

City of Presque Isle, Maine

Comprehensive Annual Financial Report

*For the Fiscal Year Ended
December 31, 2015*

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For the Fiscal Year Ended
December 31, 2015

Prepared by:
City of Presque Isle
Finance Department

CITY OF PRESQUE ISLE, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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INTRODUCTORY SECTION

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May 30, 2016

To the City Councilors and
The Citizens of Presque Isle, Maine

Maine state statutes and the Presque Isle City Charter require that the City issue annually a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2015.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that is established for that purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The firm of RHR Smith and Company, Certified Public Accountants, has issued an unqualified ("clean") opinion on the City of Presque Isle, Maine's financial statements for the year ended December 31, 2015. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section which is unaudited, includes this letter of transmittal, the City's organizational chart, and a list of principal officials. The financial section includes the audited basic financial statements, individual fund statements and schedules, the independent auditor's report and the unaudited management discussion and analysis of the year's activity. The statistical section includes selected financial and demographic data and is unaudited.

Profile of the City of Presque Isle, Maine

The City of Presque Isle, Maine is located in central Aroostook County, the northernmost and largest of Maine's sixteen counties and the largest county east of the Mississippi River. The city encompasses approximately 72 square miles and serves a population of 9,692 as of the 2010 census. Presque Isle was first incorporated as a township on April 4, 1859 and incorporated as a City in 1939. Under Maine statutes, the City is empowered to levy a property tax on both real and personal property within its boundaries.

The City operates under a municipal charter approved by the voters of the community November 2, 1993 that provides for a council-manager form of government. Policy making and legislative authority is vested in a seven-member City Council. Councilors are elected on a non-partisan basis for four-year staggered terms. The City Manager is the chief administrative officer of the City and is appointed by the Council, as are the City Solicitor and City Clerk. The current City Manager was appointed by the City Council effective August 16, 2015.

The financial reporting entity includes all of the funds of the City of Presque Isle. The City provides a full range of services including police and fire protection; refuse collection; traffic control; on- and off-street parking; the construction and maintenance of highways, streets, sidewalks, and other infrastructure; recreational and cultural activities; a secure landfill; regional airport; social welfare; municipal planning, assessing, building inspection and code enforcement; licenses and permits; vital statistics; general administration and economic development.

The annual budget for the general fund serves as the foundation for the City's financial planning and control. The budget, which must be in balance, contains estimates of all non-tax revenue and receipts expected to be received during the next fiscal year, expenditures necessary to support City operations, debt service, and capital expenditures. The initial budget must be presented to the Council by the City Manager no later than 90 days before the beginning of the fiscal year on January 1. The Council may then make any modifications and recommendations. The City Council is required to hold two public hearings on the proposed budget before final approval. The budget must be approved by a two-thirds majority of the City Council before the beginning of the fiscal year on January 1.

The budget includes information, by department, on the current and preceding fiscal years and requested appropriations for the next fiscal year. The City Manager may transfer resources within a department, promptly notifying the Council in writing of the reallocation. Transfers between departments require special approval from the Council. Expenditures may not legally exceed appropriations at the departmental level without Council approval. Budget-to-Actual comparisons are provided on page 55 of this report.

Factors Affecting Financial Condition

Local Economy

The City of Presque Isle is the largest municipality north of Bangor. Through the years, Presque Isle has evolved into a regional service center for commerce, finance, education, health care, recreation, air transportation, and numerous other aspects of life in Aroostook County. This evolutionary process is attributable to several factors including:

- Historical and geographical influences;
- A clear assumption of a leadership role by the municipal government;
- The active involvement of Presque Isle citizens in regional, county, and statewide projects, politics, agencies and organizations;
- The aggressively self-reliant nature that has been characteristic of Aroostook County residents.

These factors have helped to sustain the City in times of economic hardship including the closing of a military installation and a significant downturn in the woods and agriculture industries, all mainstays of the area.

Other factors that contribute to the economic stability of the City include:

- Presque Isle is home to Northern Maine Regional Airport, the state's third largest airport,
- The Skyway Industrial Park, the third largest Industrial Park in the state,
- Educational opportunities include:
 - University of Maine at Presque Isle,
 - Northern Maine Community College,
 - An extension of Husson University,
 - An outstanding public school system,
 - A private school for grades pre-K - 8.
- Excellent medical services include a local hospital and ambulance service.
- An active Industrial Council that works to attract new businesses to the area.

The major industries affecting the local economy, agriculture and service, continue to be key components of the region's economic base. The two major agricultural industries, potato and woods, continue to struggle. Planted potato acreage, though lower than historical, remains stable. A third, broccoli, is doing well in the County.

The City has a balanced and fairly diverse tax base with a 55 to 45 split between residential and commercial property values. The largest single tax payer in 2015 comprised 4.42% of the total tax base with the top ten taxpayers combined representing 18.71% of the total tax base.

Long-term financial planning

Each year in planning for the future, the City identifies those major programs necessary to meet the citizens' needs for services while continuing to meet sharply increasing fixed costs. Among these programs are road construction and repair, vehicle equipment purchases, building renovations, and recreational activities. These initiatives are done in accordance with the City's basic financial planning document, its Five Year Capital Improvement Plan, which is updated by management and reviewed annually by the City Council.

The Capital Plan for 2016 calls for:

- Purchasing a 2 cruisers for the Police Department;
- Snow plow for the public works department;
- Sidewalk replacement at the passenger terminal at the Airport;
- Completion of the construction of a new Community Center.

In addition, this year's Capital Improvement Plan includes continued funding of the reserves for maintenance and improvements to various buildings at the Industrial Park and to add to the balance in the Emergency Reserve.

Relevant financial policies

The City of Presque Isle has in place a comprehensive set of financial policies including the implementation and use of the City's Emergency Reserve.

By charter, the City maintains an Emergency Reserve to be used only in extraordinary circumstances with unanimous City Council approval. This reserve is funded through an appropriation each year, mandated by the City Charter in the amount of 1.5% of the City's net municipal budget to a maximum of .5% of the current state valuation. Funds in this reserve have been used twice since its inception in 1993.

The City Council adopted a policy in 2009 stating that the amount that should be maintained in the General Fund unassigned fund balance should be 16.6%, or two months of budgeted expenditures. This amount can be reduced to 12% if an additional 4% is maintained in the emergency reserve for a total of 16%. At December 31, 2015, the unassigned fund balance in the general fund is 9.2% of the 2016 budgeted general fund expenditures. The balance in the Emergency Reserve is 13.9% of budgeted expenditures for a total coverage of 23.25 % of projected 2016 budgeted expenditures.

Major initiatives

Airport Taxiway reconstruction at the Northern Maine Regional Airport to replace some infrastructure that dates back to World War II. Total cost is anticipated to be \$5,300,000, 95% paid by the Federal Aviation Administration, 2.5% paid by the Maine Department of Transportation, and 2.5% from Northern Maine Regional Airport Funds.

Downtown Revitalization The future of the downtown of the City continues to be a major focus. What initially started as a grass roots effort by citizens to revitalize the downtown has become a major movement within the community. The *Downtown Revitalization Committee* is recognized as the formal committee and voice of downtown. Through their efforts a *Downtown Master Plan* was created in 2008 which included a number of design goals, strategies and proposed investments in the downtown business district.

Current projects include:

- The construction of a 'covered shelter' for a Community Market in the downtown area to be completed in 2016;
- In conjunction with Maine Department of Transportation complete the Bike Path around the City; and
- Improvements to the sidewalks and lighting in the downtown area.

Community Center A major initiative for the citizens of the City of Presque Isle is the construction of a new Community Center to replace the 75 year old William Haskell Recreation Center. This construction is scheduled to be completed in 2016. Total cost of the project is expected to be \$9,500,000.

Industrial Council In 2016 the City was awarded \$2,500,000 in state and federal grants with an additional \$1,200,000 being provided by the City to complete the build-out of a 'Spec Building' that will be leased to a manufacturer retaining 60 jobs and creating 20 new jobs. Construction is projected to be completed by mid-2017.

Awards and acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Presque Isle, Maine for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2014. This was the 16th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Appreciation is also extended to the accounting firm of RHR Smith & Company, Certified Public Accountants for its assistance in the preparation and review of this report. Credit must also be given to the City Council for their unfailing support in maintaining the highest standards of professionalism in the City of Presque Isle's finances.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Priscilla Webb". The signature is fluid and cursive, with the first name "Priscilla" and last name "Webb" clearly distinguishable.

Priscilla Webb,
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

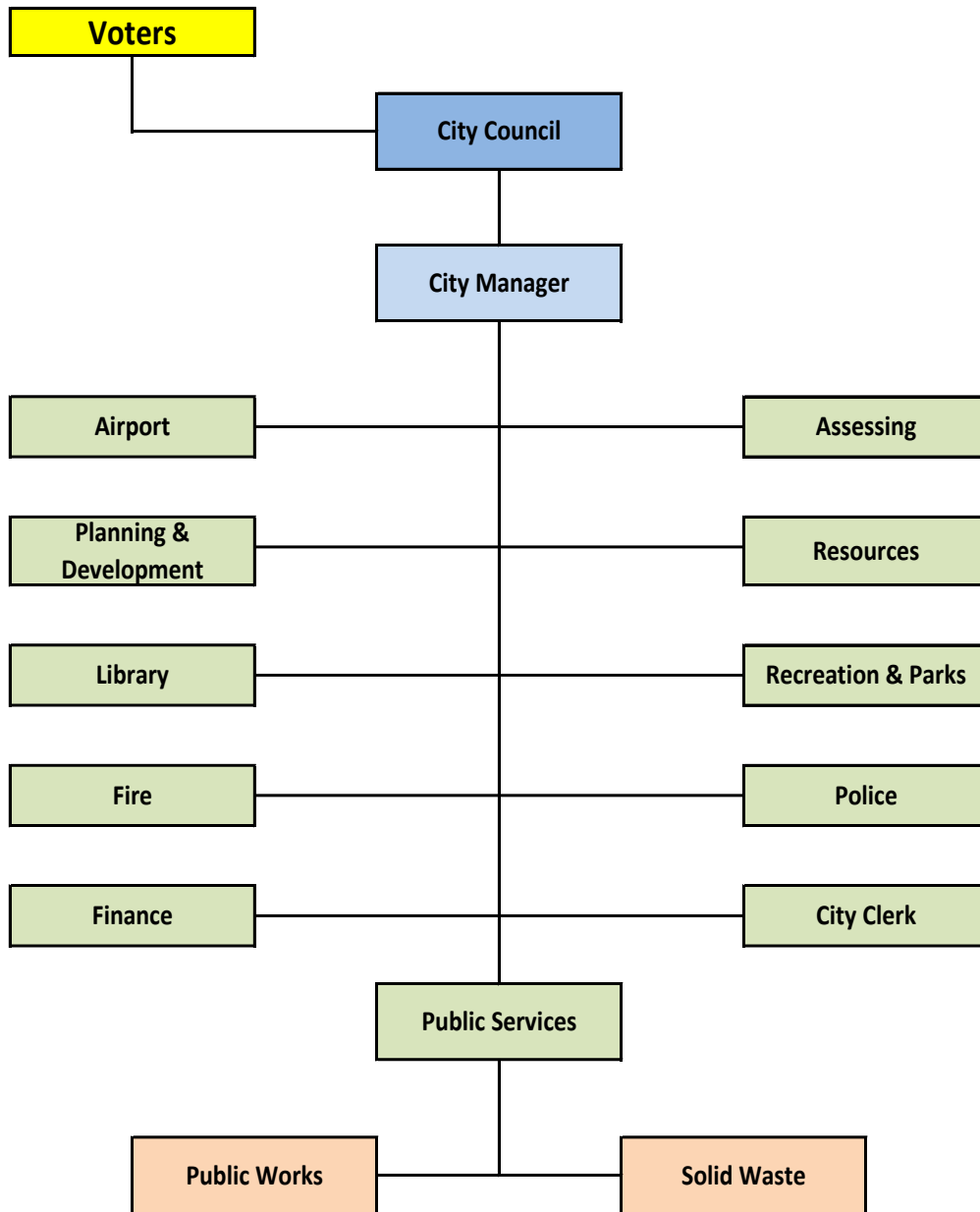
**City of Presque Isle
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CFO

**City of Presque Isle
Organization Chart As of December 31, 2015**



CITY OF PRESQUE ISLE
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2015

Elected Officials

City Council Chair	Emily Smith
City Council Vice Chair	Michael Chasse
Council Member	Randy Smith
Council Member	Richard Engels
Council Member	Craig Green
Council Member	Leigh Smith
Council Member	Natilee Graves

Appointed Officials

City Manager	Martin Puckett
Assessor	Lewis Cousins
Airport Manager	Scott Wardwell
Finance Director	Priscilla Webb
Fire Chief	Darrell White
Librarian, Mark and Emily Turner Memorial Library	Sonja Plummer-Eyler
Police Chief	Matthew Irwin
Recreation and Parks Director	Christopher Beaulieu
Planning & Development Director	Ken Arndt
Public Services Director	Dana Fowler
Resources Director	Kellie Chapman
Presque Isle Industrial Council Executive Director	Larry Clark

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FINANCIAL SECTION

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Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

City Council
City of Presque Isle
Presque Isle, Maine

Report on the Financial Statements

We have audited the accompanying 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, 2015, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express not such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Presque Isle, Maine as of December 31, 2015, 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.

Other Matters

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 information and schedule of funding progress on pages 13 through 22 on page 64 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Presque Isle, Maine's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary, airport 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.

The combining and individual nonmajor fund financial statements, budgetary, airport, capital asset schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary, airport, capital asset schedules and the 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 April 29, 2016, on our consideration of the City of Presque Isle Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Presque Isle's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
April 29, 2016

CITY OF PRESQUE ISLE
Management's Discussion and Analysis
December 31, 2015

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, 2015.

Financial Highlights

- The assets of the City of Presque Isle exceeded its liabilities at the close of 2015 by \$58,084,105 (*net position*). Of this amount, \$863,725 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$2,000,833 from December 31, 2014. Net position was restated as of January 1, 2015 to account for implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 (issued 06/12)*. As a result, the beginning net position balance was reduced by \$3,964,998.
- As of the close of the current fiscal year, the City of Presque Isle's governmental funds reported a combined ending fund balance of \$9,942,996 an increase of \$83,839 from the previous year. 4.7% of this total amount or \$463,197 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 \$1,300,507 or 7.9% of total general fund expenditures.

Overview of the Financial Statements

This 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 also provide the user with the accounting policies used in their preparation.

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 non-financial 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). Most of the City's

basic services are reported in governmental activities, which includes general government, public safety, public works, education, recreation and culture and other unclassified.

The government-wide financial statements can be found on pages 15 through 18 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 fund balance sheet* and in the *governmental funds statement of revenues, expenditures and changes in fund balance* for the general fund, airport, landfill operations, secure landfill closure, 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 19 through 21 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 22 through 52 of this report.

Other information In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* consisting of: general fund budgetary comparison, budgetary basis, budget to actual; schedule of changes in net pension liability and related ratios, schedule of contributions, and a schedule of investment returns.

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.

Required supplementary information can be found on page 54 through 59 of this report.

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 66 through 91 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 \$58,084,105 at December 31, 2015.

CITY OF PRESQUE ISLE'S Net Position

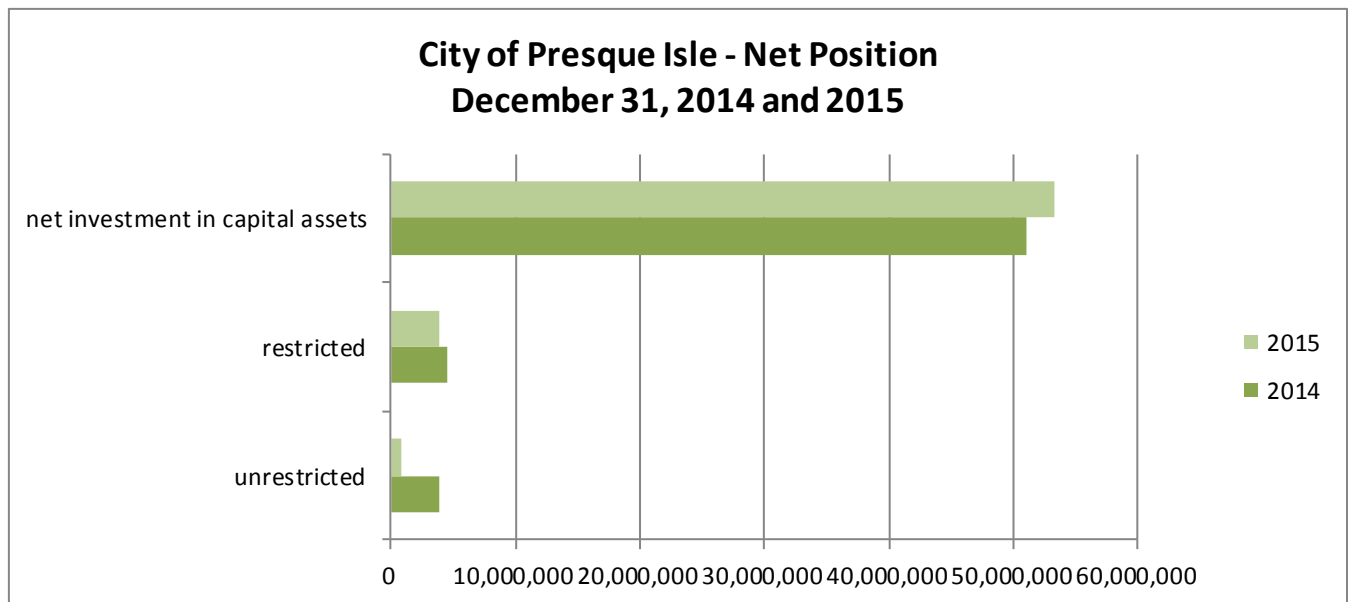
	2015	2014 (Restated)
Current assets	\$11,404,703	\$11,409,781
Capital assets	61,092,767	59,234,384
Total assets	72,497,470	70,644,165
Total deferred outflows of resources	347,213	0
Current liabilities	1,198,518	1,169,963
Long term liabilities outstanding	13,267,916	13,390,930
Total liabilities	14,466,434	14,560,893
Total deferred inflows of resources	294,144	0
Net Position:		
Net investment in capital assets	53,333,316	51,001,689
Restricted	3,887,064	4,499,577
Unrestricted	863,725	582,006
Total net position	\$58,084,105	\$56,083,272

By far the largest portion of the City of Presque Isle's net position \$53,333,316 (91.82%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment) less 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 \$3,887,064 (6.69%) represents resources that are subject to external restrictions on how they may be spent. The remaining balance of \$863,725 (1.49%) 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 reported categories of net position for the government as a whole. The same situation held true for the prior fiscal year.

