tax increment revenues generated from this value over the life of the district will be approximately \$75,695,935. The Program provides for 100% of the increase in assessed value of the Presque Isle Downtown Omnibus Municipal Tax Increment Financing (TIF) District and Development Program (Program) to be captured and designated as captured assessed value for 30 years, starting with the City's 2021 calendar year. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5227(3)(A). The TIF revenue for 2021 was \$137,721.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of Proportionate Share of the OPEB Liability - Group Life
- Schedule of Changes in Net OPEB Liability - Health Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - Health Plan
- Schedule of Contributions - OPEB - Group Life and Health
- Notes to Required Supplementary Information

CITY OF PRESQUE ISLE, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, January 1	\$ 4,087,952	\$ 4,087,952	\$ 4,087,952	\$ -
Resources (Inflows):				
General tax revenue - municipal and education	15,198,735	15,198,735	14,893,832	(304,903)
Intergovernmental revenue	2,804,582	2,804,582	3,623,654	819,072
Charges for services	3,160,420	3,160,420	2,812,807	(347,613)
Investment income	35,000	35,000	54,367	19,367
Other revenue	232,658	232,658	288,551	55,893
Bond proceeds	-	225,603	225,603	-
Transfers from other funds	87,200	87,200	87,200	-
Amounts Available for Appropriation	<u>25,606,547</u>	<u>25,832,150</u>	<u>26,073,966</u>	<u>241,816</u>
Charges to Appropriations (Outflows):				
General government	3,963,764	3,963,764	3,771,086	192,678
Public safety	3,085,398	3,085,398	2,946,892	138,506
Solid waste	459,024	459,024	453,913	5,111
Public works	2,318,373	2,318,373	2,206,850	111,523
Recreation and culture	1,492,613	1,492,613	1,350,632	141,981
Debt service	920,891	920,891	1,247,785	(326,894)
Education	6,280,519	6,280,519	6,280,533	(14)
County Tax	833,939	833,939	833,939	-
Outside services	53,950	53,950	49,150	4,800
Unclassified	268,009	493,612	721,919	(228,307)
Transfers to other funds	1,842,115	1,862,115	1,862,115	-
Total Charges to Appropriations	<u>21,518,595</u>	<u>21,764,198</u>	<u>21,724,814</u>	<u>39,384</u>
Budgetary Fund Balance, December 31	<u>\$ 4,087,952</u>	<u>\$ 4,067,952</u>	<u>\$ 4,349,152</u>	<u>\$ 281,200</u>
Utilization of assigned fund balance	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ (20,000)</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2021	2020
<u>PLD Plan:</u>		
Proportion of the net pension liability/(asset)	0.67%	0.34%
Proportionate share of the net pension liability/(asset)	\$ (214,808)	\$ 1,276,475
Covered payroll	\$ 3,956,058	\$ 2,195,612
Proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	100.86%	88.35%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 484,423	\$ 437,686
Contributions in relation to the actuarially determined contribution	<u>(484,423)</u>	<u>(437,686)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,155,107	\$ 3,798,040
Contributions as a percentage of covered payroll	11.66%	11.52%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE OPEB LIABILITY - GROUP LIFE
LAST 10 FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>PLD Life Insurance:</u>					
Proportion of the net OPEB liability	0.51%	0.59%	0.66%	0.71%	0.75%
City's proportionate share of the net OPEB liability	\$ 52,203	\$ 77,973	\$ 134,001	\$ 118,677	\$ 168,699
State's proportionate share of the net OPEB liability associated with the District	-	-	-	-	-
Total	<u>\$ 52,203</u>	<u>\$ 77,973</u>	<u>\$ 134,001</u>	<u>\$ 118,677</u>	<u>\$ 168,699</u>
Covered payroll	\$ 3,956,058	\$ 2,195,612	\$ 815,234	\$ 820,599	\$ 879,383
Proportionate share of the net OPEB liability as a percentage of its covered payroll	1.32%	3.55%	16.44%	14.46%	19.18%
Plan fiduciary net position as a percentage of the total OPEB liability	55.40%	55.40%	43.18%	43.92%	47.42%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - HEALTH PLAN
FOR THE YEAR ENDED DECEMBER 31, 2021

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/20 (Reporting December 31, 2020)	\$ 862,831	\$ -	\$ 862,831
Changes for the year:			
Service cost	41,652	-	41,652
Interest	24,366	-	24,366
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	55,132	-	55,132
Contributions - employer	-	30,643	(30,643)
Contributions - member	-	-	-
Projected earnings on investments	-	-	-
Net investment (gain) / loss	-	-	-
Benefit payments	(30,643)	(30,643)	-
Administrative expense	-	-	-
Net changes	<u>90,507</u>	<u>-</u>	<u>90,507</u>
Balances at 1/1/21 (Reporting December 31, 2021)	<u>\$ 953,338</u>	<u>\$ -</u>	<u>\$ 953,338</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS - HEALTH PLAN
LAST 10 FISCAL YEARS*

	2021	2020	2019	2018
<u>Total OPEB liability</u>				
Service cost (BOY)	\$ 41,652	\$ 38,648	\$ 43,694	\$ 40,921
Interest (includes interest on service cost)	24,366	62,773	56,771	69,587
Changes of benefit terms	-	(19,766)	-	-
Differences between expected and actual experience	-	(742,810)	-	(139,292)
Changes of assumptions	55,132	72,223	(135,823)	(78,869)
Benefit payments, including refunds of member contributions	(30,643)	(80,475)	(77,380)	(93,874)
Net change in total OPEB liability	<u>\$ 90,507</u>	<u>\$ (669,407)</u>	<u>\$ (112,738)</u>	<u>\$ (201,527)</u>
Total OPEB liability - beginning	\$ 862,831	\$ 1,532,238	\$ 1,644,976	\$ 1,846,503
Total OPEB liability - ending	<u>\$ 953,338</u>	<u>\$ 862,831</u>	<u>\$ 1,532,238</u>	<u>\$ 1,644,976</u>
<u>Plan fiduciary net position</u>				
Contributions - employer	30,643	80,475	77,380	93,874
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(30,643)	(80,475)	(77,380)	(93,874)
Administrative expense	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 953,338</u>	<u>\$ 862,831</u>	<u>\$ 1,532,238</u>	<u>\$ 1,644,976</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-
Covered payroll	\$ 3,670,205	\$ 3,670,205	\$ 3,702,398	\$ 3,702,398
Net OPEB liability as a percentage of covered payroll	26.0%	23.5%	41.4%	44.4%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB - GROUP LIFE AND HEALTH
LAST 10 FISCAL YEARS*

	2021	2020	2019	2018	2017
<u>PLD Life Insurance:</u>					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,155,107	\$ 3,798,040	\$ 787,496	\$ 855,996	\$ 861,629
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

* The amounts presented for each fiscal year are for those years for which information is available.