CITY OF PRESQUE ISLE'S Change in Net Position

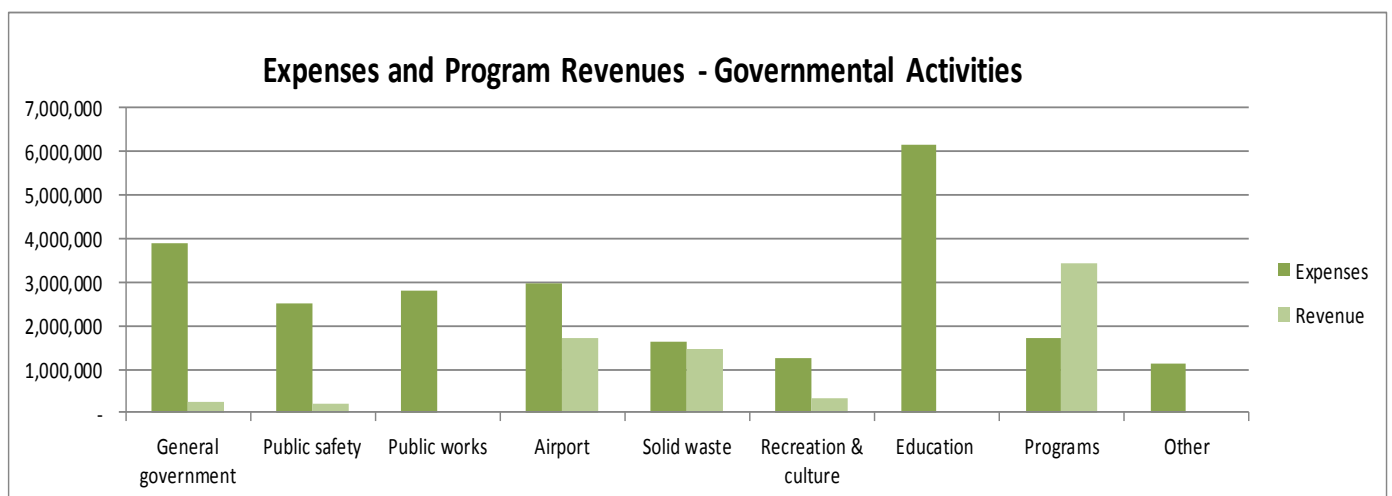
	2015	2014
Revenues		
Program revenues:		
Charges for services	\$ 4,378,556	\$ 4,899,374
Operating/capital grants and contributions	2,974,744	1,042,892
General revenues:		
Property taxes	13,171,030	13,076,652
Excise taxes	1,565,436	1,526,280
Grants and programs not restricted to specific programs	1,691,127	1,428,254
Other	2,257,471	519,560
Total revenues	26,038,364	22,493,012
Expenses		
General government	3,763,243	3,575,601
Public safety	2,502,715	2,508,598
Public works	2,789,012	2,741,027
Airport	2,965,690	2,031,029
Recreation and culture	1,270,879	1,237,803
Solid Waste	1,627,681	1,573,640
Education	6,152,769	6,150,296
County	619,295	603,602
Unclassified	485,937	623,451
Program expenditures	1,720,521	96,865
Interest on long term debt	139,789	129,953
Total expenses	24,037,531	21,271,865
Increase (decrease) in net position	2,000,833	1,221,147
Net position January 1, Restated	56,083,272	54,862,125
Net position December 31	58,084,105	56,083,272



During the current fiscal year, net position for governmental activities increased \$2,000,833. The reasons for this overall increase are discussed in the following section for governmental activities.

Governmental Activities The City's net position was restated as of January 1, 2015 to correctly reflect the Cunningham School Reserve Fund as a loan receivable in the Presque Isle Development Fund. As a result, the beginning balance has been increased by \$144,458. The net position has also been restated to account for implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 (issued 06/12)*. As a result the beginning balance has been reduced by \$3,820,540 to a balance of \$56,083,272.

Governmental activities resulted in an increase in the City of Presque Isle's net position of \$2,000,883 from the Restated beginning balance for an ending balance of \$58,084,105. The increase is primarily attributable to improvements at the airport; \$1,645,000 for a new General Aviation Terminal and improvements to the runways financed 95% by the Federal Aviation Administration.

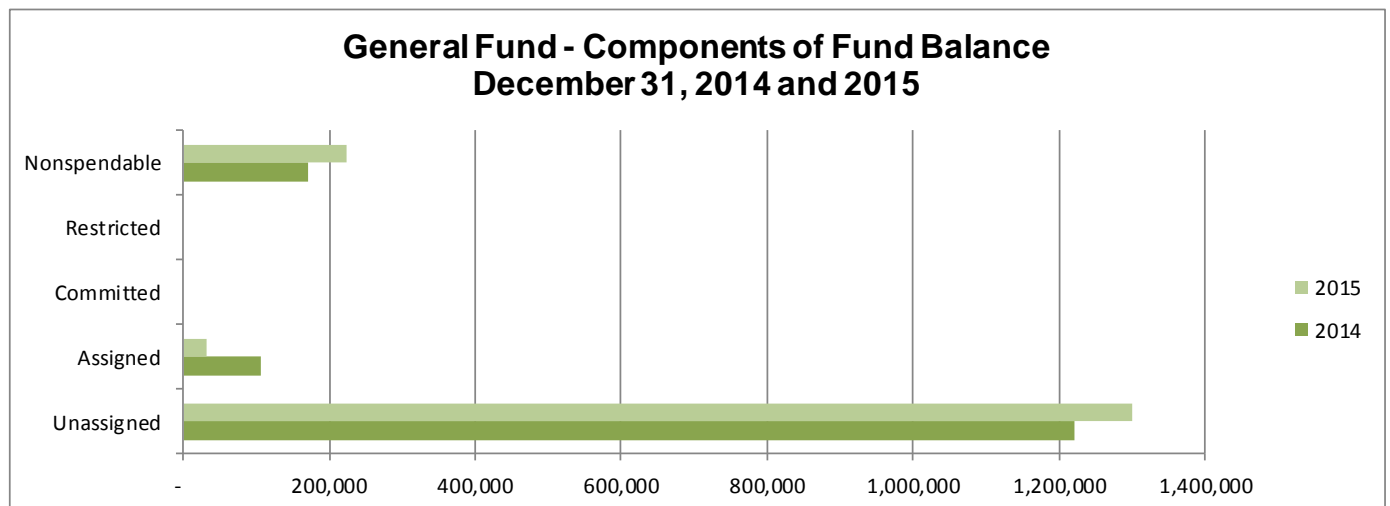


Financial Analysis of Governmental Funds

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.

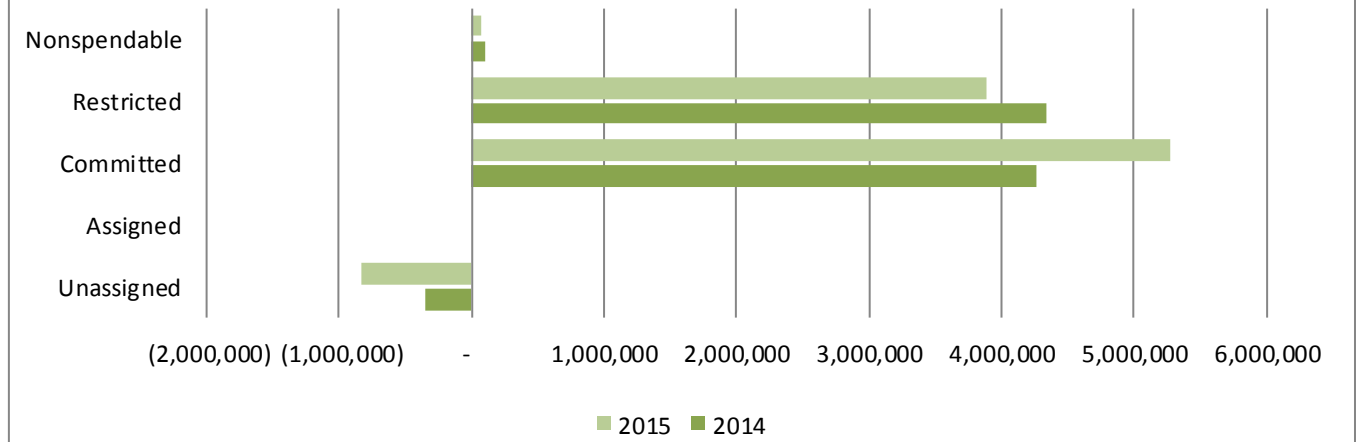
As of December 31, 2015, the City of Presque Isle's governmental funds reported combined fund balance of \$9,942,996 an increase of \$83,839 from 2014. Approximately 1.66% of the total amount (\$463,197) constitutes *unassigned fund balance*, which is available to meet the future financial needs of the City. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed* or *assigned* to indicate the it is 1) not in spendable form (\$283,845) or is legally required to remain intact (\$10,000), 2) restricted for a particular purpose (\$3,877,064), 3) committed for particular purposes (\$5,276,690, or 4) is assigned for particular purposes (\$32,200).



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 \$1,300,507, an increase of \$79,707 from 2014. The total fund balance increased \$58,622 to \$1,553,768.

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 7.27 percent of total general fund expenditures, while total fund balance represents approximately 8.70 percent of that same amount.

Other Governmental Funds - Components of Fund Balance December 31, 2015 and 2014



The *Airport Fund* is used to monitor the activities of the City's airport. During 2015 the airport generated \$1,709,678 in revenue, expended \$1,583,008, had net transfers out of \$74,893 and the difference \$12,756 will be transferred into Fund 12, the airport capital reserve in 2016.

The *Landfill Operations Fund* is used to monitor the revenue and expenses of the secure landfill. The secure landfill is a joint project with six other surrounding communities. The City of Presque Isle funds approximately 82% of the operating costs. The fund balance is transferred into the Solid Waste Reserve for Equipment and Capital Improvements at the start of the new year for 2016 that will be \$87,083.

The *Secure Landfill Closure Reserve* is used to monitor funds for the costs of closure. In 2014, \$2,546,927 was used to construct the permanent closure of Phase I which used up all of its reserves. The State of Maine is reimbursing the City for 75% of these costs.

The *UDAG Revolving 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 13 loans outstanding totaling \$754,472; one inter-city loan in the amount of \$144,458 and \$1,070,008 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 2015, the City contributed \$91,550 to this fund, \$8,624 constituted earnings on investments.

The *Community Center Construction Reserve* was created to monitor the funding and construction costs of the new community center which is scheduled for completion in 2016.

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 \$422,252 above estimates and expenses were \$152,059 above estimates, an additional amount of \$140,243 (utilization of unassigned fund balance) was used for a decrease to unassigned fund balance of \$76,321 at year end.

Resources (inflows) for the General Fund (on the budgetary basis of accounting) totaled \$17,954,101 for the year ended December 31, 2015, a decrease of \$478,630 from 2014:

- For both the current and prior years, real estate taxes represent the largest revenue source-- \$13,006,030 or 74.4% of all general fund revenues, a decrease of \$35, 622 or 0.3% from 2014. Excise tax collections of \$1,565,436, an increase of \$39,156 from 2014, represent 9.0% of total revenues.
- Intergovernmental revenues of \$1,334,914 or 7.6% of total revenues decreased \$23,539 from 2014.

Charges to Appropriations (outflows) from the General Fund (on the budgetary basis of accounting) totaled \$17,475,471 for the year ended December 31, 2015, a decrease of \$503,120 from 2014:

- Education expenditures of \$6,152,769, 34.4% of total expenditures, increased \$2,714 over 2014.
- General Government expenditures of \$3,247,316 (18.2% of the total) decreased \$15,593 from 2014.
- Public Works expenditures of \$2,035,532 (11.4% of the total) decreased \$575 from 2014.

The following schedule provides a summary of General Fund revenues and expenditures on the budgetary basis of accounting for the year 2015 and the change from 2014.

CITY OF PRESQUE ISLE'S General Fund Analysis

	Amount	% of Total	Change from 2014
Revenues			
Taxes:			
Real Estate	\$ 13,006,030	72.5%	94,378
Excise	1,565,436	8.7%	39,156
Intergovernmental	1,334,914	7.4%	(23,539)
Charges for services	1,279,734	7.1%	(14,079)
Investment Income	14,700	0.1%	(1,633)
Other revenue	99,953	0.6%	19,608
Transfers from other funds	653,334	3.6%	494,739
Total revenues	17,954,101	100.0%	478,630
Expenses			
General government	3,247,316	18.1%	(15,593)
Public safety	2,243,880	12.5%	32,215
Public works	2,035,532	11.4%	575
Solid Waste	355,068	2.0%	354,221
Recreation and culture	1,053,791	5.9%	(3,522)
Education	6,152,769	34.4%	2,473
County tax	619,295	3.5%	15,693
TIF	68,832	0.4%	(62,541)
Unclassified	417,105	2.3%	(92,793)
Debt service	262,602	1.5%	(17,287)
Transfers out	1,439,289	8.0%	(296,553)
Total expenses	17,895,479	100.0%	(83,112)

Capital Asset and Debt Administration

Capital Assets As of December 31, 2015, the City of Presque Isle's investment in capital assets was \$61,092,767 (net of depreciation), an increase of \$1,858,383 or 03.1% from December 31, 2014. Physical assets increased \$951,080 and depreciation was \$3,184,546. This investment in capital assets includes building, improvements, machinery, equipment, roads and airport improvements and runways.

CITY OF PRESQUE ISLE'S Capital Assets

	2015	2014
Land	\$ 5,491,541	\$ 5,670,341
Works of art and historical treasures	698,990	698,990
Buildings and improvements	14,853,804	11,957,626
Improvements other than buildings	1,167,916	1,231,670
Machinery, equipment and vehicles	4,690,828	5,189,492
Infrastructure	30,188,235	31,552,107
Construction in progress	4,001,453	2,934,158
Total assets, net of depreciation	\$ 61,092,767	\$ 59,234,384

Major capital asset events during the current fiscal year include:

- Equipment purchases:
 - 2 police cruisers, \$54,500,
 - Plow truck for public works, \$153,603,
 - A pick-up with plow attachment for public works, \$38,091
 - Used caterpillar dozer for solid waste, \$38,000,
 - Aircraft tug for the airport, \$50,000,
- Road improvements \$415,647,
- Construction of a new general aviation terminal at the Airport funded 95% by the Federal Aviation Administration, \$1,650,000,
- Began construction on a new community center \$2,987,637.

Additional information about the City of Presque Isle's capital assets can be found in the notes to the financial statements on pages 33 through 34 of this report.

CITY OF PRESQUE ISLE'S Outstanding Debt

	2015	2014
General obligation bonds	\$ 7,537,799	\$ 7,643,574
Notes payable	221,652	340,580
Pension related debt	4,102,796	3,964,998
Total	\$ 11,862,247	\$ 11,949,152

Economic Factors and Next Year's Budget

In preparing the City's 2016 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 2016 fiscal year, the City's management will continue to monitor and evaluate local economic conditions. Items of concern include:

Revenue projections:

- A possible continued reduction in the Municipal Revenue Sharing pool resulting from a slowdown in the state's tax receipts and possible changes in how the State calculates the revenue sharing pool;
- A decline in taxable assessed values is resulting in decreased property tax revenue.

Expenditure projections:

- Continuing uncertainty in the State budget regarding local school funding is a concern. While the school district is separate from the City, the City is responsible for 73.4% of the School District's funding at this time. Currently the school district requires an increase of 3% each year to maintain its current level of services. If the state should decrease its funding, the City would need to proportionately increase its share to keep the same level of services.
- Decreasing revenue on the investments for pension funds have resulted in an unfunded pension liability that has caused a sharp increase in the rate charged by MainePERS (Maine State Retirement).
- The state of unrest in global conditions may easily lead to significant increases in the cost of fuel and electricity.
- Rising cost of health insurance.
- Financing for the construction of the new community center will result in increased debt service of \$500,000.

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, 2015

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,827,280
Investments	3,538,966
Accounts receivable (net of allowance for uncollectibles):	
Taxes/liens	1,340,513
Other	1,414,099
Tax acquired property	118,702
Inventory	59,398
Prepaid expenses	105,745
Total current assets	<u>11,404,703</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	10,191,984
Depreciable assets, net of accumulated depreciation	<u>50,900,783</u>
Total noncurrent assets	<u>61,092,767</u>
TOTAL ASSETS	<u>72,497,470</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	347,213
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>347,213</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 72,844,683</u></u>

CITY OF PRESQUE ISLE, MAINE

STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2015

LIABILITIES

Current liabilities:

Accounts payable	\$ 70,958
Accrued payroll	72,496
Due to other governments	18,229
Current portion of long-term obligations	<u>1,036,835</u>
Total current liabilities	<u>1,198,518</u>

Noncurrent liabilities:

Noncurrent portion of long-term obligations:

Bonds payable	7,032,573
Notes payable	96,427
Landfill closure	1,068,214
Other postemployment benefits	1,030,186
Net pension liability	<u>4,040,516</u>
Total noncurrent liabilities	<u>13,267,916</u>
TOTAL LIABILITIES	<u>14,466,434</u>

DEFERRED INFLOWS OF RESOURCES

Prepaid taxes	24,265
Deferred revenues	20,759
Deferred inflows related to pensions	<u>249,120</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>294,144</u>

NET POSITION

Net investment in capital assets	53,333,316
Restricted for: Grant funds	3,103,655
Capital projects funds	81,976
Cemetery and other permanent funds	701,433
Unrestricted	<u>863,725</u>
TOTAL NET POSITION	<u>58,084,105</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND
NET POSITION

\$ 72,844,683

See accompanying independent auditors' report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 3,763,243	\$ 194,965	\$ -	\$ -	\$ (3,568,278)
Public safety	2,502,715	84,037	123,152	-	(2,295,526)
Solid waste	1,627,681	1,443,138	-	-	(184,543)
Public works	2,789,012	-	-	-	(2,789,012)
Facilities	125,639	-	-	-	(125,639)
Recreation and culture	1,270,879	331,340	-	-	(939,539)
Airport	2,965,690	-	-	-	(2,965,690)
Education	6,152,769	-	-	-	(6,152,769)
County tax	619,295	-	-	-	(619,295)
TIF	68,832	-	-	-	(68,832)
Outside services	41,125	-	-	-	(41,125)
Unclassified	250,341	-	50,100	-	(200,241)
Program expenses	1,720,521	2,325,076	2,801,492	-	3,406,047
Interest on debt service	139,789	-	-	-	(139,789)
Total governmental activities	<u>\$ 24,037,531</u>	<u>\$ 4,378,556</u>	<u>\$ 2,974,744</u>	<u>\$ -</u>	<u>(16,684,231)</u>

CITY OF PRESQUE ISLE, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(16,684,231)</u>
General revenues:	
Tax revenue	14,736,466
Grants and contributions not restricted to specific programs	1,691,127
Interest income	15,663
Investment income, net of unrealized gains/(losses)	(4,396)
Miscellaneous	<u>2,246,204</u>
Total general revenues	<u>18,685,064</u>
Change in net position	2,000,833
NET POSITION - JANUARY 1, RESTATED	<u>56,083,272</u>
NET POSITION - DECEMBER 31	<u><u>\$ 58,084,105</u></u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	Airport	Landfill Operations	Landfill Closure	Development Fund	Emergency Reserve	Community Center	Other Governmental Funds	Totals Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 4,776,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,255	\$ 4,827,280
Investments	2,888,788	-	-	-	-	-	-	650,178	3,538,966
Accounts receivable (net of allowance for uncollectibles):									
Taxes/liens	1,340,513	-	-	-	-	-	-	-	1,340,513
Other	515,159	-	-	-	898,940	-	-	-	1,414,099
Tax acquired property	118,702								118,702
Inventory	-	59,398	-	-	-	-	-	-	59,398
Prepaid items	105,745	-	-	-	-	-	-	-	105,745
Due from other funds	837,310	-	87,135	507,478	1,116,000	1,968,948	-	3,883,820	8,400,691
TOTAL ASSETS	\$ 10,582,242	\$ 59,398	\$ 87,135	\$ 507,478	\$ 2,014,940	\$ 1,968,948	\$ -	\$ 4,585,253	\$ 19,805,394
LIABILITIES									
Accounts payable	\$ 70,958	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,958
Accrued payroll	72,496	-	-	-	-	-	-	-	72,496
Due to other governments	18,229	-	-	-	-	-	-	-	18,229
Due to other funds	7,563,381	46,642	-	-	-	-	564,954	225,714	8,400,691
TOTAL LIABILITIES	7,725,064	46,642	-	-	-	-	564,954	225,714	8,562,374
DEFERRED INFLOWS OF RESOURCES									
Prepaid taxes	24,265	-	-	-	-	-	-	-	24,265
Deferred revenues	20,759	-	-	-	-	-	-	-	20,759
Deferred tax revenues	1,255,000	-	-	-	-	-	-	-	1,255,000
TOTAL DEFERRED INFLOWS OF RESOURCES	1,300,024	-	-	-	-	-	-	-	1,300,024
FUND BALANCES (DEFICITS)									
Nonspendable	224,447	59,398	-	-	-	-	-	10,000	293,845
Restricted	-	-	-	-	2,014,940	-	-	1,862,124	3,877,064
Committed	-	-	87,135	507,478	-	1,968,948	-	2,713,129	5,276,690
Assigned	32,200	-	-	-	-	-	-	-	32,200
Unassigned	1,300,507	(46,642)	-	-	-	-	(564,954)	(225,714)	463,197
TOTAL FUND BALANCES (DEFICITS)	1,557,154	12,756	87,135	507,478	2,014,940	1,968,948	(564,954)	4,359,539	9,942,996
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 10,582,242	\$ 59,398	\$ 87,135	\$ 507,478	\$ 2,014,940	\$ 1,968,948	\$ -	\$ 4,585,253	\$ 19,805,394

See accompanying independent auditors' 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, 2015

	Total Governmental Funds
Total Fund Balances	\$ 9,942,996
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	61,092,767
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	1,255,000
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	347,213
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(7,537,799)
Notes payable	(221,652)
Landfill closure	(1,068,214)
Other postemployment benefits	(1,030,186)
Accrued compensated absences	(344,104)
Net pension liability	(4,102,796)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(249,120)
Net position of governmental activities	<u>\$ 58,084,105</u>

See accompanying independent auditors' 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, 2015

	General Fund	Airport	Landfill Operations	Landfill Closure	Development Fund	Emergency Reserve	Community Center	Other Governmental Funds	Total Governmental Funds
REVENUES									
Tax revenue	\$ 14,571,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,571,466
Intergovernmental revenue	1,334,914	-	-	529,465	-	-	-	2,801,492	4,665,871
Charges for services	1,279,734	1,670,619	1,428,203	-	-	-	-	-	4,378,556
Interest income	14,700	-	-	-	-	-	-	963	15,663
Investment income, net of unrealized gains/(losses)	-	-	-	-	1,352	8,624	-	(14,372)	(4,396)
Other revenue	99,953	39,059	8,525	-	18,455	-	-	2,080,212	2,246,204
TOTAL REVENUES	<u>17,300,767</u>	<u>1,709,678</u>	<u>1,436,728</u>	<u>529,465</u>	<u>19,807</u>	<u>8,624</u>	<u>-</u>	<u>4,868,295</u>	<u>25,873,364</u>
EXPENDITURES									
Current:									
General government	3,247,316	-	-	-	-	-	-	-	3,247,316
Public safety	2,243,880	-	-	-	-	-	-	-	2,243,880
Solid waste	355,068	-	847,386	-	-	-	-	-	1,202,454
Public works	2,035,532	-	-	-	-	-	-	-	2,035,532
Facilities	125,639	-	-	-	-	-	-	-	125,639
Recreation and culture	1,053,791	-	-	-	-	-	-	-	1,053,791
Airport	-	1,583,008	-	-	-	-	-	-	1,583,008
Education	6,152,769	-	-	-	-	-	-	-	6,152,769
County tax	619,295	-	-	-	-	-	-	-	619,295
TIF	68,832	-	-	-	-	-	-	-	68,832
Outside services	41,125	-	-	-	-	-	-	-	41,125
Unclassified	250,341	-	-	-	-	-	-	-	250,341
Program expenditures	-	-	-	-	45,533	-	6,653	1,109,978	1,162,164
Debt service	262,602	-	350,286	-	-	-	-	126,604	739,492
Capital outlay	-	-	-	-	-	-	2,600,457	3,182,888	5,783,345
TOTAL EXPENDITURES	<u>16,456,190</u>	<u>1,583,008</u>	<u>1,197,672</u>	<u>-</u>	<u>45,533</u>	<u>-</u>	<u>2,607,110</u>	<u>4,419,470</u>	<u>26,308,983</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>844,577</u>	<u>126,670</u>	<u>239,056</u>	<u>529,465</u>	<u>(25,726)</u>	<u>8,624</u>	<u>(2,607,110)</u>	<u>448,825</u>	<u>(435,619)</u>
OTHER FINANCING SOURCES (USES)									
Bond proceeds	-	-	-	-	-	-	-	375,000	375,000
Transfers in	653,334	39,020	431,228	-	-	91,550	2,042,156	1,400,970	4,658,258
Transfers (out)	(1,439,289)	(113,913)	(812,837)	-	(28,000)	-	-	(2,264,219)	(4,658,258)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(785,955)</u>	<u>(74,893)</u>	<u>(381,609)</u>	<u>-</u>	<u>(28,000)</u>	<u>91,550</u>	<u>2,042,156</u>	<u>(488,249)</u>	<u>375,000</u>
NET CHANGE IN FUND BALANCES	58,622	51,777	(142,553)	529,465	(53,726)	100,174	(564,954)	(39,424)	(60,619)
FUND BALANCES (DEFICITS) - JANUARY 1, RESTATED	<u>1,498,532</u>	<u>(39,021)</u>	<u>229,688</u>	<u>(21,987)</u>	<u>2,068,666</u>	<u>1,868,774</u>	<u>-</u>	<u>4,398,963</u>	<u>10,003,615</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 1,557,154</u>	<u>\$ 12,756</u>	<u>\$ 87,135</u>	<u>\$ 507,478</u>	<u>\$ 2,014,940</u>	<u>\$ 1,968,948</u>	<u>\$ (564,954)</u>	<u>\$ 4,359,539</u>	<u>\$ 9,942,996</u>

See accompanying independent auditors' 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, 2015

Net change in fund balances - total governmental funds (Statement E)	\$ (60,619)
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 purchases	6,070,124
Capital asset deletions	(839,217)
Depreciation expense	(3,372,524)
	<u>1,858,383</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported	
Taxes and liens receivable	<u>165,000</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	<u>347,213</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(375,000)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>599,703</u>
Deferred inflows 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	<u>(249,120)</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:	
Other post-employment benefits	(151,167)
Landfill closure	(43,848)
Accrued compensated absences	48,086
Net pension liability	(137,798)
	<u>(284,727)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 2,000,833</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 services, public safety, public works, solid waste, recreation and culture, airport and education.

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.

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, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are 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.). 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 or a business-type activity. 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.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Measurement Focus - Basic Financial Statements & 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:

- 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.
- c. The Landfill Operations Fund accounts for the annual operating costs of the landfill.
- d. The Landfill Closure Fund is used to accumulate funds to cover the cost of closing the landfill.
- e. The Development Fund is used to account for the City's loan funds for business development.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- f. The Emergency Reserve Fund is used to accumulate funds to cover any unforeseen and unbudgeted emergency expenses.
- g. The Community Center Fund is being used to account for the construction of a new community center.
- h. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- i. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- j. 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.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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, airport fund, and the landfill operations 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.
4. The City does not adopt budgets for Special Revenue Funds.

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.

CITY OF PRESQUE ISLE, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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

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 expenses

Certain insurance and other payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

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 government-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 both Governmental and Proprietary Funds.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be zero as of December 31, 2015.

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. Contributed assets are reported at fair market value as of the date received. 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 fixed assets are valued at their estimated fair market value on the date received. 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	20 - 50 years
Infrastructure	5 - 50 years
Machinery and equipment	2 - 30 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term debt 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 debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists of bonds and notes payable, landfill closure, other post-employment benefits, compensated absences and net pension liability.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 debt 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, 2015, the City's liability for compensated absences is \$344,104.

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan, which includes the PLD Agent Plan, a combination of single employer plans that were open when the PLD Consolidated Plan began, 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.

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.

CITY OF PRESQUE ISLE, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 only one type of item, deferred outflows related to pensions. This item is 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. The City has only one type of item, deferred tax revenues, which arises only under a modified accrual basis of accounting that 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 inflows related to pensions qualifies for reporting in this category as well. This item is 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 June 30, 2015 on the assessed value listed as of April 1, 2015, for all real and personal property located in the City. Taxes were due on October 15, 2015. Interest on unpaid taxes commenced on October 16, 2015, at 7% 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 \$101,946 for the year ended December 31, 2015.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 for services, operating and capital grants).

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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, 2015, the City's cash balance of \$4,827,280 was comprised of bank deposits and cash equivalents totaling \$5,937,149. Of these bank deposits,

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

\$4,567,063 was insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$43,175 was covered by the Securities Investor Protection Corporation (SIPC) and \$1,326,911 was collateralized with securities held by the financial institution in the City's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 1,769,459
ICS savings account	4,004,172
Money market accounts	120,343
Cash or cash equivalents	43,175
	<u>\$ 5,937,149</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. At December 31, 2015, of the City's investments of \$3,538,966, \$2,888,788 was covered by federal depository insurance and consequently not exposed to custodial credit risk and \$456,825 was covered by the Securities Investor Protection Corporation (SIPC). The remaining investments of \$193,353 were uncollateralized and uninsured.

At December 31, 2015, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u><1 Year</u>	<u>1 - 5 Years</u>
Fixed income - mutual funds	\$ 174,428	\$ 174,428	\$ -	\$ -
Equities - stock	174,535	174,535	-	-
Equities - mutual funds	292,126	292,126	-	-
Real assets	9,089	9,089	-	-
Certificate of deposits	2,888,788	-	2,888,788	-
	<u>\$ 3,538,966</u>	<u>\$ 650,178</u>	<u>\$ 2,888,788</u>	<u>\$ -</u>

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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.

NOTE 3 - REVOLVING LOAN FUND

The revolving loan program is used for the purpose of lending money for economic development. The program has 13 loans outstanding, including one inter-city loan, with \$1,070,008 available for lending. Loans receivable at June 30, 2015, 2014 and 2013 were \$754,482, \$950,283 and \$1,056,034, respectively.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2015 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General fund	\$ 837,310	\$ 7,563,381
Airport	-	46,642
Landfill operations	87,135	-
Landfill closure	507,478	-
Development fund	1,116,000	-
Emergency reserve	1,968,948	-
Community center	-	564,954
Nonmajor special revenue funds	1,280,965	5,126
Nonmajor capital projects funds	2,602,855	220,588
	<u>\$ 8,400,691</u>	<u>\$ 8,400,691</u>

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2015:

	Balance, 1/1/15	Additions	Deletions	Balance, 12/31/15
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 5,670,341	\$ -	\$ (178,800)	\$ 5,491,541
Construction in progress	2,934,158	2,941,901	(1,874,606)	4,001,453
Works of art & historical treasures	698,990	-	-	698,990
	<u>9,303,489</u>	<u>2,941,901</u>	<u>(2,053,406)</u>	<u>10,191,984</u>
Depreciated assets:				
Land improvements	8,674,021	34,962	(412,772)	8,296,211
Buildings	23,652,973	1,675,000	(752,549)	24,575,424
Building improvements	9,063,383	2,387,272	(694,260)	10,756,395
Furniture and fixtures	165,379	18,853	(24,347)	159,885
Machinery & equipment	6,351,468	188,088	(904,186)	5,635,370
Vehicles	6,972,953	261,194	(1,263,535)	5,970,612
Infrastructure	48,796,673	437,460	-	49,234,133
	<u>103,676,850</u>	<u>5,002,829</u>	<u>(4,051,649)</u>	<u>104,628,030</u>
Less: accumulated depreciation				
Land improvements	(7,442,351)	(98,716)	412,772	(7,128,295)
Buildings	(15,290,249)	(414,930)	752,549	(14,952,630)
Building improvements	(5,468,481)	(374,282)	317,378	(5,525,385)
Furniture and fixtures	(118,438)	(9,771)	21,869	(106,340)
Machinery & equipment	(3,981,543)	(331,649)	695,482	(3,617,710)
Vehicles	(4,200,327)	(341,844)	1,191,182	(3,350,989)
Infrastructure	(17,244,566)	(1,801,332)	-	(19,045,898)
	<u>(53,745,955)</u>	<u>(3,372,524)</u>	<u>3,391,232</u>	<u>(53,727,247)</u>
Subtotal	<u>49,930,895</u>	<u>1,630,305</u>	<u>(660,417)</u>	<u>50,900,783</u>
Net capital assets	<u>\$ 59,234,384</u>	<u>\$ 4,572,206</u>	<u>\$ (2,713,823)</u>	<u>\$ 61,092,767</u>
<u>Current year depreciation</u>				
General Government				\$ 329,293
Public Safety				264,754
Public Works				753,480
Airport				1,382,682
Solid Waste				425,227
Recreation				217,088
Total depreciation expense				<u>\$ 3,372,524</u>

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 6 - SHORT-TERM DEBT

On May 15, 2015, the City issued a tax anticipation note to provide liquidity for governmental operations financed by property taxes, which are collected in annual payments due October 15. The note, a line of credit, allowed principal draws up to \$2,000,000 at 1.01% interest with a maturity date of December 31, 2015. Short-term debt activity for the year ended December 31, 2015, was as follows:

	Balance 1/1/15	Draws	Repayments	Balance 12/31/15
Tax anticipation note	\$ -	\$ 500,000	\$ (500,000)	\$ -
Totals	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ (500,000)</u>	<u>\$ -</u>

On December 31, 2015, the note was paid in full. Interest expense for the note was \$2,848.

NOTE 7 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended December 31, 2015:

	Balance, 1/1/15 (Restated)	Additions	Deletions	Balance, 12/31/15	Due Within One Year
<u>Governmental Activities:</u>					
Bonds payable	\$ 7,643,574	\$ 375,000	\$ (480,775)	\$ 7,537,799	\$ 505,226
Notes payable	340,580	-	(118,928)	221,652	125,225
Landfill closure	917,047	151,167	-	1,068,214	-
Other post-employment benefits	986,338	133,333	(89,485)	1,030,186	-
Accrued compensated absences	392,190	-	(48,086)	344,104	344,104
Net pension liability	3,964,998	386,918	(249,120)	4,102,796	62,280
Total Governmental Activities	<u>\$ 14,244,727</u>	<u>\$ 1,046,418</u>	<u>\$ (986,394)</u>	<u>\$ 14,304,751</u>	<u>\$ 1,036,835</u>

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 7 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds payable:

\$2,600,000, 2001 General Obligation Bond due in annual installments and semiannual interest installments through November 2021. Interest is charged at a varying rate of 3.25% to 5.125% per annum. Annual principal installments are \$130,000.	\$ 780,000
\$1,145,000, 2007 General Obligation Bond due in annual installments and semiannual interest installments through November 2025. Interest is charged at a varying rate of 2.00% to 6.00% per annum. Annual principal installments vary from \$42,999 to \$91,297.	741,950
\$6,225,000, 2013 General Obligation Bond due in annual installments and semiannual interest installments through April 2033. Interest is charged at a rate of 0.7% per annum. Annual principal installments vary from \$291,057 to \$332,306.	5,640,849
\$375,000, 2015 General Obligation Bond due in annual installments and semiannual interest installments through July 2030. Interest is charged at a rate of 2.99% per annum. Annual principal installments vary from \$20,091 to \$30,563.	<u>375,000</u>
	<u><u>\$ 7,537,799</u></u>

The following is a summary of outstanding notes payable:

\$38,200 Note payable to Katahdin Trust Company for a tractor with interest at 3.25%. Note matures on February 7, 2016 with annual installments of \$10,347.87.	\$ 9,975
\$60,000 Note payable to Katahdin Trust Company for an excavator with interest at 3.25%. Note matures on January 7, 2017 with annual installments of \$16,256.	30,923
\$500,000 Note payable to KeyBank National Association for a fire truck with interest at 1.99%. Note matures on October 1, 2018 with annual installments that vary from \$5,697 to \$224,799.	<u>180,754</u>
	<u><u>\$ 221,652</u></u>

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 7 - LONG TERM DEBT (CONTINUED)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 505,226	\$ 139,428	\$ 644,654
2017	510,331	125,596	635,927
2018	515,534	110,364	625,898
2019	521,522	96,839	618,361
2020	527,680	80,840	608,520
2021-2025	2,218,770	267,463	2,486,233
2026-2030	1,748,733	159,637	1,908,370
2031-2035	990,003	60,449	1,050,452
	<u>\$ 7,537,799</u>	<u>\$ 1,040,616</u>	<u>\$ 8,578,415</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 125,225	\$ 4,814	\$ 130,039
2017	96,427	2,005	98,432
	<u>\$ 221,652</u>	<u>\$ 6,819</u>	<u>\$ 228,471</u>

NOTE 8 - LANDFILL CLOSURE

The City records a liability for the estimated costs of landfill closure and post-closure care, as required by U.S. generally accepted accounting principles. Two sides of the original landfill (Phase 1) received a final cover system during the landfill expansion project, which occurred from 2007-2010. A final cover system was installed in accordance with Maine Department of Environmental Protection (MDEP) regulations on the top and west side of Phase 1 in 2014. Phase 1 will not be accepting any more waste. The Construction/Demolition Debris (CDD) landfill was permanently closed in 2012 in accordance with MDEP regulations.