	2021	2020	2019	2018
<u>MMEHT:</u>				
Employer contributions	\$ 30,643	\$ 80,475	\$ 77,380	\$ 93,874
Benefit payments	(30,643)	(80,475)	(77,380)	(93,874)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,670,205	\$ 3,670,205	\$ 3,702,398	\$ 3,702,398
Contributions as a percentage of covered payroll	0.83%	2.19%	2.09%	2.54%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

Changes of Assumptions

PLD Pension Plan:

There was a change in the discount rate from 2.74% to 2.12% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

MEPERS Group Life Plan:

Investment Rate of Return

2021 Valuation: 6.50% per annum, compounded annually
2020 Valuation: 6.75% per annum, compounded annually

Annual Salary Increases, Including Inflation

2021 Valuation: 2.75% - 11.48%
2020 Valuation: 2.75% plus merit component based on each employee's years of service

Mortality Rates

2021 Valuation: Based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model
2020 Valuation: For active members and non-disabled retirees, the RP2014 Total Dataset healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Discount Rate

2021 Valuation: 6.50%
2020 Valuation: 6.75%

Maine Municipal Health Trust:

There was a change in the discount rate from 4.10% to 2.74% per GASB 75 discount rate selection. The repeal of the "Cadillac Tax" was reflected in this valuation by removing the previously planned excise tax.

See accompanying independent auditor's report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

CITY OF PRESQUE ISLE, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 13,247,535	\$ 13,247,535	\$ 12,944,594	\$ (302,941)
Excise tax	1,846,200	1,846,200	1,863,885	17,685
Interest and penalties	105,000	105,000	85,353	(19,647)
Intergovernmental revenues:				
General assistance	15,505	15,505	4,300	(11,205)
State parks reimbursement	6,200	6,200	6,426	226
Chapman fire reimbursement	25,190	25,190	26,228	1,038
Veterans reimbursement	9,500	9,500	9,206	(294)
Tree growth	4,500	4,500	5,863	1,363
State revenue sharing	1,310,000	1,310,000	2,159,695	849,695
Homestead reimbursement	815,518	815,518	815,518	-
BETE reimbursement	535,169	535,169	535,170	1
Police dept. grant	83,000	83,000	61,248	(21,752)
Charges for services:				
Administrative services	49,000	49,000	53,659	4,659
Code enforcement	60,000	60,000	101,502	41,502
ARFF	55,500	55,500	60,738	5,238
EMS Co-op with TAMC	1,082,976	1,082,976	756,247	(326,729)
Police dept.	1,400	1,400	3,368	1,968
Recreation and parks:				
Program income	50,000	50,000	51,553	1,553
Indoor pool income	51,600	51,600	8,167	(43,433)
Forum income	259,500	259,500	140,272	(119,228)
Rental income	19,000	19,000	13,381	(5,619)
Solid waste fees	583,460	583,460	632,962	49,502
PIIC rentals	706,971	706,971	735,659	28,688
Echo Lake sewer	7,530	7,530	2,215	(5,315)
Airport admin fee	36,383	36,383	36,383	-
City clerk	40,100	40,100	55,329	15,229
Cable franchise fee	60,000	60,000	62,107	2,107
Bon Aire housing parcel	50,000	50,000	51,534	1,534
PI Housing authority	40,000	40,000	47,731	7,731
P.I.L.O.T. income	7,000	7,000	-	(7,000)
Investment income	35,000	35,000	54,367	19,367
Other income				
Finance miscellaneous	12,000	12,000	8,245	(3,755)
Fire dept. miscellaneous	12,000	12,000	11,184	(816)
Library miscellaneous	23,800	23,800	15,365	(8,435)
Police dept. miscellaneous	17,229	17,229	24,055	6,826
Public works miscellaneous	29,424	29,424	40,344	10,920
Recreation and parks miscellaneous	1,800	1,800	133	(1,667)
Employee benefits miscellaneous	5,000	5,000	6,180	1,180
Insurance	1,000	1,000	11,623	10,623
City clerk	1,000	1,000	1,592	592
Assessing	101,405	101,405	111,405	10,000
Sales of tax acquired property	25,000	25,000	42,314	17,314
Other	3,000	3,000	16,111	13,111
Bond proceeds	-	225,603	225,603	-
Transfers from other funds:				
Solid waste operations	87,200	87,200	87,200	-
Total revenues	<u>\$ 21,518,595</u>	<u>\$ 21,744,198</u>	<u>\$ 21,986,014</u>	<u>\$ 241,816</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
General government	\$ 321,113	\$ -	\$ 321,113	\$ 334,694	\$ (13,581)
Employee benefits	2,134,979	-	2,134,979	1,930,537	204,442
Finance	350,466	-	350,466	339,212	11,254
City clerk	61,604	-	61,604	58,615	2,989
Resource management	82,372	-	82,372	81,227	1,145
PIIC appropriation	407,260	-	407,260	407,260	-
Insurances	164,217	-	164,217	154,651	9,566
Assessing	196,915	-	196,915	195,636	1,279
Planning and development	172,985	-	172,985	196,554	(23,569)
Information technology	71,853	-	71,853	72,700	(847)
	<u>3,963,764</u>	<u>-</u>	<u>3,963,764</u>	<u>3,771,086</u>	<u>192,678</u>
Public safety					
Fire department	1,454,543	-	1,454,543	1,407,987	46,556
Public safety building	332,272	-	332,272	324,442	7,830
Police department	1,298,583	-	1,298,583	1,214,463	84,120
	<u>3,085,398</u>	<u>-</u>	<u>3,085,398</u>	<u>2,946,892</u>	<u>138,506</u>
Solid waste					
City	456,809	-	456,809	451,698	5,111
Echo Lake	2,215	-	2,215	2,215	-
	<u>459,024</u>	<u>-</u>	<u>459,024</u>	<u>453,913</u>	<u>5,111</u>
Public works					
Highway department	1,673,455	-	1,673,455	1,566,857	106,598
Street lights	117,229	-	117,229	116,597	632
Hydrant rental	527,689	-	527,689	523,396	4,293
	<u>2,318,373</u>	<u>-</u>	<u>2,318,373</u>	<u>2,206,850</u>	<u>111,523</u>