The new expansion, known as Phase 2, began accepting waste in December of 2010. In the future, the City will also construct new expansions to the landfill known as Phase 3 and Phase 4.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 8 - LANDFILL CLOSURE (CONTINUED)

The estimated closure cost for Phase 2 is \$1,422,285 and the estimated post-closure care cost is \$2,920,050 (\$97,335 per year) for a total estimated liability of \$4,342,335. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. A portion of the Phase 1 and CDD closure costs is being reimbursed by the State of Maine and is being credited to the closure reserve.

The Phase 2 landfill has an estimated remaining life of 17.8 years. An estimated 24.6% of the landfill capacity has been used as of December 31, 2015. The City has recognized a liability in the government-wide financial statements based on percentage used as of December 31, 2015, of \$349,882 for closure, and \$718,332 for post-closure costs for a total liability of \$1,068,214 for the Phase 2 landfill.

The City voluntarily funds a reserve account for landfill closure and post-closure care, which had a balance of \$508,478 on December 31, 2015. The City also maintains a reserve account for solid waste activities, which had a balance of \$1,013,058 at the end of 2015. The total amount available in the reserve accounts is \$1,521,536.

NOTE 9 - NONSPENDABLE FUND BALANCES

At December 31, 2015, the City had the following nonspendable fund balances:

General fund:	
Tax acquired property	\$ 118,702
Prepaid expenses	105,745
Airport fund:	
Inventory	59,398
Bike and walk path fund:	
Principal held in perpetuity	10,000
	<u>\$ 293,845</u>

NOTE 10 - RESTRICTED FUND BALANCES

At December 31, 2015, the City had the following restricted fund balances:

Development fund	\$ 2,014,940
Nonmajor special revenue funds (Schedule E)	1,088,715
Nonmajor capital projects funds (Schedule G)	81,976
Nonmajor permanent funds (Schedule I)	691,433
	<u>\$ 3,877,064</u>

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 11 - COMMITTED FUND BALANCES

At December 31, 2015, the City had the following committed fund balances:

Landfill operations	\$ 87,135
Landfill closure	507,478
Emergency reserve	1,968,948
Nonmajor special revenue funds (Schedule E)	192,250
Nonmajor capital projects funds (Schedule G)	2,520,879
	<u>\$ 5,276,690</u>

NOTE 12 - ASSIGNED FUND BALANCES

At December 31, 2015, the City had the following assigned fund balances:

General fund:	
Drug forfeiture	\$ 2,200
Vehicle repairs	30,000
	<u>\$ 32,200</u>

NOTE 13 - 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 at December 31, 2015. 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.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 14 - 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, 2015, the County of Aroostook had no outstanding debt. The City's share of school debt was approximately:

	Outstanding Debt	City's Percentage	Total Share
SAD No. 1	5,821,803	73.40%	<u>\$ 4,273,203</u>

NOTE 15 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

The City is a member of the Maine Public Employees Retirement System's (MainePERS) Participating Local District (PLD) Agent Plan, an agent multiple-employer defined benefit pension plan established by the Maine State Legislature. This plan is an aggregation of single employer plans that were open when the PLD Consolidated Plan began. Under the legislation that created the consolidated plan, single employers could either join the consolidated plan whereby the single employer plan would end, or they could opt to not join the plan and continue to maintain their single employer plan as a closed plan until there were no further liabilities for pension, at which time the single employer plan would be dissolved. The City chose the latter and as of June 30, 2015, the City's plan membership consisted of the following:

Membership	Number of Active Employees	Annual Payroll	Number of Retirees	Annual Benefit	Number of Vested Inactive
Regular employees	10	\$ 471,474	52	\$ 850,665	11
Fire	3	198,242	28	568,007	-
Police	4	245,777	20	426,763	-
Total membership	<u>17</u>	<u>\$ 915,493</u>	<u>100</u>	<u>\$ 1,845,435</u>	<u>11</u>

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 (800) 451-9800.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 15 - 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.

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 5.0%.

The City's status as a withdrawn PLD requires that the City continue to fund the plan on an actuarially sound basis for liabilities of any currently active, inactive vested, or retired participants. This plan is not available to any non-participating current employees or new hires. The City's participating employees are eligible for normal retirement upon attaining age 60 and early retirement after completing 25 or more years of service. Participants are fully vested after 10 years of service.

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 contribution rates of plan members and the City are established and may be amended by the Maine Public Employee Retirement Systems advisory group. Plan members are required to contribute 6.5% (8.0% 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 actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

amount to finance any unfunded actuarial accrued liability. The current rate is 72.2% of covered payroll. The City's contribution to the MEPERS PLD Agent Plan for the year ended December 31, 2015 was \$716,808, which included \$619,101 to finance the unfunded actuarial accrued liability.

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

At December 31, 2015, the City reported a net pension liability of \$4,102,796. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2015, the City recognized net pension revenue of \$39,705. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	249,120
Contributions subsequent to the measurement date	347,213	-
Total	\$ 347,213	\$ 249,120

\$347,213 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 in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Year ended June 30:

2016	\$	62,280
2017		62,280
2018		62,280
2019		62,280
2020		-
Thereafter		-

Actuarial Methods and Assumptions

The total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2015, 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. For participating employers in the PLD Agent Plan, the level percentage of payroll method is also used.

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.

CITY OF PRESQUE ISLE, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing 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, 2015 are as follows:

Investment Rate of Return - For the PLD Plan, 7.125% per annum, compounded annually.

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 3.50% to 9.50% per year.

Mortality Rates - For participating local districts, the RP2000 Tables projected forward to 2015 using Scale AA are used; for all recipients of disability benefits, the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females is used.

Cost of Living Benefit Increases – 2.55% for participating local districts.

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 June 30, 2015 are summarized in the following table:

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real assets:		
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%

Discount Rate

The discount rate used to measure the total pension liability was 7.125% for 2015. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the 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 as of June 30, 2015 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 7.125% for the PLD Consolidated and Agent Plans.

	1% Decrease	Discount Rate	1% Increase
Discount rate	6.125%	7.125%	8.125%
City's net pension liability	\$ 7,719,185	\$ 4,102,796	\$ 972,066

CITY OF PRESQUE ISLE, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Net Pension Liability

Changes in the net pension liability are recognized in pension expense for the year ended June 30, 2015 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. For 2015, this was 4 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.

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.

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. 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.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2015 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (800) 451-9800.

CITY OF PRESQUE ISLE, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 16 - 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. 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 ICMA Retirement Corporation.

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, 2015, the City recognized pension expense of \$192,175, including \$13,463 for Airport and \$11,771 for Solid Waste employees, respectively.

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, 2015, forfeitures reduced the City's pension expense by \$32,738.

NOTE 17 - 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.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 17 - DEFERRED COMPENSATION PLAN (CONTINUED)

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.

NOTE 18 – COMMITMENTS, INCLUDING ENCUMBRANCES

In 2015, the City was awarded three large grants in excess of \$2,500,000 dollars for the build-out of a "spec building" that will be leased to a manufacturing company, located in the Presque Isle Industrial Park. Construction on the project is expected to begin in 2016. The estimated costs to complete the project, together with funding from the City, totals \$3,700,000. The project is expected to be completed mid-2018.

NOTE 19 - 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.

NOTE 20 - TAX INCREMENT FINANCING DISTRICTS

The City has established two tax increment financing districts under terms of applicable state laws. Details of the TIF district are as follows:

	<u>Original Value</u>	<u>Increase in Value</u>	<u>TIF Cap</u>	<u>Captured Value</u>	<u>Captured Tax</u>
MMG Insurance TIF	\$ 1,717,300	\$ 2,389,400	20%	\$ 477,880	\$ 12,167
BLD Properties TIF	128,100	4,451,300	100%	2,757,600	113,330

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 21 - OTHER POSTEMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) Statement No. 45 addresses the reporting and disclosure requirements for other post-employment benefits (OPEB). GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, was implemented, as required, by the City of Presque Isle for the year ended December 31, 2008. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The City is a member of the Maine Municipal Employees Health Trust (the "Health Trust"). In addition to providing pension benefits, the City provides health care benefits for certain retired employees. Eligibility to receive health care benefits follows the same requirements as Maine PERS. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage. The City does not supplement the cost of this coverage directly, but recognizes the liability for inclusion of implicit rate subsidies to the retirees. The subsidy occurs because when a blended rate is used for a group of individuals that includes younger and presumably healthier people along with older, retired people, implicitly, the active employees are subsidizing the retirees.

Active members	83
Retirees and spouses	<u>32</u>
Total	<u><u>115</u></u>

Benefits provided – The City provides medical and prescription drug coverage to retirees and their eligible spouses and dependents. Pre-Medicare retirees are offered the same plans that are available to the active employees. The plans are provided through the Health Trust, and include the Comprehensive Point of Service Plan C and the POS 200 Plan.

Funding policy – Retirees contribute all of the premiums as determined by the City, but the remainder of the costs as derived from the implicit subsidy are paid by the City on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligations

The City of Presque Isle's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement #45. These calculations are based on the OPEB benefits provided under the terms of the

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 21 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period not to exceed thirty years.

The City's annual OPEB cost for the fiscal years ended December 31, 2015, December 31, 2014, December 31, 2013, December 31, 2012 and December 31, 2011, including the amount actually contributed to the plan and the change in the City's net OPEB obligation using the level of funding amortization method is as follows:

	2015	2014	2013	2012	2011
Normal cost	\$ 48,898	\$ 48,898	\$ 43,926	\$ 43,926	\$ 43,926
Amortization of unfunded liability	96,216	96,216	111,368	111,368	111,368
Interest	5,805	5,805	6,212	6,212	6,212
Annual required contribution	150,919	150,919	161,506	161,506	161,506
Interest on net OPEB obligation	39,454	37,595	31,700	25,698	19,587
Adjustment to annual required contribution	(57,040)	(54,353)	(45,830)	(37,153)	(28,318)
Annual OPEB cost	133,333	134,161	147,376	150,051	152,775
Contributions made	(89,485)	(87,699)	-	-	-
Increase in net OPEB obligation	43,848	46,462	147,376	150,051	152,775
Net OPEB obligation, beginning of year	986,338	939,876	792,500	642,449	489,674
Net OPEB obligation, end of year	\$ 1,030,186	\$ 986,338	\$ 939,876	\$ 792,500	\$ 642,449

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years ended December 31, 2015, December 31, 2014, December 31, 2013, December 31, 2012 and December 31, 2011 are as follows:

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
12/31/11	\$ 152,775	\$ -	0.0%	\$ 642,449
12/31/12	150,051	-	0.0%	792,500
12/31/13	147,376	-	0.0%	939,876
12/31/14	134,161	87,699	65.4%	986,338
12/31/15	133,333	89,485	67.1%	1,030,186

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 21 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The funded status of the plan as of December 31, 2015, was as follows:

Actuarial Accrued Liability	\$ 1,730,326
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability	<u>\$ 1,730,326</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.0%
Covered Payroll of Active Plan Members	\$ 3,953,888
UAAL as a percentage of Covered Payroll	43.76%

Methods of Assumptions – The projected unit credit (PUC) cost method was used for the valuation. The amortization method is the level dollar open, amortized over 30 years. Under the PUC method, benefits are projected for life, and their present value is determined. The present value is divided into equal parts, which are earned from date of hire to each decrement age. An open 30 year amortization period was used. The amortization method is a level dollar amortization method. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

The actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. These actuarial calculations reflect a long-term perspective.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information of the latest actuarial valuation is as follows:

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 21 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Valuation Date	01/01/14
Actuarial Cost Method	Projected Unit credit
Amortization Method	Level Dollar
Amortization Period	30 years
Asset Valuation Method	N/A
Actuarial Assumptions:	
Discount Rate	4.00%
Rate of Salary Increases	3.00%
Healthcare Cost Trend Rate	4.60%
General Inflation Rate	4.00%

The required schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 22 – 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.

CITY OF PRESQUE ISLE, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 23 - DEFICIT FUND BALANCES

At December 31, 2015, the City has the following funds with deficit fund balances:

Major funds:	
Community Center	\$ 564,954
Subtotal major funds	<u>564,954</u>
Nonmajor funds:	
Planning and Development Grants	3,666
Retirement Pay	1,460
Police Department	5,835
Pool Splash Pad	2,938
Airport Project 44	26,634
Brownfields Grant Webber - Prop.	36,087
Airport Project 43	112,690
Community Center	<u>36,404</u>
Subtotal nonmajor funds	<u>225,714</u>
Total	<u>\$ 790,668</u>

NOTE 24 - RESTATEMENT

The net position of the governmental activities and the fund balance of the Cunningham School Reserve Fund has been restated at January 1, 2015 to correctly reflect the balances as a loan receivable in the Presque Isle Development Fund. As a result, the beginning balance has been increased by \$144,458. In addition, the net position of the governmental activities has been restated at January 1, 2015 to account for the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 (Issued 06/12)*. As a result, the beginning balance has been reduced by \$3,964,998. The resulting balance of the net position of the governmental activities due to both restatements is \$56,083,272.

NOTE 25 – SUBSEQUENT EVENTS

On January 13, 2016, the City issued General Obligation Bonds in the amount of \$7,500,000. Bond interest rates range from 2.0% to 3.5%, with the bonds maturing on December 1, 2025. The bonds will be utilized to finance the design and construction of a new Community Center for an estimated total project cost of \$9,500,000. Prior to bond issuance, the City began construction in 2015 using approximately \$1,900,000 in donations that had been received.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government 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 Changes in Net Pension Liability and Related Ratios
- Schedule of Contributions
- Schedule of Investment Returns
- Notes to Required Supplementary Information
- Schedule of Funding Progress

CITY OF PRESQUE ISLE, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, January 1	\$ 1,498,532	\$ 1,498,532	\$ 1,498,532	\$ -
Resources (Inflows):				
General tax revenue - municipal and education	14,706,434	14,706,434	14,571,466	(134,968)
Intergovernmental revenue	1,635,169	1,243,169	1,334,914	91,745
Charges for services	1,251,884	1,251,884	1,279,734	27,850
Investment income	13,000	13,000	14,700	1,700
Other revenue	75,350	75,350	99,953	24,603
Transfers from other funds	236,108	236,108	653,334	417,226
Amounts Available for Appropriation	<u>19,416,477</u>	<u>19,024,477</u>	<u>19,452,633</u>	<u>428,156</u>
Charges to Appropriations (Outflows):				
General government	3,321,491	3,321,491	3,247,316	74,175
Public safety	2,226,966	2,229,484	2,243,880	(14,396)
Solid waste	327,690	327,690	355,068	(27,378)
Public works	2,015,994	2,015,994	2,035,532	(19,538)
Facilities	116,815	116,815	125,639	(8,824)
Recreation and culture	1,093,784	1,093,784	1,053,791	39,993
Debt service	281,200	281,200	262,602	18,598
Education	6,152,769	6,152,769	6,152,769	-
County Tax	619,295	619,295	619,295	-
TIF	68,832	68,832	68,832	-
Outside services	41,125	41,125	41,125	-
Unclassified	652,938	385,938	250,341	135,597
Transfers to other funds	964,046	1,089,003	1,439,289	(350,286)
Total Charges to Appropriations	<u>17,882,945</u>	<u>17,743,420</u>	<u>17,895,479</u>	<u>(152,059)</u>
Budgetary Fund Balance, December 31	<u>\$ 1,533,532</u>	<u>\$ 1,281,057</u>	<u>\$ 1,557,154</u>	<u>\$ 276,097</u>
Utilization of assigned fund balance	\$ -	\$ 77,232	\$ -	\$ (77,232)
Utilization of unassigned fund balance	<u>(35,000)</u>	<u>140,243</u>	<u>-</u>	<u>(140,243)</u>
	<u>\$ (35,000)</u>	<u>\$ 217,475</u>	<u>\$ -</u>	<u>\$ (217,475)</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*

	2015	2014
Total pension liability		
Service cost	\$ 124,786	\$ 128,547
Interest	2,046,607	2,032,234
Changes in benefit terms	-	-
Difference between actual and expected experience	(1,240,226)	58,985
Changes of assumptions	416,189	-
Benefit payments	(1,943,291)	(1,889,865)
Net change in total pension liability	(595,935)	329,901
Total pension liability - beginning	29,177,097	28,847,196
Total pension liability - ending (a)	\$ 28,581,162	\$ 29,177,097
Plan fiduciary net position		
Contributions - employer	\$ 697,879	\$ 507,333
Contributions - employee	76,352	70,439
Net investment income	457,533	3,748,995
Benefit payments	(1,943,291)	(1,889,865)
Other	(22,206)	(18,343)
Net change in plan fiduciary net position	(733,733)	2,418,559
Plan fiduciary net position - beginning	25,212,099	22,793,540
Plan fiduciary net position - ending (b)	\$ 24,478,366	\$ 25,212,099
Net pension liability - ending (a) - (b)	\$ 4,102,796	\$ 3,964,998
Plan fiduciary net position as a percentage of the total pension liability	85.65%	86.41%
Covered-employee payroll	\$ 962,341	\$ 952,531
Net pension liability as a percentage of its covered-employee payroll	426.33%	416.26%

Notes to Schedule:

Changes of assumptions: In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to the investment rate of return and cost of living benefit increase.

* The amounts presented for each fiscal year were determined as of June 30, 2015, and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF CONTRIBUTIONS LAST 10 FISCAL YEARS*

	2015	2014
Actuarially determined contribution	\$ 736,961	\$ 534,465
Contributions in relation to the actuarially determined contribution	(736,961)	(534,465)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 962,341	\$ 952,531
Contributions as a percentage of covered-employee payroll	76.58%	56.11%

Notes to schedule:

Valuation date:	June 30, 2015.
Actuarial cost method - retirement benefits:	Entry age normal.
Actuarial cost method - ancillary benefits:	Term cost method.
Asset-valuation method:	Market value of assets as of the measurement date.

Actuarial assumptions

Annual investment rate of return:	7.125%.
Annual rate of salary increase:	3.50%.
Annual cost of living increase (if adopted):	3.12%.
Expense allowance:	None.

Retirement age:	Age 60 for employees in regular plans; earliest age eligible for unreduced benefits for employees in special plans.
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Probabilities of employment termination due to:

<u>Age</u>	<u>Death</u>	<u>Disability*</u>	<u>Quit</u>
25	0.0002	0.0006	0.07
30	0.0003	0.0008	0.06
35	0.0006	0.0011	0.05
40	0.0008	0.0016	0.04
45	0.0011	0.0029	0.03
50	0.0015	0.0053	0.02
55	0.0026	0.0085	0.01

* Disabilities are assumed to be 100% service-connected for Fire and Police and 100% non-service connected for regular groups.