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Recreation and culture					
Parks and recreation	1,087,831	-	1,087,831	944,856	142,975
Library	404,782	-	404,782	405,776	(994)
	<u>1,492,613</u>	<u>-</u>	<u>1,492,613</u>	<u>1,350,632</u>	<u>141,981</u>
Debt service					
Interest on TAN	10,000	-	10,000	4,110	5,890
Debt payments	910,891	-	910,891	1,243,675	(332,784)
	<u>920,891</u>	<u>-</u>	<u>920,891</u>	<u>1,247,785</u>	<u>(326,894)</u>
Outside services					
Chamber of Commerce	20,000	-	20,000	20,000	-
Aroostook Area Agency - Aging	5,500	-	5,500	5,500	-
Central Aroostook Soil and Water	1,050	-	1,050	1,050	-
Quoggy Joe Ski Club	6,400	-	6,400	6,400	-
Presque Isle Snowmobile Club	2,300	-	2,300	-	2,300
Veterans cemetery	200	-	200	200	-
American Red Cross	2,500	-	2,500	-	2,500
Wintergreen Arts	16,000	-	16,000	16,000	-
	<u>53,950</u>	<u>-</u>	<u>53,950</u>	<u>49,150</u>	<u>4,800</u>
Education	<u>6,280,519</u>	<u>-</u>	<u>6,280,519</u>	<u>6,280,533</u>	<u>(14)</u>
County Tax	<u>833,939</u>	<u>-</u>	<u>833,939</u>	<u>833,939</u>	<u>-</u>

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Unclassified					
State Street dam utilities	189	-	189	189	-
Maine Municipal dues	7,975	-	7,975	7,908	67
Cemeteries	4,800	-	4,800	4,044	756
Annual reports	500	-	500	400	100
Legal services	16,000	-	16,000	31,443	(15,443)
Contingent	100,000	-	100,000	268,905	(168,905)
Northern ME Development Commission	17,554	-	17,554	17,554	-
C A Humane Society	16,170	-	16,170	16,170	-
Sister O'Donnell shelter	14,538	-	14,538	14,538	-
Downtown revitalization committee	18,000	-	18,000	16,413	1,587
Cunningham taxes	13,092	-	13,092	88,589	(75,497)
General assistance	22,150	-	22,150	6,142	16,008
Miscellaneous items	10,000	-	10,000	3,847	6,153
Purchase of maintenance building	-	225,603	225,603	225,603	-
Overlay	27,041	-	27,041	20,174	6,867
	<u>268,009</u>	<u>225,603</u>	<u>493,612</u>	<u>721,919</u>	<u>(228,307)</u>

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Transfers					
Police department	61,900	-	61,900	61,900	-
Fire department	140,000	-	140,000	140,000	-
Retirement payout	50,000	-	50,000	50,000	-
Recreation and parks	212,500	-	212,500	212,500	-
City Hall	269,000	-	269,000	269,000	-
Public works	297,000	-	297,000	297,000	-
PIIC	150,000	-	150,000	150,000	-
Street overlay reserve	332,744	-	332,744	332,744	-
Emergency reserve	95,000	-	95,000	95,000	-
Downtown infrastructure - DECD reserve	29,250	-	29,250	29,250	-
Library	10,000	-	10,000	10,000	-
Building fund	-	20,000	20,000	20,000	-
Public safety building	49,500	-	49,500	49,500	-
BLD hospitality TIF	137,721	-	137,721	137,721	-
Echo Lake	7,500	-	7,500	7,500	-
	<u>1,842,115</u>	<u>20,000</u>	<u>1,862,115</u>	<u>1,862,115</u>	<u>-</u>
 Total Departmental Operations	 <u>\$ 21,518,595</u>	 <u>\$ 245,603</u>	 <u>\$ 21,764,198</u>	 <u>\$ 21,724,814</u>	 <u>\$ 39,384</u>

See accompanying independent auditor’s report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 38,349	\$ 38,349
Investments	-	-	873,375	873,375
Accounts receivable	33,339			33,339
Due from other funds	4,029,963	4,135,090	-	8,165,053
TOTAL ASSETS	\$ 4,063,302	\$ 4,135,090	\$ 911,724	\$ 9,110,116
LIABILITIES				
Due to other funds	\$ 34,469	\$ 2,114,504	\$ -	\$ 2,148,973
TOTAL LIABILITIES	34,469	2,114,504	-	2,148,973
FUND BALANCES				
Nonspendable	-	-	20,000	20,000
Restricted	3,598,682	135,490	891,724	4,625,896
Committed	464,620	3,999,600	-	4,464,220
Assigned	-	-	-	-
Unassigned	(34,469)	(2,114,504)	-	(2,148,973)
TOTAL FUND BALANCES	4,028,833	2,020,586	911,724	6,961,143
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,063,302	\$ 4,135,090	\$ 911,724	\$ 9,110,116

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 849,002	\$ 2,145,810	\$ -	\$ 2,994,812
Interest income	7,884	13,500	16,496	37,880
Investment income, net of unrealized gains/(losses)	-	-	110,761	110,761
Other income	907,438	367,785	(48,076)	1,227,147
TOTAL REVENUES	<u>1,764,324</u>	<u>2,527,095</u>	<u>79,181</u>	<u>4,370,600</u>
EXPENDITURES				
General government	278,220	1,116	6,117	285,453
Public safety	-	32,841	-	32,841
Recreation and culture	33,311	5,734	-	39,045
Airport	1,916	110,339	-	112,255
Debt service	-	66,825	-	66,825
Capital outlay	199,594	4,264,702	-	4,464,296
TOTAL EXPENDITURES	<u>513,041</u>	<u>4,481,557</u>	<u>6,117</u>	<u>5,000,715</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,251,283</u>	<u>(1,954,462)</u>	<u>73,064</u>	<u>(630,115)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	1,000,000	524,397	-	1,524,397
Transfers in	357,721	2,708,789	-	3,066,510
Transfers (out)	(137,500)	(1,262,323)	-	(1,399,823)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,220,221</u>	<u>1,970,863</u>	<u>-</u>	<u>3,191,084</u>
NET CHANGE IN FUND BALANCES	2,471,504	16,401	73,064	2,560,969
FUND BALANCES - JANUARY 1	<u>1,557,329</u>	<u>2,004,185</u>	<u>838,660</u>	<u>4,400,174</u>
FUND BALANCES - DECEMBER 31	<u>\$ 4,028,833</u>	<u>\$ 2,020,586</u>	<u>\$ 911,724</u>	<u>\$ 6,961,143</u>