Family composition:	100% married, spouses are same age, two children receive benefits for an average of five year apiece.
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Post-retirement mortality:	RP-2000 mortality projected to 2015 and blended 50% male/50% female.
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* The amounts presented for each fiscal year were determined as of June 30, 2014 and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE
SCHEDULE OF INVESTMENT RETURNS
LAST 10 FISCAL YEARS*

	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	7.125%

* The amounts presented for each fiscal year were determined as of June 30, 2015, and are for those years for which information is available.

CITY OF PRESQUE ISLE, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015

Budgetary Basis

The Budgetary Comparison Schedule has been presented using the budgetary basis of accounting.

Changes of Assumptions

There was a change in the investment rate of return assumption this year from 7.25% to 7.125%. This change was made in the other MainePERS Programs with the 2014 valuation, but is first being recognized in the PLD Consolidated Plan in 2015. In addition to this change, the cost of living benefit increase assumption was changed from 3.12% to 2.55%. Further, those PLDs who had an IUUAL Surplus account received a refund of that account. As a result, there will be no more IUUAL surplus payments reflected beginning with the 2015 valuation. Finally, the amortization methodology for the Pooled Unfunded Actuarial Liability (PUAL) was changed from a fifteen-year open level dollar method to a method where a separate twenty-year closed period is established annually for the gain or loss in that year with these amortizations being developed as a level percentage of payroll and amortizing the existing PUAL at the time of this change, July 1, 2015, over a closed fifteen-year period beginning on this date.

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Unfunded Actuarial (UAL) Liability (AAL) (b)	Funded Ratio (a/b)	Covered Payroll (c)	UFAL as a % of Covered Payroll ((b-a)/c)
01/01/09	\$ -	\$ 1,674,527	0.0%	\$ 4,097,354	40.87%
01/01/09	\$ -	\$ 1,674,527	0.0%	\$ 4,430,530	37.80%
01/01/09	\$ -	\$ 1,674,527	0.0%	\$ 4,214,898	39.73%
10/01/11	\$ -	\$ 2,002,819	0.0%	\$ 3,757,277	53.31%
10/01/11	\$ -	\$ 2,002,819	0.0%	\$ 3,618,367	55.35%
10/01/11	\$ -	\$ 2,002,819	0.0%	\$ 3,726,918	53.74%
01/01/14	\$ -	\$ 1,730,326	0.0%	\$ 3,838,726	45.08%
01/01/14	\$ -	\$ 1,730,326	0.0%	\$ 3,953,888	43.76%

See accompanying independent auditors' report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government 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 Revenues, Expenditures and Changes in Fund Balances – Airport Fund
- 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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 13,082,684	\$ 13,082,684	\$ 12,919,353	\$ (163,331)
Excise tax	1,532,750	1,532,750	1,565,436	32,686
Interest and penalties	91,000	91,000	86,677	(4,323)
Intergovernmental revenues:				
General assistance	35,625	35,625	50,100	14,475
State parks reimbursement	2,400	2,400	3,896	1,496
Chapman fire reimbursement	24,775	24,775	25,398	623
Veterans reimbursement	9,000	9,000	9,462	462
Tree Growth	1,850	1,850	2,595	745
State revenue sharing	1,105,000	713,000	784,800	71,800
Homestead reimbursement	250,948	250,948	250,948	-
BETE reimbursement	101,669	101,669	101,799	130
Drug forfeiture	-	-	2,014	2,014
MDEA - salary	45,768	45,768	45,768	-
MDEA - employee benefits	51,986	51,986	51,986	-
Police dept. miscellaneous	6,148	6,148	6,148	-
Charges for services:				
Administrative services	32,500	32,500	30,924	(1,576)
Code enforcement	45,000	45,000	74,254	29,254
EMS Co-op with TAMC	100,000	100,000	81,677	(18,323)
Police dept.	1,100	1,100	2,360	1,260
Recreation & parks:				
Program income	42,500	42,500	50,853	8,353
Indoor pool income	35,400	35,400	41,897	6,497
Forum income	262,000	262,000	238,590	(23,410)
PIIC rentals	542,180	542,180	579,834	37,654
Echo Lake sewer	5,250	5,250	4,502	(748)
City clerk	36,000	36,000	33,246	(2,754)
Cable franchise fee	60,000	60,000	56,541	(3,459)
Water/sewer district rental	10,433	10,433	10,433	-
Bon Aire housing parcel	46,521	46,521	46,582	61
PI Housing authority	17,000	17,000	15,530	(1,470)
P.I.L.O.T. income	16,000	16,000	12,511	(3,489)
Investment income	13,000	13,000	14,700	1,700
Other income				
Finance miscellaneous	6,000	6,000	5,954	(46)
Fire dept. miscellaneous	6,500	6,500	9,549	3,049
General government miscellaneous	3,225	3,225	604	(2,621)
Library miscellaneous	9,500	9,500	13,807	4,307
Police dept. miscellaneous	34,625	34,625	29,183	(5,442)
Public works miscellaneous	5,000	5,000	12,008	7,008
Employee benefits miscellaneous	5,000	5,000	5,645	645
Insurance	1,000	1,000	1,191	191
City clerk	2,500	2,500	1,045	(1,455)
Assessing	-	-	480	480
Sales of tax acquired property	-	-	15,987	15,987
Other	2,000	2,000	4,500	2,500
Transfers from other funds:				
Airport	86,413	86,413	86,413	-
Landfill operations	54,595	54,595	432,259	377,664
Development fund	28,000	28,000	28,000	-
Police grant	67,100	67,100	84,752	17,652
Retirement pay	-	-	21,910	21,910
Use of assigned fund balance	-	77,232	-	(77,232)
Use of unassigned fund balance	(35,000)	140,243	-	(140,243)
Total revenues	\$ 17,882,945	\$ 17,743,420	\$ 17,954,101	\$ 210,681

See accompanying independent auditors' report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
General government	\$ 293,700	\$ -	\$ 293,700	\$ 292,673	\$ 1,027
Employee benefits	1,816,732	-	1,816,732	1,799,597	17,135
Finance	273,497	-	273,497	267,263	6,234
City clerk	58,214	-	58,214	53,029	5,185
Resource management	156,489	-	156,489	126,906	29,583
PIIC appropriation	347,500	-	347,500	347,500	-
Insurances	120,564	-	120,564	123,159	(2,595)
Assessing	133,969	-	133,969	128,663	5,306
Planning and development	64,746	-	64,746	61,064	3,682
Information technology	56,080	-	56,080	47,462	8,618
	<u>3,321,491</u>	<u>-</u>	<u>3,321,491</u>	<u>3,247,316</u>	<u>74,175</u>
Public safety					
Fire department	895,381	-	895,381	900,216	(4,835)
Public safety building	114,509	-	114,509	100,626	13,883
Police department	1,217,076	2,518	1,219,594	1,243,038	(23,444)
	<u>2,226,966</u>	<u>2,518</u>	<u>2,229,484</u>	<u>2,243,880</u>	<u>(14,396)</u>
Solid waste					
City	326,835	-	326,835	354,213	(27,378)
Echo Lake	855	-	855	855	-
	<u>327,690</u>	<u>-</u>	<u>327,690</u>	<u>355,068</u>	<u>(27,378)</u>
Public works					
Highway department	1,449,978	-	1,449,978	1,461,341	(11,363)
Street lights	167,230	-	167,230	173,958	(6,728)
Hydrant rental	398,786	-	398,786	400,233	(1,447)
	<u>2,015,994</u>	<u>-</u>	<u>2,015,994</u>	<u>2,035,532</u>	<u>(19,538)</u>

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Facilities					
Building repairs - general government	4,130	-	4,130	8,433	(4,303)
Building repairs - library	4,800	-	4,800	4,651	149
Building repairs - public works	7,150	-	7,150	10,431	(3,281)
Building repairs - public safety building	60,000	-	60,000	65,118	(5,118)
Building repairs - parks and recreation	40,735	-	40,735	37,006	3,729
	<u>116,815</u>	<u>-</u>	<u>116,815</u>	<u>125,639</u>	<u>(8,824)</u>
Recreation and culture					
Parks and recreation	757,254	-	757,254	707,300	49,954
Library	336,530	-	336,530	346,491	(9,961)
	<u>1,093,784</u>	<u>-</u>	<u>1,093,784</u>	<u>1,053,791</u>	<u>39,993</u>
Debt service					
Interest on TAN	9,500	-	9,500	2,848	6,652
Public safety building	176,002	-	176,002	176,002	-
Public works garage	95,698	-	95,698	83,752	11,946
	<u>281,200</u>	<u>-</u>	<u>281,200</u>	<u>262,602</u>	<u>18,598</u>
Outside services					
Chamber of Commerce	22,500	-	22,500	22,500	-
Aroostook Area Agency - Aging	4,050	-	4,050	4,050	-
Central Aroostook Soil & Water	1,050	-	1,050	1,050	-
Quoggy Joe ski club	6,400	-	6,400	6,400	-
Presque Isle snowmobile club	4,300	-	4,300	4,300	-
Veterans cemetery	200	-	200	200	-
American Red Cross	2,325	-	2,325	2,325	-
Lead	300	-	300	300	-
	<u>41,125</u>	<u>-</u>	<u>41,125</u>	<u>41,125</u>	<u>-</u>

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Unclassified					
Service center coalition	1,175	-	1,175	1,163	12
State Street dam utilities	160	-	160	173	(13)
Maine Municipal dues	10,900	-	10,900	10,730	170
Property taxes Mapleton	600	-	600	566	34
Cemeteries	3,000	-	3,000	2,289	711
Annual reports	1,500	-	1,500	432	1,068
Legal services	16,000	-	16,000	14,658	1,342
Contingent	384,562	(267,000)	117,562	28,267	89,295
Northern ME Development Commission	18,400	-	18,400	18,151	249
Fair Association lease	3,000	-	3,000	3,000	-
C A Humane Society	16,170	-	16,170	16,170	-
Sister O'Donnell shelter	9,525	-	9,525	9,525	-
Downtown revitalization committee	16,000	-	16,000	11,128	4,872
Tax acquired property costs	-	-	-	6,600	(6,600)
General assistance	70,000	-	70,000	81,557	(11,557)
Overlay	101,946	-	101,946	45,932	56,014
	<u>652,938</u>	<u>(267,000)</u>	<u>385,938</u>	<u>250,341</u>	<u>135,597</u>

CITY OF PRESQUE ISLE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education	6,152,769	-	6,152,769	6,152,769	-
County Tax	619,295	-	619,295	619,295	-
TIF	68,832	-	68,832	68,832	-
Transfers					
Police department	45,000	-	45,000	45,000	-
Fire department	130,550	-	130,550	130,550	-
Recreation and parks	98,350	-	98,350	98,350	-
City Hall	80,000	-	80,000	80,000	-
Public works	63,756	-	63,756	63,756	-
PIIC Council	125,000	-	125,000	125,000	-
Downtown infrastructure	12,500	-	12,500	12,500	-
Emergency reserve	91,550	-	91,550	91,550	-
Appraisals reserve	7,500	-	7,500	7,500	-
Street overlay	157,500	-	157,500	157,500	-
Landfill operations	-	-	-	350,286	(350,286)
RLF Building	61,741	-	61,741	61,741	-
PIIC	10,289	-	10,289	10,289	-
Community center - restricted reserve	-	50,243	50,243	50,243	-
Community center	-	74,714	74,714	74,714	-
BLD hospitality TIF	56,665	-	56,665	56,665	-
Retirement payouts	12,500	-	12,500	12,500	-
Echo Lake	11,145	-	11,145	11,145	-
	964,046	124,957	1,089,003	1,439,289	(350,286)
Total Expenditures	\$ 17,882,945	\$ (139,525)	\$ 17,743,420	\$ 17,895,479	\$ (152,059)

See accompanying independent auditors' report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 51,255	\$ 51,255
Investments	-	-	650,178	650,178
Due from other funds	1,280,965	2,602,855	-	3,883,820
TOTAL ASSETS	<u>\$ 1,280,965</u>	<u>\$ 2,602,855</u>	<u>\$ 701,433</u>	<u>\$ 4,585,253</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	5,126	220,588	-	225,714
TOTAL LIABILITIES	<u>5,126</u>	<u>220,588</u>	<u>-</u>	<u>225,714</u>
FUND BALANCES				
Nonspendable	-	-	10,000	10,000
Restricted	1,088,715	81,976	691,433	1,862,124
Committed	192,250	2,520,879	-	2,713,129
Assigned	-	-	-	-
Unassigned	(5,126)	(220,588)	-	(225,714)
TOTAL FUND BALANCES	<u>1,275,839</u>	<u>2,382,267</u>	<u>701,433</u>	<u>4,359,539</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,280,965</u>	<u>\$ 2,602,855</u>	<u>\$ 701,433</u>	<u>\$ 4,585,253</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 139,141	\$ 2,662,351	\$ -	\$ 2,801,492
Interest income	962	-	1	963
Investment income, net of unrealized gains/(losses)	-	-	(14,372)	(14,372)
Other income	91,156	1,988,238	818	2,080,212
TOTAL REVENUES	<u>231,259</u>	<u>4,650,589</u>	<u>(13,553)</u>	<u>4,868,295</u>
EXPENDITURES				
Program expenses	125,783	947,868	36,327	1,109,978
Debt service	-	126,604	-	126,604
Capital outlay	6,853	3,176,035	-	3,182,888
TOTAL EXPENDITURES	<u>132,636</u>	<u>4,250,507</u>	<u>36,327</u>	<u>4,419,470</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>98,623</u>	<u>400,082</u>	<u>(49,880)</u>	<u>448,825</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	375,000	-	375,000
Transfers in	138,406	1,262,564	-	1,400,970
Transfers (out)	(251,488)	(2,012,731)	-	(2,264,219)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(113,082)</u>	<u>(375,167)</u>	<u>-</u>	<u>(488,249)</u>
NET CHANGE IN FUND BALANCES	(14,459)	24,915	(49,880)	(39,424)
FUND BALANCES, JANUARY 1, RESTATED	<u>1,290,298</u>	<u>2,357,352</u>	<u>751,313</u>	<u>4,398,963</u>
FUND BALANCES, DECEMBER 31	<u>\$ 1,275,839</u>	<u>\$ 2,382,267</u>	<u>\$ 701,433</u>	<u>\$ 4,359,539</u>

See accompanying independent auditors' 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, 2015

	Restricted Reserve Funds					
	RLF Building Fund	CDBG Program	REDLP Loan Funds	Industrial Council Land Sales	Intermodal Rail Yard	Police Grant Library Grants
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	389,545	7,919	106,368	117,750	18,092	4,676
TOTAL ASSETS	<u>\$ 389,545</u>	<u>\$ 7,919</u>	<u>\$ 106,368</u>	<u>\$ 117,750</u>	<u>\$ 18,092</u>	<u>\$ 4,676</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	389,545	7,919	106,368	-	-	4,676
Committed	-	-	-	117,750	18,092	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>389,545</u>	<u>7,919</u>	<u>106,368</u>	<u>117,750</u>	<u>18,092</u>	<u>4,676</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 389,545</u>	<u>\$ 7,919</u>	<u>\$ 106,368</u>	<u>\$ 117,750</u>	<u>\$ 18,092</u>	<u>\$ 4,676</u>

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2015

	Restricted Reserve Funds					
	Fire Department Grants	Airport PFC	Planning & Development Grants	Grant Matching Funds	Economic Development Fund	BLD Hospitality TIF Funds
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	7,884	112,116	-	247,678	-	207,867
TOTAL ASSETS	<u>\$ 7,884</u>	<u>\$ 112,116</u>	<u>\$ -</u>	<u>\$ 247,678</u>	<u>\$ -</u>	<u>\$ 207,867</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	3,666	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>3,666</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	7,884	112,116	-	247,678	-	207,867
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	(3,666)	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>7,884</u>	<u>112,116</u>	<u>(3,666)</u>	<u>247,678</u>	<u>-</u>	<u>207,867</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 7,884</u>	<u>\$ 112,116</u>	<u>\$ -</u>	<u>\$ 247,678</u>	<u>\$ -</u>	<u>\$ 207,867</u>

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2015

	Other Special Revenues					
	Recreation Programs	Cost Recovery	Softball	Downing Park	Bloodhound	Outside Grants
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	17,063	1,037	2,449	1,082	1,248	2
TOTAL ASSETS	<u>\$ 17,063</u>	<u>\$ 1,037</u>	<u>\$ 2,449</u>	<u>\$ 1,082</u>	<u>\$ 1,248</u>	<u>\$ 2</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	2
Committed	17,063	1,037	2,449	1,082	1,248	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>17,063</u>	<u>1,037</u>	<u>2,449</u>	<u>1,082</u>	<u>1,248</u>	<u>2</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 17,063</u>	<u>\$ 1,037</u>	<u>\$ 2,449</u>	<u>\$ 1,082</u>	<u>\$ 1,248</u>	<u>\$ 2</u>

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2015

	Other Special Revenues					
	Wellness Grant	Retirement Pay	Book Memorials	Revitalization	Recreation Facility	Donated Fuel
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	4,660	-	2,222	1,564	2,262	4,135
TOTAL ASSETS	\$ 4,660	\$ -	\$ 2,222	\$ 1,564	\$ 2,262	\$ 4,135
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	1,460	-	-	-	-
TOTAL LIABILITIES	-	1,460	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	4,660	-	-	-	-	-
Committed	-	-	2,222	1,564	2,262	4,135
Assigned	-	-	-	-	-	-
Unassigned	-	(1,460)	-	-	-	-
TOTAL FUND BALANCES	4,660	(1,460)	2,222	1,564	2,262	4,135
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 4,660	\$ -	\$ 2,222	\$ 1,564	\$ 2,262	\$ 4,135