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2021

	Restricted Reserve Funds							
	RLF Building Fund	CDBG Program	REDRLP Loan Funds	Industrial Council Land Sales	Intermodal Rail Yard	Police Grant	ARPA Funds	Library Grants
ASSETS								
Accounts receivable	\$ -	\$ -	\$ 24,112	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	1,911,437	-	78,922	143,437	35,980	-	380,437	3,668
TOTAL ASSETS	\$ 1,911,437	\$ -	\$ 103,034	\$ 143,437	\$ 35,980	\$ -	\$ 380,437	\$ 3,668
LIABILITIES								
Due to other funds	\$ -	\$ 25,691	\$ -	\$ -	\$ -	\$ 8,778	\$ -	\$ -
TOTAL LIABILITIES	-	25,691	-	-	-	8,778	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	1,911,437	-	103,034	-	-	-	380,437	3,668
Committed	-	-	-	143,437	35,980	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	(25,691)	-	-	-	(8,778)	-	-
TOTAL FUND BALANCES (DEFICITS)	1,911,437	(25,691)	103,034	143,437	35,980	(8,778)	380,437	3,668
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)								
	\$ 1,911,437	\$ -	\$ 103,034	\$ 143,437	\$ 35,980	\$ -	\$ 380,437	\$ 3,668

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2021

	Restricted Reserve Funds							
	Fire Department Grants	Airport PFC	Planning and Development Grants	Grant Matching Funds	Warm Program	Micro Financing Program	Economic Development Fund	BLD Hospitality TIF Funds
ASSETS								
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,227	\$ -	\$ -
Due from other funds	7,894	83,227	1,766	156,534	100,000	40,904	144,826	793,235
TOTAL ASSETS	\$ 7,894	\$ 83,227	\$ 1,766	\$ 156,534	\$ 100,000	\$ 50,131	\$ 144,826	\$ 793,235
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	7,894	83,227	1,766	156,534	-	-	144,826	793,235
Committed	-	-	-	-	100,000	50,131	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	7,894	83,227	1,766	156,534	100,000	50,131	144,826	793,235
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 7,894	\$ 83,227	\$ 1,766	\$ 156,534	\$ 100,000	\$ 50,131	\$ 144,826	\$ 793,235

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2021

	Other Special Revenues						
	Recreation Programs	Cost Recovery	Softball	Downing Park	Bloodhound	Police Unclaimed	Outside Grants
ASSETS							
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	16,472	2,306	3,483	2,093	4,941	1,641	1,425
TOTAL ASSETS	\$ 16,472	\$ 2,306	\$ 3,483	\$ 2,093	\$ 4,941	\$ 1,641	\$ 1,425
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	1,425
Committed	16,472	2,306	3,483	2,093	4,941	1,641	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	16,472	2,306	3,483	2,093	4,941	1,641	1,425
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 16,472	\$ 2,306	\$ 3,483	\$ 2,093	\$ 4,941	\$ 1,641	\$ 1,425

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2021

	Other Special Revenues				
	Wellness Grant	Retirement Pay	Book Memorials	Revitalization	General Assistance
ASSETS					
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	11,199	21,521	1,239	22,119	3,564
TOTAL ASSETS	\$ 11,199	\$ 21,521	\$ 1,239	\$ 22,119	\$ 3,564
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	11,199	-	-	-	-
Committed	-	21,521	1,239	22,119	3,564
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	11,199	21,521	1,239	22,119	3,564
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 11,199	\$ 21,521	\$ 1,239	\$ 22,119	\$ 3,564

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2021

	Other Special Revenues				Total
	Appraisals	Movie Night	Military Surplus	Riverside Playground	
ASSETS					
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ 33,339
Due from other funds	11,450	825	1,887	41,531	4,029,963
TOTAL ASSETS	\$ 11,450	\$ 825	\$ 1,887	\$ 41,531	\$ 4,063,302
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 34,469
TOTAL LIABILITIES	-	-	-	-	34,469
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	3,598,682
Committed	11,450	825	1,887	41,531	464,620
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(34,469)
TOTAL FUND BALANCES (DEFICITS)	11,450	825	1,887	41,531	4,028,833
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 11,450	\$ 825	\$ 1,887	\$ 41,531	\$ 4,063,302

See accompanying independent auditor’s report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Restricted Reserve Funds							
	RLF Building Fund	CDBG Program	REDRLP Loan Funds	Industrial Council Land Sales	Intermodal Rail Yard	Police Grant	ARPA Funds	Library Grants
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 237,837	\$ 69,048	\$ 475,641	\$ 3,000
Interest income	6,000	-	-	234	-	-	-	-
Other income	730,757	-	25,334	4,000	40,102	2,471	-	300
TOTAL REVENUES	<u>736,757</u>	<u>-</u>	<u>25,334</u>	<u>4,234</u>	<u>277,939</u>	<u>71,519</u>	<u>475,641</u>	<u>3,300</u>
EXPENDITURES								
General government	-	33,560	25,612	-	10,307	-	95,204	-
Recreation and culture	-	-	-	-	-	-	-	4,050
Airport	-	-	-	-	-	-	-	-
Capital outlay	119,297	-	-	-	-	80,297	-	-
TOTAL EXPENDITURES	<u>119,297</u>	<u>33,560</u>	<u>25,612</u>	<u>-</u>	<u>10,307</u>	<u>80,297</u>	<u>95,204</u>	<u>4,050</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>617,460</u>	<u>(33,560)</u>	<u>(278)</u>	<u>4,234</u>	<u>267,632</u>	<u>(8,778)</u>	<u>380,437</u>	<u>(750)</u>
OTHER FINANCING SOURCES (USES)								
Bond proceeds	1,000,000	-	-	-	-	-	-	-
Transfers in	20,000	-	-	-	-	-	-	-
Transfers (out)	(87,500)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>932,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,549,960	(33,560)	(278)	4,234	267,632	(8,778)	380,437	(750)
FUND BALANCES (DEFICITS) - JANUARY 1	<u>361,477</u>	<u>7,869</u>	<u>103,312</u>	<u>139,203</u>	<u>(231,652)</u>	<u>-</u>	<u>-</u>	<u>4,418</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 1,911,437</u>	<u>\$ (25,691)</u>	<u>\$ 103,034</u>	<u>\$ 143,437</u>	<u>\$ 35,980</u>	<u>\$ (8,778)</u>	<u>\$ 380,437</u>	<u>\$ 3,668</u>