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2015

	Other Special Revenues					
	Appraisals	Music in the Park	Movie Night	Military Surplus	Downtown Market	Totals
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	11,450	637	2,431	7,088	1,740	1,280,965
TOTAL ASSETS	<u>\$ 11,450</u>	<u>\$ 637</u>	<u>\$ 2,431</u>	<u>\$ 7,088</u>	<u>\$ 1,740</u>	<u>\$ 1,280,965</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	5,126
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,126</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	1,088,715
Committed	11,450	637	2,431	7,088	1,740	192,250
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(5,126)
TOTAL FUND BALANCES	<u>11,450</u>	<u>637</u>	<u>2,431</u>	<u>7,088</u>	<u>1,740</u>	<u>1,275,839</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 11,450</u>	<u>\$ 637</u>	<u>\$ 2,431</u>	<u>\$ 7,088</u>	<u>\$ 1,740</u>	<u>\$ 1,280,965</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Restricted Reserve Funds					
	RLF Building Fund	CDBG Program	REDLP Loan Funds	Industrial Council Land Sales	Intermodal Rail Yard	Police Grant Library Grants
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,890
Interest income	794	-	-	168	-	-
Other income	-	-	-	3,991	-	-
TOTAL REVENUES	<u>794</u>	<u>-</u>	<u>-</u>	<u>4,159</u>	<u>-</u>	<u>87,890</u>
EXPENDITURES						
Program expenses	-	-	611	-	-	2,609
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>611</u>	<u>-</u>	<u>-</u>	<u>2,609</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>794</u>	<u>-</u>	<u>(611)</u>	<u>4,159</u>	<u>-</u>	<u>85,281</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	61,741	-	-	-	-	-
Transfers (out)	-	-	-	-	-	(84,752)
TOTAL OTHER FINANCING SOURCES (USES)	<u>61,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,752)</u>
NET CHANGE IN FUND BALANCES	62,535	-	(611)	4,159	-	529
FUND BALANCES (DEFICITS), JANUARY 1	<u>327,010</u>	<u>7,919</u>	<u>106,979</u>	<u>113,591</u>	<u>18,092</u>	<u>(529)</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 389,545</u>	<u>\$ 7,919</u>	<u>\$ 106,368</u>	<u>\$ 117,750</u>	<u>\$ 18,092</u>	<u>\$ -</u>

CITY OF PRESQUE ISLE, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Restricted Reserve Funds					
	Fire Department Grants	Airport PFC	Planning & Development Grants	Grant Matching Funds	Economic Development Fund	BLD Hospitality TIF Funds
REVENUES						
Intergovernmental revenue	\$ 1,782	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-	-	-
Other income	-	50,120	1,000	2,399	-	-
TOTAL REVENUES	<u>1,782</u>	<u>50,120</u>	<u>1,000</u>	<u>2,399</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Program expenses	1,784	9,443	17,788	-	-	-
Capital outlay	-	6,853	-	-	-	-
TOTAL EXPENDITURES	<u>1,784</u>	<u>16,296</u>	<u>17,788</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2)</u>	<u>33,824</u>	<u>(16,788)</u>	<u>2,399</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	56,665
Transfers (out)	-	-	-	-	(144,826)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(144,826)</u>	<u>56,665</u>
NET CHANGE IN FUND BALANCES	(2)	33,824	(16,788)	2,399	(144,826)	56,665
FUND BALANCES (DEFICITS), JANUARY 1	<u>7,886</u>	<u>78,292</u>	<u>13,122</u>	<u>245,279</u>	<u>144,826</u>	<u>151,202</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 7,884</u>	<u>\$ 112,116</u>	<u>\$ (3,666)</u>	<u>\$ 247,678</u>	<u>\$ -</u>	<u>\$ 207,867</u>

CITY OF PRESQUE ISLE, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Other Special Revenues					Outside Grants
	Recreation Programs	Cost Recovery	Softball	Downing Park	Bloodhound	
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,132
Interest income	-	-	-	-	-	-
Other income	4,550	1,250	4,950	293	275	-
TOTAL REVENUES	<u>4,550</u>	<u>1,250</u>	<u>4,950</u>	<u>293</u>	<u>275</u>	<u>44,132</u>
EXPENDITURES						
Program expenses	13,708	1,566	5,276	-	2,219	44,132
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>13,708</u>	<u>1,566</u>	<u>5,276</u>	<u>-</u>	<u>2,219</u>	<u>44,132</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,158)</u>	<u>(316)</u>	<u>(326)</u>	<u>293</u>	<u>(1,944)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(9,158)	(316)	(326)	293	(1,944)	-
FUND BALANCES (DEFICITS), JANUARY 1	<u>26,221</u>	<u>1,353</u>	<u>2,775</u>	<u>789</u>	<u>3,192</u>	<u>2</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 17,063</u>	<u>\$ 1,037</u>	<u>\$ 2,449</u>	<u>\$ 1,082</u>	<u>\$ 1,248</u>	<u>\$ 2</u>

CITY OF PRESQUE ISLE, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Other Special Revenues					
	Wellness Grant	Retirement Pay	Book Memorials	Revitalization	Recreation Facility	Donated Fuel
REVENUES						
Intergovernmental revenue	\$ 4,337	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-	-	-
Other income	-	-	4,222	-	-	-
TOTAL REVENUES	<u>4,337</u>	<u>-</u>	<u>4,222</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Program expenses	5,447	4,720	1,592	-	-	865
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>5,447</u>	<u>4,720</u>	<u>1,592</u>	<u>-</u>	<u>-</u>	<u>865</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,110)</u>	<u>(4,720)</u>	<u>2,630</u>	<u>-</u>	<u>-</u>	<u>(865)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	12,500	-	-	-	-
Transfers (out)	-	(21,910)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(9,410)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,110)	(14,130)	2,630	-	-	(865)
FUND BALANCES (DEFICITS), JANUARY 1	<u>5,770</u>	<u>12,670</u>	<u>(408)</u>	<u>1,564</u>	<u>2,262</u>	<u>5,000</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 4,660</u>	<u>\$ (1,460)</u>	<u>\$ 2,222</u>	<u>\$ 1,564</u>	<u>\$ 2,262</u>	<u>\$ 4,135</u>

CITY OF PRESQUE ISLE, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Other Special Revenues					
	Appraisals	Music in the Park	Movie Night	Military Surplus	Downtown Market	Totals
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,141
Interest income	-	-	-	-	-	962
Other income	-	-	4,400	12,751	955	91,156
TOTAL REVENUES	-	-	4,400	12,751	955	231,259
EXPENDITURES						
Program expenses	-	-	1,969	5,663	150	125,783
Capital outlay	-	-	-	-	-	6,853
TOTAL EXPENDITURES	-	-	1,969	5,663	150	132,636
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	2,431	7,088	805	98,623
OTHER FINANCING SOURCES (USES)						
Transfers in	7,500	-	-	-	-	138,406
Transfers (out)	-	-	-	-	-	(251,488)
TOTAL OTHER FINANCING SOURCES (USES)	7,500	-	-	-	-	(113,082)
NET CHANGE IN FUND BALANCES	7,500	-	2,431	7,088	805	(14,459)
FUND BALANCES (DEFICITS), JANUARY 1	3,950	637	-	-	935	1,290,298
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 11,450	\$ 637	\$ 2,431	\$ 7,088	\$ 1,740	\$ 1,275,839

See accompanying independent auditors' 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, 2015

	Reserve Funds					
	Police Department	Fire Department	Recreation & Parks	City Hall	Public Works	Airport
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	48,902	194,075	110,985	62,790	107,945
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 48,902</u>	<u>\$ 194,075</u>	<u>\$ 110,985</u>	<u>\$ 62,790</u>	<u>\$ 107,945</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	5,835	-	-	-	-	-
TOTAL LIABILITIES	<u>5,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	48,902	194,075	110,985	62,790	107,945
Assigned	-	-	-	-	-	-
Unassigned	(5,835)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>(5,835)</u>	<u>48,902</u>	<u>194,075</u>	<u>110,985</u>	<u>62,790</u>	<u>107,945</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 48,902</u>	<u>\$ 194,075</u>	<u>\$ 110,985</u>	<u>\$ 62,790</u>	<u>\$ 107,945</u>

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2015

	Reserve Funds				Restricted Reserve Funds		
	PIIC	Echo Lake	FAA	Downtown Infrastructure	Septic Systems	ACME Monoco Project	Airport Hanger
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	472,845	20,516	66,168	81,328	1,058	144,667	16,476
TOTAL ASSETS	<u>\$ 472,845</u>	<u>\$ 20,516</u>	<u>\$ 66,168</u>	<u>\$ 81,328</u>	<u>\$ 1,058</u>	<u>\$ 144,667</u>	<u>\$ 16,476</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	16,476
Committed	472,845	20,516	66,168	81,328	1,058	144,667	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>472,845</u>	<u>20,516</u>	<u>66,168</u>	<u>81,328</u>	<u>1,058</u>	<u>144,667</u>	<u>16,476</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 472,845</u>	<u>\$ 20,516</u>	<u>\$ 66,168</u>	<u>\$ 81,328</u>	<u>\$ 1,058</u>	<u>\$ 144,667</u>	<u>\$ 16,476</u>

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2015

	Restricted Reserve Funds						
	Pool Splash Pad	Chapman Street Reroute	Library Addition	Community Center Fundraising	Airport Project 44	Brownfields Grant Webber - Prop.	Downtown Facades
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	36,625	-	-	-	-	65,500
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 36,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,500</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	2,938	-	-	-	26,634	36,087	-
TOTAL LIABILITIES	<u>2,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,634</u>	<u>36,087</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	65,500
Committed	-	36,625	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	(2,938)	-	-	-	(26,634)	(36,087)	-
TOTAL FUND BALANCES (DEFICITS)	<u>(2,938)</u>	<u>36,625</u>	<u>-</u>	<u>-</u>	<u>(26,634)</u>	<u>(36,087)</u>	<u>65,500</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 36,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,500</u>

CITY OF PRESQUE ISLE, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2015

	Restricted Reserve Funds						
	Airport Project 42	Airport Project 43	Community Center	Solid Waste Reserve	Street Overlay	Cunningham School	Totals
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	1,014,006	158,969	-	2,602,855
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,014,006</u>	<u>\$ 158,969</u>	<u>\$ -</u>	<u>\$ 2,602,855</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	112,690	36,404	-	-	-	220,588
TOTAL LIABILITIES	<u>-</u>	<u>112,690</u>	<u>36,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,588</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	81,976
Committed	-	-	-	1,014,006	158,969	-	2,520,879
Assigned	-	-	-	-	-	-	-
Unassigned	-	(112,690)	(36,404)	-	-	-	(220,588)
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>(112,690)</u>	<u>(36,404)</u>	<u>1,014,006</u>	<u>158,969</u>	<u>-</u>	<u>2,382,267</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,014,006</u>	<u>\$ 158,969</u>	<u>\$ -</u>	<u>\$ 2,602,855</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Reserve Funds					
	Police Department	Fire Department	Recreation & Parks	City Hall	Public Works	Airport
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,027
Interest income	-	-	-	-	-	-
Other income	1,500	2,150	165,333	-	-	-
TOTAL REVENUES	1,500	2,150	165,333	-	-	89,027
EXPENDITURES						
Program expenses	-	5,363	17,576	15,542	-	1,200
Debt service	-	100,000	10,348	-	16,256	-
Capital outlay	53,939	-	517,944	31,730	191,694	17,806
TOTAL EXPENDITURES	53,939	105,363	545,868	47,272	207,950	19,006
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(52,439)	(103,213)	(380,535)	(47,272)	(207,950)	70,021
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	375,000	-	-	-
Transfers in	45,000	130,550	98,350	80,000	63,756	27,500
Transfers (out)	-	-	-	-	-	(39,020)
TOTAL OTHER FINANCING SOURCES (USES)	45,000	130,550	473,350	80,000	63,756	(11,520)
NET CHANGE IN FUND BALANCES	(7,439)	27,337	92,815	32,728	(144,194)	58,501
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	1,604	21,565	101,260	78,257	206,984	49,444
FUND BALANCES (DEFICITS), DECEMBER 31	\$ (5,835)	\$ 48,902	\$ 194,075	\$ 110,985	\$ 62,790	\$ 107,945

CITY OF PRESQUE ISLE, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Reserve Funds				Restricted Reserve Funds		
	PIIC	Echo Lake	FAA	Downtown Infrastructure	Septic Systems	ACME Monoco Project	Airport Hanger
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-	-	-	-
Other income	15,210	13	-	-	1,515	-	-
TOTAL REVENUES	15,210	13	-	-	1,515	-	-
EXPENDITURES							
Program expenses	69,713	-	-	-	-	159	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	69,713	-	-	-	-	159	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(54,503)	13	-	-	1,515	(159)	-
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	-	-	-	-	-	-
Transfers in	135,289	11,145	-	12,500	-	144,826	-
Transfers (out)	-	-	(6,217)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	135,289	11,145	(6,217)	12,500	-	144,826	-
NET CHANGE IN FUND BALANCES	80,786	11,158	(6,217)	12,500	1,515	144,667	-
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	392,059	9,358	72,385	68,828	(457)	-	16,476
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 472,845	\$ 20,516	\$ 66,168	\$ 81,328	\$ 1,058	\$ 144,667	\$ 16,476

CITY OF PRESQUE ISLE, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Restricted Reserve Funds						
	Pool Splash Pad	Chapman Street Reroute	Library Addition	Community Center Fundraising	Airport Project 44	Brownfields Grant Webber - Prop.	Downtown Facades
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 506,052	\$ 50,000	\$ -
Interest income	-	-	-	-	-	-	-
Other income	-	-	-	1,802,517	-	-	-
TOTAL REVENUES	-	-	-	1,802,517	506,052	50,000	-
EXPENDITURES							
Program expenses	4,331	10,875	12,595	38	95,226	86,087	34,500
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	437,460	-	-
TOTAL EXPENDITURES	4,331	10,875	12,595	38	532,686	86,087	34,500
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,331)	(10,875)	(12,595)	1,802,479	(26,634)	(36,087)	(34,500)
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	(1,967,442)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(1,967,442)	-	-	-
NET CHANGE IN FUND BALANCES	(4,331)	(10,875)	(12,595)	(164,963)	(26,634)	(36,087)	(34,500)
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	1,393	47,500	12,595	164,963	-	-	100,000
FUND BALANCES (DEFICITS), DECEMBER 31	\$ (2,938)	\$ 36,625	\$ -	\$ -	\$ (26,634)	\$ (36,087)	\$ 65,500

CITY OF PRESQUE ISLE, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Restricted Reserve Funds						
	Airport Project 42	Airport Project 43	Community Center	Solid Waste Reserve	Street Overlay	Cunningham School	Totals
REVENUES							
Intergovernmental revenue	\$ 35,211	\$ 1,795,853	\$ -	\$ -	\$ 186,208	\$ -	\$ 2,662,351
Interest income	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	1,988,238
TOTAL REVENUES	<u>35,211</u>	<u>1,795,853</u>	<u>-</u>	<u>-</u>	<u>186,208</u>	<u>-</u>	<u>4,650,589</u>
EXPENDITURES							
Program expenses	2,513	150	242,144	840	349,016	-	947,868
Debt service	-	-	-	-	-	-	126,604
Capital outlay	-	1,890,500	-	34,962	-	-	3,176,035
TOTAL EXPENDITURES	<u>2,513</u>	<u>1,890,650</u>	<u>242,144</u>	<u>35,802</u>	<u>349,016</u>	<u>-</u>	<u>4,250,507</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>32,698</u>	<u>(94,797)</u>	<u>(242,144)</u>	<u>(35,802)</u>	<u>(162,808)</u>	<u>-</u>	<u>400,082</u>
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	-	-	-	-	-	375,000
Transfers in	6,217	-	50,243	299,688	157,500	-	1,262,564
Transfers (out)	-	-	-	(52)	-	-	(2,012,731)
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,217</u>	<u>-</u>	<u>50,243</u>	<u>299,636</u>	<u>157,500</u>	<u>-</u>	<u>(375,167)</u>
NET CHANGE IN FUND BALANCES	38,915	(94,797)	(191,901)	263,834	(5,308)	-	24,915
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	<u>(38,915)</u>	<u>(17,893)</u>	<u>155,497</u>	<u>750,172</u>	<u>164,277</u>	<u>-</u>	<u>2,357,352</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ -</u>	<u>\$ (112,690)</u>	<u>\$ (36,404)</u>	<u>\$ 1,014,006</u>	<u>\$ 158,969</u>	<u>\$ -</u>	<u>\$ 2,382,267</u>

See accompanying independent auditors' 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, 2015

	Cemetery Perpetual Care	School Lunch	Volunteer Fire Department	Bike and Walk Path Fund	Burlock Lavway Scholarship Fund	Totals
ASSETS						
Cash and cash equivalents	\$ 39,083	\$ 345	\$ 2,144	\$ 1,603	\$ 8,080	\$ 51,255
Investments	588,557	5,197	32,293	24,131	-	650,178
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 627,640</u>	<u>\$ 5,542</u>	<u>\$ 34,437</u>	<u>\$ 25,734</u>	<u>\$ 8,080</u>	<u>\$ 701,433</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable - principal	-	-	-	10,000	-	10,000
Restricted	627,640	5,542	34,437	15,734	8,080	691,433
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>627,640</u>	<u>5,542</u>	<u>34,437</u>	<u>25,734</u>	<u>8,080</u>	<u>701,433</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 627,640</u>	<u>\$ 5,542</u>	<u>\$ 34,437</u>	<u>\$ 25,734</u>	<u>\$ 8,080</u>	<u>\$ 701,433</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Cemetery Perpetual Care	School Lunch	Volunteer Fire Department	Bike and Walk Path Fund	Burlock Lavway Scholarship Fund	Totals
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 1
Investment income, net of unrealized gains/(losses)	(13,020)	(111)	(707)	(534)	-	(14,372)
Other	-	-	818	-	-	818
TOTAL REVENUES	<u>(13,020)</u>	<u>(111)</u>	<u>111</u>	<u>(534)</u>	<u>1</u>	<u>(13,553)</u>
EXPENDITURES						
Fees	4,853	41	254	193	-	5,341
Other	29,242	-	-	294	1,450	30,986
TOTAL EXPENDITURES	<u>34,095</u>	<u>41</u>	<u>254</u>	<u>487</u>	<u>1,450</u>	<u>36,327</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(47,115)</u>	<u>(152)</u>	<u>(143)</u>	<u>(1,021)</u>	<u>(1,449)</u>	<u>(49,880)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(47,115)	(152)	(143)	(1,021)	(1,449)	(49,880)
FUND BALANCES, JANUARY 1	<u>674,755</u>	<u>5,694</u>	<u>34,580</u>	<u>26,755</u>	<u>9,529</u>	<u>751,313</u>
FUND BALANCES, DECEMBER 31	<u>\$ 627,640</u>	<u>\$ 5,542</u>	<u>\$ 34,437</u>	<u>\$ 25,734</u>	<u>\$ 8,080</u>	<u>\$ 701,433</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF PRESQUE ISLE, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
AIRPORT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Airport</u>	<u>Totals</u>
REVENUES		
Charges for services:		
Terminal rentals	\$ 102,240	\$ 102,240
Landing fees	298,324	298,324
Concessionaire fee	45,259	45,259
Hanger rentals	19,998	19,998
Airport parking fees	43,882	43,882
Vending income	425	425
General aviation	1,160,491	1,160,491
Other revenue	39,059	39,059
TOTAL REVENUES	<u>1,709,678</u>	<u>1,709,678</u>
EXPENDITURES		
Wages and benefits	540,271	540,271
Utilities	122,447	122,447
Supplies/equipment	767,994	767,994
Repairs/maintenance	103,765	103,765
Insurance	23,795	23,795
Other	24,736	24,736
TOTAL EXPENDITURES	<u>1,583,008</u>	<u>1,583,008</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>126,670</u>	<u>126,670</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	39,020	39,020
Transfers (out)	(113,913)	(113,913)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(74,893)</u>	<u>(74,893)</u>
NET CHANGE IN FUND BALANCES	51,777	51,777
FUND BALANCES, JANUARY 1	<u>(39,021)</u>	<u>(39,021)</u>
FUND BALANCES, DECEMBER 31	<u>\$ 12,756</u>	<u>\$ 12,756</u>

See accompanying independent auditors' 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, 2015

	Land, Non- Depreciable Infrastructure and Construction in Progress	Buildings, Land and Building Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Totals
General Government	\$ 3,936,417	\$ 14,896,375	\$ 426,180	\$ -	\$ 19,258,972
Public Safety	375,000	3,686,020	3,256,007	-	7,317,027
Public Works	41,000	1,872,835	2,873,193	19,925,581	24,712,609
Airport	1,420,954	14,375,745	2,868,517	22,279,101	40,944,317
Solid Waste	622,700	1,446,899	1,699,345	7,029,451	10,798,395
Recreation	3,795,912	7,350,156	642,626	-	11,788,694
Total General Capital Assets	10,191,983	43,628,030	11,765,868	49,234,133	114,820,014
Less: Accumulated Depreciation	-	(27,606,310)	(7,075,039)	(19,045,898)	(53,727,247)
Net General Capital Assets	<u>\$ 10,191,983</u>	<u>\$ 16,021,720</u>	<u>\$ 4,690,829</u>	<u>\$ 30,188,235</u>	<u>\$ 61,092,767</u>

See accompanying independent auditors' 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, 2015

	General Capital Assets 1/1/15	Additions	Deletions	General Capital Assets 12/31/15
General Government	\$ 19,417,442	\$ 31,730	\$ (190,200)	\$ 19,258,972
Public Safety	8,359,473	59,858	(1,102,304)	7,317,027
Public Works	24,663,881	629,154	(580,426)	24,712,609
Airport	39,433,059	1,915,159	(403,901)	40,944,317
Solid Waste	11,094,902	72,962	(369,469)	10,798,395
Recreation	10,011,582	3,361,261	(1,584,149)	11,788,694
Total General Capital Assets	112,980,339	6,070,124	(4,230,449)	114,820,014
Less: Accumulated Depreciation	<u>(53,745,955)</u>	<u>(3,372,524)</u>	<u>3,391,232</u>	<u>(53,727,247)</u>
Net General Capital Assets	<u>\$ 59,234,384</u>	<u>\$ 2,697,600</u>	<u>\$ (839,217)</u>	<u>\$ 61,092,767</u>

See accompanying independent auditors' report and notes to financial statements.

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STATISTICAL SECTION

This part of the City of Presque Isle's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<u>Contents</u>	<u>Tables</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	1 - 5
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	6 - 9
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's ability to issue additional debt in the future.</i>	10 – 12
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	13 - 14
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	15 - 16

Table 1

CITY OF PRESQUE ISLE, MAINE
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Invested in capital assets, net of related debt	\$ 36,363,913	\$ 41,075,258	\$ 47,124,474	\$ 52,403,992	\$ 53,914,937	\$ 52,297,509	\$ 51,509,110	\$ 50,931,088	\$ 51,001,689	\$ 53,333,316
Restricted (a)	7,460,089	657,080	540,361	607,019	645,630	3,389,997	3,322,212	3,556,999	3,404,836	3,887,064
Unrestricted	<u>3,173,693</u>	<u>8,459,355</u>	<u>7,874,580</u>	<u>6,707,081</u>	<u>5,149,664</u>	<u>3,444,455</u>	<u>3,242,563</u>	<u>4,194,578</u>	<u>5,497,287</u>	<u>863,725</u>
Total governmental activities net position	<u>\$ 46,997,695</u>	<u>\$ 50,191,693</u>	<u>\$ 55,539,415</u>	<u>\$ 59,718,092</u>	<u>\$ 59,710,231</u>	<u>\$ 59,131,961</u>	<u>\$ 58,073,885</u>	<u>\$ 58,682,665</u>	<u>\$ 59,903,812</u>	<u>\$ 58,084,105</u>

(a) Beginning in the fiscal year ending December 31, 2011, the City changed the way it accounts for restricted net position.

(b) Beginning in 2015 due to the implementation of GASB Statement No. 68 Accounting and Financial Reporting for Pensions, the City's Unfunded Pension Liability of \$4,102,796 is listed on the financial statements, which results in a decrease to unrestricted fund balance.

Table 2

CITY OF PRESQUE ISLE, MAINE
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Expenses	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
General government	\$ 2,798,297	\$ 4,450,939	\$ 4,394,842	\$ 4,318,921	\$ 4,941,896	\$ 4,674,607	\$ 4,889,842	\$ 4,716,128	\$ 4,067,679	\$ 4,180,348
Public safety	1,210,298	2,651,781	2,622,451	2,526,579	2,597,925	2,634,579	2,486,138	2,751,289	2,508,598	2,502,715
Public works	1,622,073	2,653,500	2,773,241	2,511,224	2,588,693	2,815,777	3,077,507	1,168,012	2,741,027	2,789,012
Airport	1,305,590	2,184,548	2,322,768	2,437,749	2,489,402	2,712,857	3,064,007	3,342,171	2,031,029	2,965,690
Solid waste	1,490,855	1,200,123	1,175,127	1,069,839	1,536,356	2,355,571	2,319,919	1,221,998	1,573,640	1,627,681
Recreation and culture	1,216,046	1,511,065	1,533,570	1,501,938	1,490,592	1,544,757	1,430,088	1,515,441	1,237,803	1,270,879
Education	4,958,701	5,017,959	4,981,055	5,218,390	5,375,744	5,375,744	5,379,470	5,790,920	6,150,296	6,152,769
County Tax	507,060								603,602	619,295
TIF									131,373	68,832
Program Expenditures	3,228,449								96,865	1,720,521
Interest on debt service	209,029	164,097	163,307	196,329	151,761	398,620	374,636	623,921	129,953	139,789
Total governmental activities expenses	18,546,398	19,834,012	19,966,361	19,780,969	21,172,369	22,512,512	23,021,607	21,129,880	21,271,865	24,037,531
Program Revenues										-
Governmental activities:										
Charges for services:										
General government	\$ 82,320	\$ 754,874	\$ 775,474	\$ 732,549	\$ 669,519	\$ 702,109	\$ 753,999	\$ 871,603	\$ 202,119	\$ 194,965
Public safety	10,335	94,884	98,440	152,242	100,483	92,737	44,691	59,349	89,871	84,037
Public works	-	15,169	13,017	15,623	10,056	12,012	5,526	6,795	-	-
Airport	1,111,340	1,234,121	1,430,242	1,117,367	1,114,214	1,439,342	1,644,060	1,646,208	1,936,977	-
Solid Waste	195,067	1,016,077	761,725	733,021	783,478	1,596,920	1,670,927	1,672,625	1,720,313	1,443,138
Recreation and culture	-	427,289	415,189	440,594	437,898	436,168	430,395	403,917	336,046	331,340
Program Revenues	-								614,048	2,325,076
Operating grants and contributions	651,675	745,551	233,590	327,278	872,228	545,679	663,864	474,687	1,042,892	2,974,744
Capital grants and contributions	1,516,858	4,792,969	7,268,068	4,920,508	1,782,404	1,776,696	1,488,310	757,936	-	-
Total governmental activities program revenues	3,567,595	9,080,934	10,995,745	8,439,182	5,770,280	6,601,663	6,701,772	5,893,120	5,942,266	7,353,300
Net (expense)/revenue										
Governmental activities	(14,978,803)	(10,753,078)	(8,970,616)	(11,341,787)	(15,402,089)	(15,910,849)	(16,319,835)	(15,236,760)	(15,329,599)	(16,684,231)
Total primary government net (expense)/revenue	<u>\$ (14,978,803)</u>	<u>\$ (10,753,078)</u>	<u>\$ (8,970,616)</u>	<u>\$ (11,341,787)</u>	<u>\$ (15,402,089)</u>	<u>\$ (15,910,849)</u>	<u>\$ (16,319,835)</u>	<u>\$ (15,236,760)</u>	<u>\$ (15,329,599)</u>	<u>\$ (16,684,231)</u>
General Revenues and other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 10,518,060	\$ 10,558,300	\$ 10,693,926	\$ 11,603,254	\$ 12,021,452	\$ 12,050,893	\$ 11,955,543	\$ 12,534,949	\$ 13,076,652	\$ 13,171,030
Motor vehicle excise tax	1,461,342	1,472,532	1,452,219	1,433,630	1,419,911	1,421,656	1,454,296	1,536,329	1,526,280	1,565,436
Cable television franchise	-	51,284	56,916	60,017	62,669	64,744	64,438	61,755	59,836	56,541
Unrestricted grants and contributions	1,629,578	2,202,873	2,360,645	1,845,885	1,625,123	1,607,047	1,562,793	1,405,817	1,428,254	1,691,127
Miscellaneous	2,765,021	328,493	491,266	218,003	102,981	92,815	83,345	113,755	363,671	2,189,663
Interest and investment earnings	-	427,397	271,354	359,675	162,092	95,424	141,344	192,935	96,053	11,267
Total governmental activities	<u>\$ 16,374,001</u>	<u>\$ 15,040,879</u>	<u>\$ 15,326,326</u>	<u>\$ 15,520,464</u>	<u>\$ 15,394,228</u>	<u>\$ 15,332,579</u>	<u>\$ 15,261,759</u>	<u>\$ 15,845,540</u>	<u>\$ 16,550,746</u>	<u>\$ 18,685,064</u>
Change in Net Position										
Governmental activities	\$ 1,395,198	\$ 4,287,801	\$ 6,355,710	\$ 4,178,677	\$ (7,861)	\$ (578,270)	\$ 1,058,076	\$ 608,780	\$ 1,221,147	\$ 2,000,833
Total primary government	<u>\$ 1,395,198</u>	<u>\$ 4,287,801</u>	<u>\$ 6,355,710</u>	<u>\$ 4,178,677</u>	<u>\$ (7,861)</u>	<u>\$ (578,270)</u>	<u>\$ 1,058,076</u>	<u>\$ 608,780</u>	<u>\$ 1,221,147</u>	<u>\$ 2,000,833</u>

Table 3

CITY OF PRESQUE ISLE, MAINE
Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
General government	\$ 1,599,178	\$ 1,009,704	\$ 794,704	\$ 732,549	\$ 1,063,659	\$ 964,890	\$ 1,092,166	\$ 1,077,645	\$ 277,191	\$ 245,065
Public safety	10,335	401,175	160,295	346,498	334,585	378,506	369,451	292,402	177,607	207,189
Public works	-	383,722	1,773,055	203,931	223,774	215,189	208,976	311,125	184,284	-
Airport	1,111,340	5,658,537	6,938,272	5,849,567	2,522,082	1,670,575	2,648,069	2,003,861	1,936,977	-
Solid waste	846,742	1,147,579	893,196	861,674	925,702	1,705,536	1,906,276	1,748,859	1,720,313	1,443,138
Recreation and culture	-	480,217	436,223	444,963	700,478	1,666,967	476,834	459,228	336,046	331,340
Programs	-	-	-	-	-	-	-	-	1,309,848	5,126,568
Total governmental activities	<u>3,567,595</u>	<u>9,080,934</u>	<u>10,995,745</u>	<u>8,439,182</u>	<u>5,770,280</u>	<u>6,601,663</u>	<u>6,701,772</u>	<u>5,893,120</u>	<u>5,942,266</u>	<u>7,353,300</u>
Total primary government	<u>\$ 3,567,595</u>	<u>\$ 9,080,934</u>	<u>\$ 10,995,745</u>	<u>\$ 8,439,182</u>	<u>\$ 5,770,280</u>	<u>\$ 6,601,663</u>	<u>\$ 6,701,772</u>	<u>\$ 5,893,120</u>	<u>\$ 5,942,266</u>	<u>\$ 7,353,300</u>

Table 4

CITY OF PRESQUE ISLE, MAINE
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011 (a)	2012	2013	2014	2015
General fund										
Nonspendable									\$ 170,500	\$ 224,447
Committed						\$ 1,712,886	\$ 1,792,142	\$ 1,892,560	-	-
Assigned						51,165	51,431	177,247	107,232	32,200
Unassigned						2,146,195	2,089,444	1,824,405	1,220,800	1,300,507
Reserved										-
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -					-
	<u>2,890,755</u>	<u>3,464,879</u>	<u>3,108,754</u>	<u>2,840,081</u>	<u>2,291,584</u>					
Total general fund	<u>\$ 2,890,755</u>	<u>\$ 3,464,879</u>	<u>\$ 3,108,754</u>	<u>\$ 2,840,081</u>	<u>\$ 2,291,584</u>	<u>\$ 3,910,246</u>	<u>\$ 3,933,017</u>	<u>\$ 3,894,212</u>	<u>\$ 1,498,532</u>	<u>\$ 1,557,154</u>
 All other governmental funds										
Nonspendable						\$ 1,651,696	\$ 1,499,348	\$ 1,499,348	\$ 1,052,194	\$ 69,398
Restricted						1,738,301	1,822,864	1,822,864	3,384,836	3,877,064
Committed						4,368,662	4,250,602	4,250,602	4,268,174	5,276,690
Unassigned						(337,403)	(310,744)	(310,744)	(344,579)	(837,310)
Reserved	\$ -	\$ 960,231	\$ 939,958	\$ 1,159,491	\$ 1,487,382					-
Unreserved, reported in:										
Special revenue funds	4,601,761	3,949,102	4,102,489	3,727,446	3,338,726					
Capital projects funds	2,471,001	1,770,159	736,590	(578,180)	(3,046,391)					
Permanent Funds	<u>632,750</u>	<u>657,080</u>	<u>520,361</u>	<u>587,019</u>	<u>625,630</u>					
Total all other governmental funds	<u>\$ 7,705,512</u>	<u>\$ 7,336,572</u>	<u>\$ 6,299,398</u>	<u>\$ 4,895,776</u>	<u>\$ 2,405,347</u>	<u>\$ 7,421,256</u>	<u>\$ 7,262,070</u>	<u>\$ 7,262,070</u>	<u>\$ 8,360,625</u>	<u>\$ 8,385,842</u>

(a) Beginning in the fiscal year ending December 31, 2011, the City adopted the provisions of GASB Statement No. 54.

Table 5

CITY OF PRESQUE ISLE, MAINE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 10,513,597	\$ 10,501,675	\$ 10,454,926	\$ 11,572,254	\$ 11,918,452	\$ 12,038,893	\$ 11,914,543	\$ 12,497,949	\$ 13,041,652	\$ 13,006,030
Excise taxes	1,461,342	1,472,532	1,452,219	1,433,630	1,419,911	1,421,656	1,454,296	1,536,329	1,526,280	1,565,436
Intergovernmental	3,798,111	7,741,393	8,332,303	7,093,671	3,932,546	2,667,110	3,602,143	2,625,900	2,471,146	4,665,871
Licenses, permits, and fees	-	269,051	342,446	293,894	280,373	202,278	177,665	234,170	-	-
Charges for services	1,399,062	2,841,771	2,983,408	2,682,627	2,767,521	4,021,333	4,266,264	4,275,953	4,899,374	4,378,556
Unclassified	2,765,021	811,369	716,415	492,895	745,613	1,475,548	366,276	338,424	-	-
Interest/investment Income	-	427,397	271,354	359,675	162,092	95,424	141,344	192,935	69,980	11,267
Other Revenue								449,580	2,246,204	
Total revenues	19,937,133	24,065,188	24,553,071	23,928,646	21,226,508	21,922,242	21,922,531	21,701,660	22,458,012	25,873,364
Expenditures										
General government	2,613,998	3,219,552	3,368,689	3,231,315	3,411,839	3,590,133	3,669,662	3,474,156	3,359,133	3,372,955
Public safety	2,106,322	2,464,973	2,369,920	2,360,922	2,446,174	2,415,255	2,379,866	2,478,214	2,216,973	2,243,880
Public works	1,622,073	1,916,205	2,102,537	2,005,386	2,132,829	2,062,078	2,076,095	2,080,725	2,034,957	2,035,532
Airport	1,247,597	6,085,012	7,272,965	6,181,632	2,667,398	1,727,426	1,854,421	2,035,279	2,031,029	1,583,008
Solid waste	1,459,329	919,156	1,283,177	856,831	991,795	1,699,742	1,799,471	1,361,812	3,820,663	1,202,454
Recreation and culture	1,167,070	1,376,823	1,962,418	1,554,563	1,398,408	1,367,469	1,270,469	1,331,972	1,057,313	1,053,791
Education	4,958,701	5,017,959	4,981,055	5,218,390	5,375,744	5,375,744	5,379,470	5,790,920	6,150,296	6,152,769
Outside requests	53,565	58,400	58,620	59,915	64,250	64,250	39,850	41,600	41,600	41,125
Intergovernmental	507,060	514,577	554,661	560,973	562,365	574,757	605,109	613,702	603,602	619,295
TIF									131,373	68,832
Unclassified	343,237	214,173	139,960	129,306	169,554	146,798	126,384	133,477	372,074	250,341
Program expenditures									145,010	1,162,164
Capital outlay	2,900,816	3,217,837	2,309,536	1,871,414	4,577,327	2,020,841	2,192,123	1,191,220	1,682,733	5,783,345
Debt service	466,532	375,408	471,366	1,570,294	467,751	553,178	704,226	685,588	630,183	739,492
Total expenditures	19,446,300	25,380,075	26,874,904	25,600,941	24,265,434	21,597,671	22,097,146	21,218,665	24,276,939	26,308,983
Excess (deficiency) of revenues over (under) expenditures	490,833	(1,314,887)	(2,321,833)	(1,672,295)	(3,038,926)	324,571	(174,615)	482,995	(1,818,927)	(435,619)
Other financing sources (uses)										
Issuance of debt	-	1,145,000	928,534	-	-	6,310,000	38,200	-	-	375,000
Transfers in	1,891,927	1,668,655	2,227,856	2,576,187	2,259,924	2,074,819	1,882,525	2,221,242	2,537,993	4,626,590
Transfers out	(1,891,927)	(1,668,655)	(2,227,856)	(2,576,187)	(2,259,924)	(2,074,819)	(1,882,525)	(2,221,242)	(2,537,993)	(4,626,590)
Total other financing sources (uses)	-	1,145,000	928,534	-	-	6,310,000	38,200	-	-	375,000
Net change in fund balances	\$ 490,833	\$ (169,887)	\$ (1,393,299)	\$ (1,672,295)	\$ (3,038,926)	\$ 6,634,571	\$ (136,415)	\$ 482,995	\$ (1,818,927)	\$ (60,619)
Debt service as a percentage of noncapital expenditures	2.82%	2.12%	2.95%	8.59%	2.64%	2.88%	3.50%	3.57%	2.98%	3.19%

(a) The City paid off two outstanding notes payable during the year ended December 31, 2009.