CITY OF PRESQUE ISLE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Restricted Reserve Funds							
	Fire Department Grants	Airport PFC	Planning and Development Grants	Grant Matching Funds	Warm Program	Micro Financing Program	Economic Development Fund	BLD Hospitality TIF Funds
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-	-	-	-	-
Other income	-	42,922	-	-	-	10,131	-	-
TOTAL REVENUES	-	42,922	-	-	-	10,131	-	-
EXPENDITURES								
General government	-	-	-	-	-	10,000	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Airport	-	1,916	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	1,916	-	-	-	10,000	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	41,006	-	-	-	131	-	-
OTHER FINANCING SOURCES (USES)								
Bond proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	100,000	50,000	-	137,721
Transfers (out)	-	-	-	(50,000)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(50,000)	100,000	50,000	-	137,721
NET CHANGE IN FUND BALANCES	-	41,006	-	(50,000)	100,000	50,131	-	137,721
FUND BALANCES (DEFICITS) - JANUARY 1	7,894	42,221	1,766	206,534	-	-	144,826	655,514
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 7,894	\$ 83,227	\$ 1,766	\$ 156,534	\$ 100,000	\$ 50,131	\$ 144,826	\$ 793,235

CITY OF PRESQUE ISLE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Other Special Revenues						Outside Grants
	Recreation Programs	Cost Recovery	Softball	Downing Park	Bloodhound	Police Unclaimed	
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,476
Interest income	-	-	1,650	-	-	-	-
Other income	17,538	2,000	-	594	-	-	500
TOTAL REVENUES	17,538	2,000	1,650	594	-	-	63,976
EXPENDITURES							
General government	-	1,219	-	-	-	-	63,894
Recreation and culture	22,266	-	199	55	-	-	-
Airport	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	22,266	1,219	199	55	-	-	63,894
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,728)	781	1,451	539	-	-	82
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(4,728)	781	1,451	539	-	-	82
FUND BALANCES (DEFICITS) - JANUARY 1	21,200	1,525	2,032	1,554	4,941	1,641	1,343
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 16,472	\$ 2,306	\$ 3,483	\$ 2,093	\$ 4,941	\$ 1,641	\$ 1,425

CITY OF PRESQUE ISLE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Other Special Revenues				
	Wellness Grant	Retirement Pay	Book Memorials	Revitalization	General Assistance
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-	-
Other income	-	-	3,493	5,096	-
TOTAL REVENUES	-	-	3,493	5,096	-
EXPENDITURES					
General government	1,171	37,013	-	240	-
Recreation and culture	-	-	4,933	-	-
Airport	-	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	1,171	37,013	4,933	240	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,171)	(37,013)	(1,440)	4,856	-
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	-
Transfers in	-	50,000	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	50,000	-	-	-
NET CHANGE IN FUND BALANCES	(1,171)	12,987	(1,440)	4,856	-
FUND BALANCES (DEFICITS) - JANUARY 1	12,370	8,534	2,679	17,263	3,564
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 11,199	\$ 21,521	\$ 1,239	\$ 22,119	\$ 3,564

CITY OF PRESQUE ISLE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Other Special Revenues				Total
	Appraisals	Movie Night	Military Surplus	Riverside Playground	
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 849,002
Interest income	-	-	-	-	7,884
Other income	-	200	-	22,000	907,438
TOTAL REVENUES	-	200	-	22,000	1,764,324
EXPENDITURES					
General government	-	-	-	-	278,220
Recreation and culture	-	1,808	-	-	33,311
Airport	-	-	-	-	1,916
Capital outlay	-	-	-	-	199,594
TOTAL EXPENDITURES	-	1,808	-	-	513,041
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,608)	-	22,000	1,251,283
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	1,000,000
Transfers in	-	-	-	-	357,721
Transfers (out)	-	-	-	-	(137,500)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	1,220,221
NET CHANGE IN FUND BALANCES	-	(1,608)	-	22,000	2,471,504
FUND BALANCES (DEFICITS) - JANUARY 1	11,450	2,433	1,887	19,531	1,557,329
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 11,450	\$ 825	\$ 1,887	\$ 41,531	\$ 4,028,833

See accompanying independent auditor's report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust fund.

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2021

	Reserve Funds							
	Police Department	Fire Department	Recreation and Parks	Library	City Hall	Public Works	Airport	Revitalization Committee
ASSETS								
Due from other funds	\$ 111,542	\$ 242,046	\$ 283,391	\$ 9,691	\$ 297,522	\$ 158,685	\$ -	\$ 29,250
TOTAL ASSETS	<u>\$ 111,542</u>	<u>\$ 242,046</u>	<u>\$ 283,391</u>	<u>\$ 9,691</u>	<u>\$ 297,522</u>	<u>\$ 158,685</u>	<u>\$ -</u>	<u>\$ 29,250</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 551,917	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>551,917</u>	<u>-</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	111,542	242,046	283,391	9,691	297,522	158,685	-	29,250
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(551,917)	-
TOTAL FUND BALANCES (DEFICITS)	<u>111,542</u>	<u>242,046</u>	<u>283,391</u>	<u>9,691</u>	<u>297,522</u>	<u>158,685</u>	<u>(551,917)</u>	<u>29,250</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 111,542</u>	<u>\$ 242,046</u>	<u>\$ 283,391</u>	<u>\$ 9,691</u>	<u>\$ 297,522</u>	<u>\$ 158,685</u>	<u>\$ -</u>	<u>\$ 29,250</u>

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2021

	Reserve Funds						
	PIIC	Echo Lake	FAA	Downtown Infrastructure	Public Safety Building	Airport T Hanger	Airport Hanger
ASSETS							
Due from other funds	\$ 457,212	\$ 31,867	\$ 106,130	\$ 75,312	\$ 102,716	\$ -	\$ 16,476
TOTAL ASSETS	<u>\$ 457,212</u>	<u>\$ 31,867</u>	<u>\$ 106,130</u>	<u>\$ 75,312</u>	<u>\$ 102,716</u>	<u>\$ -</u>	<u>\$ 16,476</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 377,324	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>377,324</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	16,476
Committed	457,212	31,867	106,130	75,312	102,716	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(377,324)	-
TOTAL FUND BALANCES (DEFICITS)	<u>457,212</u>	<u>31,867</u>	<u>106,130</u>	<u>75,312</u>	<u>102,716</u>	<u>(377,324)</u>	<u>16,476</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 457,212</u>	<u>\$ 31,867</u>	<u>\$ 106,130</u>	<u>\$ 75,312</u>	<u>\$ 102,716</u>	<u>\$ -</u>	<u>\$ 16,476</u>

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2021

	Restricted Reserve Funds						
	Septic Systems	Airport Project 51	Airport Trucks	Airport Project 49	Airport Taxilane Security Fence	Airport Crack Sealing	Airport Pavement Markings
ASSETS							
Due from other funds	\$ 829	\$ -	\$ -	\$ 31,449	\$ -	\$ -	\$ -
TOTAL ASSETS	<u>\$ 829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,449</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES							
Due to other funds	\$ -	\$ 51,007	\$ 145,487	\$ -	\$ 419,725	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>51,007</u>	<u>145,487</u>	<u>-</u>	<u>419,725</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	31,449	-	-	-
Committed	829	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	(51,007)	(145,487)	-	(419,725)	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>829</u>	<u>(51,007)</u>	<u>(145,487)</u>	<u>31,449</u>	<u>(419,725)</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,449</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2021

	Restricted Reserve Funds									
	Bike Path Improvements	Airport Proj/Cares Act 53	Airport Project 54	Airport Project Equipment	Vault Incentive Package	Solid Waste Reserve	Landfill Closure	Street Overlay	Community Center	Total
ASSETS										
Due from other funds	\$ 87,565	\$ 652,088	\$ -	\$ -	\$ -	\$ 275,570	\$ 754,090	\$ 241,234	\$ 170,425	\$ 4,135,090
TOTAL ASSETS	\$ 87,565	\$ 652,088	\$ -	\$ -	\$ -	\$ 275,570	\$ 754,090	\$ 241,234	\$ 170,425	\$ 4,135,090
LIABILITIES										
Due to other funds	\$ -	\$ -	\$ 56,659	\$ -	\$ 512,385	\$ -	\$ -	\$ -	\$ -	\$ 2,114,504
TOTAL LIABILITIES	-	-	56,659	-	512,385	-	-	-	-	2,114,504
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	87,565	-	-	-	-	-	-	-	-	135,490
Committed	-	652,088	-	-	-	275,570	754,090	241,234	170,425	3,999,600
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(56,659)	-	(512,385)	-	-	-	-	(2,114,504)
TOTAL FUND BALANCES (DEFICITS)	87,565	652,088	(56,659)	-	(512,385)	275,570	754,090	241,234	170,425	2,020,586
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 87,565	\$ 652,088	\$ -	\$ -	\$ -	\$ 275,570	\$ 754,090	\$ 241,234	\$ 170,425	\$ 4,135,090

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Reserve Funds						
	Police Department	Fire Department	Recreation and Parks	Library	City Hall	Public Works	
REVENUES							
Intergovernmental revenue	\$ -	\$ 3,540	\$ -	\$ -	\$ -	\$ -	\$ 42,026
Interest income	-	-	-	-	-	-	-
Other income	24,918	50	20,739	-	4,000	3,500	-
TOTAL REVENUES	<u>24,918</u>	<u>3,590</u>	<u>20,739</u>	<u>-</u>	<u>4,000</u>	<u>3,500</u>	<u>42,026</u>
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	10,274	19,981	-	-	-	-	-
Recreation and culture	-	-	-	5,734	-	-	-
Airport	-	-	-	-	-	-	108,092
Debt service	-	16,915	-	-	-	49,910	-
Capital outlay	32,984	-	576,004	-	789,425	205,888	86,532
TOTAL EXPENDITURES	<u>43,258</u>	<u>36,896</u>	<u>576,004</u>	<u>5,734</u>	<u>789,425</u>	<u>255,798</u>	<u>194,624</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(18,340)</u>	<u>(33,306)</u>	<u>(555,265)</u>	<u>(5,734)</u>	<u>(785,425)</u>	<u>(252,298)</u>	<u>(152,598)</u>
OTHER FINANCING SOURCES (USES)							
Note from direct borrowings payable	-	-	49,397	-	475,000	-	-
Transfers in	61,900	140,000	472,848	10,000	269,000	297,000	112,500
Transfers (out)	-	-	-	-	-	-	(225,728)
TOTAL OTHER FINANCING SOURCES (USES)	<u>61,900</u>	<u>140,000</u>	<u>522,245</u>	<u>10,000</u>	<u>744,000</u>	<u>297,000</u>	<u>(113,228)</u>
NET CHANGE IN FUND BALANCES	43,560	106,694	(33,020)	4,266	(41,425)	44,702	(265,826)
FUND BALANCES (DEFICITS) - JANUARY 1	67,982	135,352	316,411	5,425	338,947	113,983	(286,091)
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 111,542</u>	<u>\$ 242,046</u>	<u>\$ 283,391</u>	<u>\$ 9,691</u>	<u>\$ 297,522</u>	<u>\$ 158,685</u>	<u>\$ (551,917)</u>

CITY OF PRESQUE ISLE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Reserve Funds						
	PIIC	Echo Lake	FAA	Downtown Infrastructure	Public Safety Building	Airport T Hanger	Airport Hanger
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-	-	-	-
Other income	198,256	6,972	-	-	-	-	-
TOTAL REVENUES	198,256	6,972	-	-	-	-	-
EXPENDITURES							
General government	-	-	-	1,116	-	-	-
Public safety	-	-	-	-	2,586	-	-
Recreation and culture	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	234,452	-	-	-	-	294,366	-
TOTAL EXPENDITURES	234,452	-	-	1,116	2,586	294,366	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(36,196)	6,972	-	(1,116)	(2,586)	(294,366)	-
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	-	-	-	-	-	-
Transfers in	237,500	7,500	-	-	49,500	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	237,500	7,500	-	-	49,500	-	-
NET CHANGE IN FUND BALANCES	201,304	14,472	-	(1,116)	46,914	(294,366)	-
FUND BALANCES (DEFICITS) - JANUARY 1	255,908	17,395	106,130	76,428	55,802	(82,958)	16,476
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 457,212	\$ 31,867	\$ 106,130	\$ 75,312	\$ 102,716	\$ (377,324)	\$ 16,476

CITY OF PRESQUE ISLE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Restricted Reserve Funds						
	Septic Systems	Airport Project 51	Airport Trucks	Airport Project 49	Airport Taxilane Security Fence	Airport Crack Sealing	Airport Pavement Markings
REVENUES							
Intergovernmental revenue	\$ -	\$ 134,886	\$ 25,025	\$ 107,667	\$ -	\$ -	\$ -
Interest income	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	-	134,886	25,025	107,667	-	-	-
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	199,547	419,725	-	18,442
TOTAL EXPENDITURES	-	-	-	199,547	419,725	-	18,442
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	134,886	25,025	(91,880)	(419,725)	-	(18,442)
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	-	-	-	-	-	-
Transfers in	-	-	131,433	-	-	43,554	513,590
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	131,433	-	-	43,554	513,590
NET CHANGE IN FUND BALANCES	-	134,886	156,458	(91,880)	(419,725)	43,554	495,148
FUND BALANCES (DEFICITS) - JANUARY 1	829	(185,893)	(301,945)	123,329	-	(43,554)	(495,148)
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 829	\$ (51,007)	\$ (145,487)	\$ 31,449	\$ (419,725)	\$ -	\$ -

CITY OF PRESQUE ISLE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Restricted Reserve Funds					Solid Waste Reserve	Landfill Closure	Street Overlay	Community Center	Total
	Bike Path Improvements	Airport Proj/Cares Act 53	Airport Project 54	Airport Project Equipment	Vault Incentive Package					
REVENUES										
Intergovernmental revenue	\$ -	\$ -	\$ 862,389	\$ -	\$ -	\$ -	\$ 764,120	\$ 206,157	\$ -	\$ 2,145,810
Interest income	-	-	-	-	-	4,500	9,000	-	-	13,500
Other income	95,950	-	-	-	-	-	-	-	13,400	367,785
TOTAL REVENUES	95,950	-	862,389	-	-	4,500	773,120	206,157	13,400	2,527,095
EXPENDITURES										
General government	-	-	-	-	-	-	-	-	-	1,116
Public safety	-	-	-	-	-	-	-	-	-	32,841
Recreation and culture	-	-	-	-	-	-	-	-	-	5,734
Airport	-	2,247	-	-	-	-	-	-	-	110,339
Debt service	-	-	-	-	-	-	-	-	-	66,825
Capital outlay	183,697	-	229,661	-	512,385	-	-	481,594	-	4,264,702
TOTAL EXPENDITURES	183,697	2,247	229,661	-	512,385	-	-	481,594	-	4,481,557
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(87,747)	(2,247)	632,728	-	(512,385)	4,500	773,120	(275,437)	13,400	(1,954,462)
OTHER FINANCING SOURCES (USES)										
Bond proceeds	-	-	-	-	-	-	-	-	-	524,397
Transfers in	-	-	-	470	-	-	-	332,744	-	2,708,789
Transfers (out)	-	(470)	(688,577)	-	-	(87,200)	(260,348)	-	-	(1,262,323)
TOTAL OTHER FINANCING SOURCES (USES)	-	(470)	(688,577)	470	-	(87,200)	(260,348)	332,744	-	1,970,863
NET CHANGE IN FUND BALANCES	(87,747)	(2,717)	(55,849)	470	(512,385)	(82,700)	512,772	57,307	13,400	16,401
FUND BALANCES (DEFICITS) - JANUARY 1	175,312	654,805	(810)	(470)	-	358,270	241,318	183,927	157,025	2,004,185
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 87,565	\$ 652,088	\$ (56,659)	\$ -	\$ (512,385)	\$ 275,570	\$ 754,090	\$ 241,234	\$ 170,425	\$ 2,020,586

See accompanying independent auditor's report and notes to financial statements.

Permanent Funds

Permanent funds are used to account for assets held by the City of Presque Isle, Maine in trust or as an agent for individuals, private organizations, other governmental units and/or other funds. These funds have been established for the provision and/or maintenance of the cemeteries and various community organizations.

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
DECEMBER 31, 2021

	Cemetery Perpetual Care	School Lunch	Volunteer Fire Department	Downing Park Trust Fund	Burlock Lawway Scholarship Fund	Total
ASSETS						
Cash and cash equivalents	\$ 25,773	\$ 643	\$ 3,320	\$ 2,513	\$ 6,100	\$ 38,349
Investments	774,980	9,351	48,293	40,751	-	873,375
TOTAL ASSETS	\$ 800,753	\$ 9,994	\$ 51,613	\$ 43,264	\$ 6,100	\$ 911,724
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	20,000	-	20,000
Restricted	800,753	9,994	51,613	23,264	6,100	891,724
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	800,753	9,994	51,613	43,264	6,100	911,724
TOTAL LIABILITIES AND FUND BALANCES	\$ 800,753	\$ 9,994	\$ 51,613	\$ 43,264	\$ 6,100	\$ 911,724

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Cemetery Perpetual Care	School Lunch	Volunteer Fire Department	Downing Park Trust Fund	Burlock Lawway Scholarship Fund	Total
REVENUES						
Interest income	\$ 13,547	\$ 293	\$ 1,512	\$ 1,144	\$ -	\$ 16,496
Investment income, net of unrealized gains/(losses)	90,960	1,966	10,153	7,682	-	110,761
Other	(39,482)	(853)	(4,407)	(3,334)	-	(48,076)
TOTAL REVENUES	<u>65,025</u>	<u>1,406</u>	<u>7,258</u>	<u>5,492</u>	<u>-</u>	<u>79,181</u>
EXPENDITURES						
Fees	5,023	109	561	424	-	6,117
TOTAL EXPENDITURES	<u>5,023</u>	<u>109</u>	<u>561</u>	<u>424</u>	<u>-</u>	<u>6,117</u>
NET CHANGE IN FUND BALANCES	60,002	1,297	6,697	5,068	-	73,064
FUND BALANCES, JANUARY 1	<u>740,751</u>	<u>8,697</u>	<u>44,916</u>	<u>38,196</u>	<u>6,100</u>	<u>838,660</u>
FUND BALANCES, DECEMBER 31	<u>\$ 800,753</u>	<u>\$ 9,994</u>	<u>\$ 51,613</u>	<u>\$ 43,264</u>	<u>\$ 6,100</u>	<u>\$ 911,724</u>

See accompanying independent auditor's report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position.

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
DECEMBER 31, 2021

	Land, Non- Depreciable Infrastructure and Construction in Progress	Buildings, Land and Building Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General Government	\$ 5,071,460	\$ 25,926,698	\$ 950,610	\$ -	\$ 31,948,768
Public Safety	375,000	3,690,523	4,290,037	-	8,355,560
Public Works	41,000	1,872,835	4,104,074	18,798,286	24,816,195
Airport	2,736,874	20,682,282	6,283,301	31,992,741	61,695,198
Solid Waste	11,200	-	1,706,682	3,687,962	5,405,844
Recreation	1,907,989	10,671,750	1,375,566	-	13,955,305
Total General Capital Assets	10,143,523	62,844,088	18,710,270	54,478,989	146,176,870
Less: Accumulated Depreciation	-	(32,668,257)	(11,272,602)	(25,262,528)	(69,203,387)
Net General Capital Assets	\$ 10,143,523	\$ 30,175,831	\$ 7,437,668	\$ 29,216,461	\$ 76,973,483

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Capital Assets 1/1/21	Additions	Deletions	General Capital Assets 12/31/21
General Government	\$ 31,094,105	\$ 854,663	\$ -	\$ 31,948,768
Public Safety	8,346,278	38,983	(29,701)	8,355,560
Public Works	24,190,885	723,145	(97,835)	24,816,195
Airport	59,698,936	2,138,462	(142,200)	61,695,198
Solid Waste	5,405,844	-	-	5,405,844
Recreation	12,695,100	1,260,205	-	13,955,305
Total General Capital Assets	141,431,148	5,015,458	(269,736)	146,176,870
Less: Accumulated Depreciation	<u>(65,166,573)</u>	<u>(4,286,168)</u>	<u>249,354</u>	<u>(69,203,387)</u>
Net General Capital Assets	<u>\$ 76,264,575</u>	<u>\$ 729,290</u>	<u>\$ (20,382)</u>	<u>\$ 76,973,483</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal AL Number	Pass-through Grantor Number	Total Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Justice				
Passed through Maine Department of Public Safety:				
Passed through the County of Aroostook:				
Edward Byrne Memorial Justice Grant Program	16.738	N/A	\$ 6,979	\$ -
Passed through the City of Caribou:				
Enforcing Underage Drinking Program	16.727	N/A	2,621	-
Total U.S. Department of Justice			9,600	-
U.S. Department of Transportation				
Federal Aviation Administration:				
Airport Improvement Program	20.106	N/A	1,697,003	-
Airport Improvement Program (CARES Act)	20.106	N/A	2,247	-
			1,699,250	-
Passed through Maine Department of Transportation				
Highway Safety:				
Highway Safety Cluster:				
Alcohol Impaired Driving Countermeasures				
Incentive Grants I	20.601	ID22-025	10,967	-
Occupant Protection High Visibility Enforcement	20.602	OPB22-014	9,900	-
Total Highway Safety Cluster:			20,867	-
2020 HV Distracted Driving Enforcement				
	20.614	DD22-035	9,892	-
2020 Municipal and County Speed Enforcement				
	20.614	PT22-019	10,000	-
			19,892	-
Total U.S. Department of Transportation			1,740,009	-
U.S. Department of Treasury				
American Rescue Plan Act	21.027	N/A	95,204	-
Total U.S. Treasury			95,204	-
Institute of Museum and Library Services				
Passed through Maine State Library:				
MSL ARPA Formula Grants	45.310	N/A	3,000	-
Total Institute of Museum and Library Services			3,000	-
Northern Border Regional Commission				
Passed through State of Maine Office of Community Development:				
Northern Border Regional Development	90.601	N/A	294,366	-
Total Northern Border Regional Commission			294,366	-
U.S. Department of Health & Human Services				
Passed through Maine Development Foundation:				
Provider Relief Fund General and Targeted Distributions	93.498	N/A	25,599	-
Total Department of Health & Human Services			25,599	-
U.S. Department of Homeland Security				
Passed through Federal Emergency Management Agency:				
Assistance to Firefighters Grant	97.044	EMW-2020-FG-04656	13,286	-
Total Department of Homeland Security			13,286	-
TOTAL FEDERAL ASSISTANCE			\$ 2,181,064	\$ -

CITY OF PRESQUE ISLE, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Presque Isle, Maine under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Presque Isle, Maine, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Presque Isle, Maine.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The City of Presque Isle, Maine has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



Proven Expertise & Integrity

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

City Council
City of Presque Isle
Presque Isle, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Presque Isle, Maine as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the City of Presque Isle, Maine's basic financial statements and have issued our report thereon dated August 30, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Presque Isle, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Presque Isle, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Presque Isle, Maine's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Presque Isle's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the City of Presque Isle, Maine in a separate letter dated August 14, 2022.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
August 30, 2022



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

City Council
City of Presque Isle
Presque Isle, Maine

Report on Compliance for Each Major Federal Program

We have audited the City of Presque Isle, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Presque Isle, Maine's major federal programs for the year ended December 31, 2021. The City of Presque Isle, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Presque Isle, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Presque Isle, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Presque Isle, Maine's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Presque Isle, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Report on Internal Control Over Compliance

Management of the City of Presque Isle, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Presque Isle, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Presque Isle, Maine's internal control over compliance.

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

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

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

RHR Smith & Company

Buxton, Maine
August 30, 2022

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

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

Any audit findings disclosed that are required to be reported
in accordance with §200.516 of Uniform Guidance? yes no

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

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

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None