Table 6

CITY OF PRESQUE ISLE, MAINE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Tax Roll Year	Real Property	Taxable Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (a)	Assessed Value as a Percentage of Actual Value
2006	\$ 329,345,150	\$ 45,763,200	\$ 375,108,350	12.59	\$ 422,550,000	88.77%
2007	356,249,410	46,059,200	402,308,610	12.39	436,300,000	92.21%
2008	411,743,200	50,234,100	461,977,300	11.17	490,850,000	94.12%
2009	422,075,300	51,001,500	473,076,800	12.30	515,600,000	91.75%
2010	462,100,650	52,569,700	514,670,350	11.96	544,400,000	94.54%
2011	461,521,450	52,739,700	514,261,150	11.93	565,150,000	91.00%
2012	461,712,650	48,371,000	510,083,650	11.76	590,350,000	86.40%
2013	461,998,350	46,733,500	508,731,850	12.11	571,950,000	88.95%
2014	463,947,280	46,633,100	510,580,380	12.19	565,700,000	90.26%
2015	464,908,780	48,747,300	513,656,080	12.52	565,050,000	90.90%

(a) Source: State of Maine, Bureau of Property Taxation, Property Division

Table 7

CITY OF PRESQUE ISLE, MAINE
Direct and Overlapping Property Tax Rates (Per \$1,000 of Assessed Value)
Direct and Overlapping Governments
Last Ten Fiscal Years

Tax Year	Direct Rates			Overlapping Rates		Total
	Basic Rate	Debt Service	Total Direct	Aroostook County	M.S.A.D. #1	Total Tax rate
2006	\$ 11.51	\$ 1.08	\$ 12.59	\$ 1.26	\$ 12.35	\$ 26.20
2007	11.30	1.09	12.39	1.31	12.45	26.15
2008	9.89	1.28	11.17	1.20	10.78	23.15
2009	11.08	1.22	12.30	1.19	11.03	24.52
2010	11.19	0.77	11.96	1.09	10.45	23.50
2011	11.08	0.85	11.93	1.12	10.45	23.50
2012	11.07	0.69	11.76	1.19	10.55	23.50
2013	11.43	0.68	12.11	1.21	11.38	24.70
2014	11.02	1.17	12.19	1.18	12.05	25.42
2015	11.85	0.67	12.52	1.18	11.75	25.46

Tax rates based on \$1,000 of assessed value.

Source: City Finance Department

Table 8

CITY OF PRESQUE ISLE, MAINE
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2015			2006		
	Assessed Valuation	Rank	Percentage of Total Assessed Value	Assessed Valuation	Rank	Percentage of Total Assessed Value
EMERA MAINE	\$ 22,719,400	1	4.42%	\$ 13,100,000	2	3.37%
Aroostook Centre LLC	15,112,600	2	2.94%	14,623,000	1	3.77%
Wal-Mart	13,650,600	3	2.66%	10,764,500	3	2.77%
R & L Real Estate LLC	11,219,800	4	2.18%			
Lowe's Home Centers, Inc	7,730,700	5	1.51%			
Leisure Gardens, Inc	6,282,100	6	1.22%	4,898,400	5	1.26%
Columbia Forest Products, Inc	4,940,000	7	0.96%	5,831,100	4	
BLD Hospitality, LLC	4,937,400	8	0.96%			
Cavendish Farm Operations	4,839,800	9	0.94%			
MMG Insurance Co	4,835,200	10	0.94%	2,948,500	9	0.76%
Juster, Doris & Ann				3,492,900	6	0.90%
KBS Enterprises				3,273,700	7	0.84%
Maine Potato Growers Inc				3,250,400	8	
N Plaza Shopping Center				2,865,400	10	0.74%
	<u>96,267,600</u>		<u>18.74%</u>	<u>65,047,900</u>		<u>14.41%</u>
Total Assessed Valuation	\$ 513,656,080			\$ 388,317,900		

Source: City Assessment Records

Table 9

CITY OF PRESQUE ISLE, MAINE
Total Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Tax Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$	10,525,029	\$ 9,986,789	94.89%	\$ 531,848	\$ 10,518,637	99.94%
2007		10,520,370	9,854,447	93.67%	663,311	10,517,758	99.98%
2008		10,694,774	9,945,691	93.00%	747,095	10,692,786	99.98%
2009		11,600,316	10,801,848	93.12%	792,143	11,593,991	99.95%
2010		12,094,753	11,174,937	92.39%	912,369	12,089,329	99.96%
2011		12,094,998	11,146,701	92.16%	947,288	12,085,885	99.92%
2012		11,986,966	11,098,299	92.59%	880,655	11,972,819	99.88%
2013		12,565,677	11,635,946	92.60%	619,959	12,512,043	99.57%
2014		12,996,655	12,097,575	93.08%	492,000	12,589,575	96.87%
2015		13,077,684	12,138,522	92.82%		12,138,522	92.82%

Source: City Assessment and Accounting Records

Table 10

CITY OF PRESQUE ISLE, MAINE
Ratios of Net General Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Capital Lease	Notes Payable	Total	Personal Income (a)	Percentage of Personal Income	Population (b)	Per Capita	Percentage of Estimated Actual Taxable Value of Property (c)
2006	\$ 2,527,956	\$ -	\$ 70,136	\$ 2,598,092	\$ 243,079,971	1.07%	9,377	\$ 277.07	0.58%
2007	3,456,003	-	57,370	3,513,373	247,203,840	1.42%	9,285	378.39	0.70%
2008	3,166,684	-	966,978	4,133,662	254,002,800	1.63%	9,200	449.31	0.61%
2009	2,833,434	-	158,747	2,992,181	250,078,650	1.20%	9,050	330.63	0.52%
2010	2,576,567	-	106,466	2,683,033	268,353,000	1.00%	9,000	298.11	0.46%
2011	8,569,700	-	28,910	8,598,610	279,488,204	3.08%	9,692	887.19	1.45%
2012	8,273,908	-	38,200	8,312,108	288,431,826	2.88%	9,658	860.64	1.45%
2013	8,120,093	-	364,291	8,484,384	291,575,732	2.91%	9,596	884.16	1.44%
2014	7,643,574	-	340,580	7,984,154	291,396,165	2.74%	9,402	849.20	1.35%
2015	7,537,799	-	221,650	7,759,449	273,221,025	2.84%	9,317	832.83	1.33%

(a) See Table 14

(b) See Table 14

(c) See Table 8. General Obligation Bond divided by the Estimated Actual Taxable Value.

Table 11

CITY OF PRESQUE ISLE, MAINE
Direct and Overlapping Governmental Activities Debt
December 31, 2015

Jurisdiction	Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct:			
City of Presque Isle General Obligation	\$ 7,537,799	100.00%	\$ 7,537,799
City of Presque Isle Notes Payable	221,650	100.00%	221,650
Total direct debt	<u>7,759,449</u>		<u>7,759,449</u>
Overlapping:			
M.S.A.D. #1	6,461,889	73.62%	4,757,242
Aroostook County	-	0.00%	-
Total overlapping debt	<u>6,461,889</u>		<u>4,757,242</u>
Total direct and overlapping debt	<u>\$ 14,221,338</u>		<u>\$ 12,516,691</u>

Note: Annually, Aroostook County assesses each municipality its proportionate share of the County tax required to fund the County budget. Annually, M.S.A.D. #1 assesses each municipality its proportionate share of the School assessment required to fund the School budget. The County tax and School assessments applicable to the City of Presque Isle is included in the total property tax levy of the City of Presque Isle.

Sources: The outstanding debt for Aroostook County has been provided by the County. The percentage applicable to the City of Presque Isle is based on the ratio of the State equalized assessed valuation for the City of Presque Isle versus the equalized State valuation for Aroostook County.

The outstanding debt for M.S.A.D. #1 has been provided by the District. The percentage applicable to the City of Presque Isle is based on the ratio of the State equalized assessed valuation for the City of Presque Isle versus the equalized State valuation of all municipalities located within the District.

CITY OF PRESQUE ISLE, MAINE
Legal Debt Margin Information
December 31, 2015

The amount of debt a Maine municipality may have is governed by title 30-A.M.R.S.A. section 5702. The law limits total debt and debt for specific categories. Total debt cannot exceed 7.5% of the City's last full State Valuation. Debt for specific categories is limited to a percentage of State Valuation. As the following table indicates, based on a 2015 State Valuation of \$565,700,000 the City is in compliance with the total and categorical debt limits:

Debt Limit by Category

<u>Type of Debt</u>	<u>Maximum Percent Allowable</u>	<u>Maximum Amount Allowable</u>	<u>Principal Amount Outstanding</u>	<u>Legal Debt Margin</u>
Municipal	7.50%	42,378,750	<u>7,759,449</u>	34,619,301
Total Maximum Debt	7.50%	\$ 42,378,750	<u>\$ 7,759,449</u>	\$ 34,619,301

Legal Debt Margin Calculation for Fiscal Year 2015

State Valuation	\$ 565,050,000
Debt Limit - 7.5% of State Valuation	42,378,750
Less outstanding debt applicable to debt limit	<u>(7,759,449)</u>
Legal Debt Margin	<u>\$ 34,619,301</u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 28,133,126	\$ 32,722,500	\$ 36,813,750	\$ 38,670,000	\$ 40,830,000	\$ 42,386,250	\$ 44,276,250	\$ 42,896,250	\$ 42,427,500	\$ 42,378,750
Total debt applicable to limit	<u>2,378,744</u>	<u>3,456,003</u>	<u>3,166,684</u>	<u>2,833,434</u>	<u>2,576,567</u>	<u>8,569,700</u>	<u>8,273,908</u>	<u>8,120,093</u>	<u>7,984,154</u>	<u>7,759,449</u>
Legal debt margin	\$ 25,754,382	\$ 29,266,497	\$ 33,647,066	\$ 35,836,566	\$ 38,253,433	\$ 33,816,550	\$ 36,002,342	\$ 34,776,157	\$ 34,443,346	\$ 34,619,301
Total debt applicable to the limit as a percentage of debt limit	9.13%	10.56%	8.60%	7.33%	6.31%	20.22%	18.69%	18.93%	18.82%	18.31%

Table 13

CITY OF PRESQUE ISLE, MAINE
Principal Employers
Current Year and Nine Years Ago

Employer	2015		2006	
	Employees	Rank	Employees	Rank
Aroostook Medical Center	1000-4999	1		
Wal-Mart Superstore	500-999	2	Information not available	
Burrelle's Press Clipping Service	100-249	3		
University of Maine at Presque Isle	100-249	4		
Columbia Forest Products	100-249	5		
Maine Public Service/EMERA	100-249	6		
Northern Maine Community College	100-249	7		
Presque Isle Nursing Home	100-249	8		
Lowe's	100-249	9		
Maine Mutual Insurance Group	100-249	10		

Source: Aroostook Partnership for Progress

Table 14

CITY OF PRESQUE ISLE, MAINE
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (a)	School Enrollment (d)	Unemployment Rate (c)
2005	9,377	\$ 243,079,971	\$ 25,923	1,874	5.00%
2006	9,285	247,203,840	26,624	1,842	4.80%
2007	9,200	254,002,800	27,609	1,863	5.80%
2008	9,050	250,078,650	27,633	1,797	7.90%
2009	9,000	268,353,000	29,817	1,692	8.60%
2010	9,692	279,488,204	28,837	1,620	8.70%
2011	9,658	288,431,826	29,865	1,594	7.70%
2012	9,596	291,575,732	30,385	1,578	7.50%
2014	9,402	291,396,165	30,993	1,548	6.60%
2015	9,317	273,221,025	29,325	1,727	6.70%

(a) Source: City of Presque Isle/State Planning Office/Economic Forecasting Commission

(b) Source: Bureau of Economic Analysis/Economic Forecasting Commission

(c) Source: State of Maine Center for Workforce Research

(d) Source: State of Maine, Department of Education

Table 15

CITY OF PRESQUE ISLE, MAINE
Full-time Employees by Function/Program
Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government:										
Administration:										
City Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Deputy City Manager	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
Human Resources Director	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	1.00
Planning	1.00	1.00	2.00	2.00	2.00	1.00	0.00	1.00	1.00	1.00
Administration	2.00	2.00	2.00	1.00	2.00	3.00	3.00	2.50	2.00	1.00
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Welfare/Clerk	0.50	0.50	0.75	0.75	0.50	0.50	0.50	0.50	0.60	0.60
Custodian	0.00	0.00	0.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Finance:										
Director	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Deputy Finance Director	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Tax Collector	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.40	3.40
Public Safety:										
Police:										
Chief	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Deputy Chief	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.50	1.50	1.50	1.50	1.50	1.50	1.75	1.75	1.75	1.75
Detective	2.00	2.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00
MDEA	1.00	1.00	1.00	1.00	1.00	0.00	1.00	1.00	1.00	1.00
Sergeant	3.00	4.00	5.00	5.00	5.00	3.00	2.00	2.00	2.00	2.00
Corporal	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00
Patrol Officer	12.00	12.00	12.00	12.00	12.00	11.00	11.00	10.00	10.00	10.00
Dispatcher	2.00	2.00	2.00	1.00	1.00	3.00	3.00	4.00	4.00	4.00
Animal Control Officer	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.63
Custodian	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Fire:										
Chief	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Captains	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Firefighters	12.00	12.00	12.00	12.00	12.00	9.00	8.00	8.00	8.00	9.00
Code Enforcement	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Airport:										
Director	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Maintenance	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.50	5.50	5.50
Custodian	0.00	0.00	0.00	0.00	0.50	0.50	0.50	0.50	0.50	0.50
Page Total	62.75	63	64.25	62.75	63	59	57.25	57.25	57.25	57.38

Table 15, continued

CITY OF PRESQUE ISLE, MAINE
Full-time Employees by Function/Program, continued
Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Tax Assessing										
Assessor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assistant Assessors	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.50	1.50
Public Services:										
Director	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	0.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Solid Waste:										
Director	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00
Supervisor	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.35	2.00	2.00
Equipment Operations	5.00	5.00	5.00	5.00	6.00	5.00	5.00	5.00	3.50	3.00
Public Works:										
Deputy Director	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Supervisor	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Truck Drivers/Equip Operators	9.00	9.00	9.00	9.00	9.00	8.00	8.00	8.00	10.00	10.00
Mechanic	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Laborer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00
Custodian	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50	0.50	0.50
Facilities	0.00	0.00	0.00	0.00	0.00	1.00	1.00	0.50	0.00	0.00
Library:										
Director	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Librarians	5.50	6.00	6.00	6.00	7.00	7.00	6.00	6.00	6.00	6.00
Custodian	0.00	0.00	0.00	0.00	0.50	0.50	0.50	0.50	0.50	1.00
Recreation:										
Director	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00
Deputy Director	0.00	0.00	0.00	0.00	0.00	1.00	1.00	0.00	1.00	0.00
Programmer	1.00	1.00	1.00	1.00	0.50	1.00	1.00	1.00	1.00	1.00
Recreation Staff	2.00	2.00	2.00	2.00	2.00	2.00	3.00	4.00	2.50	3.50
Event Facility Staff	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.50	1.60	1.50
Administrative Assistants	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Maintenance	4.00	4.00	4.00	4.00	4.00	3.50	3.50	3.00	3.50	3.50
Aquatics Director	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assistant Aquatics Director	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00
Indoor Pool Staff	4.00	4.00	3.50	3.50	3.50	3.00	3.00	2.00	0.60	0.50
Total	111.50	114.00	114.75	113.25	117.50	109.00	106.75	104.60	103.45	103.38
In addition there are:										
On-Call Fire Fighters	33.00	33.00	33.00	34.00	33.00	33.00	33.00	33.00	33.00	33.00
Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00

Source - City payroll records

Table 16

CITY OF PRESQUE ISLE, MAINE
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government:										
Code enforcement:										
Residential construction value	\$ 3,160,103	\$ 2,649,484	\$ 2,745,577	\$ 2,117,074	\$ 1,531,791	\$ 607,185	\$ 1,360,521	\$ 1,953,974	\$ 1,181,655	\$ 3,046,886
Number of permits	121	100	123	99	99	59	64	76	71	75
Commercial construction value	\$ 15,095,886	\$ 3,985,871	\$ 13,184,277	\$ 4,716,826	\$ 2,512,070	\$ 3,778,926	\$ 2,008,102	\$ 8,517,064	\$ 7,471,636	\$ 13,000,944
Number of permits	68	74	66	79	51	55	50	72	68	68
Public Safety:										
Fire Department:										
Fire Calls	263	252	305	275	293	241	319	354	329	305
First Response Calls	68	71	59	78	63	53	52	49	-	-
EMS									569	1,288
Inspections	575	580	552	375	410	423	418	414	375	360
Police Department:										
Calls for Service	6,001	6,176	6,184	5,685	5,461	10,366	12,201	15,318	14,377	13,594
Criminal Arrests	450	436	648	668	404	687	680	673	655	689
Vehicle Stops	4,541	4,819	5,173	5,449	3,689	2,993	1,743	1,892	1,681	3,609
Accidents	324	373	327	251	253	385	253	347	601	531
Public Works:										
Street Paving (miles)	4.84	12.04	6.34	3.01	4.67	1.86	3.50	3.62	3.76	4.03
Solid Waste:										
Refuse Collected (tons)	20,111	21,433	13,873	14,993	13,047	12,081	10,564	9,417	11,873	13,720
Recyclable Collected (tons)	6,943	7,995	7,958	7,566	7,262	8,125	6,559	6,907	7,259	6,674
Municipal Recycling Rate (a)	51.1%	51.8%	53.3%	51.3%	52.7%	47.2%	45.4%	49.3%	49.3%	47.1%

Note: Beginning in July 2014, the Fire Department entered into a co-op with the local ambulance service whereby an ambulance will be housed at the fire station and firefighters (all EMS trained and certified) will go out on ambulance calls.

Table 16, continued

CITY OF PRESQUE ISLE, MAINE
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Airport:										
Enplanements	16,253	15,866	13,496	13,238	15,204	14,453	12,379	11,555	12,122	12,878
Deplanements	16,852	15,662	13,768	13,151	15,250	14,353	12,048	11,422	12,183	12,918
Landing Fees	\$ 25,427	\$ 20,303	\$ 46,103	\$ 57,489	\$ 55,355	\$ 55,618	\$ 50,292	\$ 65,199	\$ 154,747	\$ 298,324
Recreation:										
Library:										
Total materials circulated	117,315	122,792	130,498	153,969	160,946	96,332	81,899	85,240	75,350	72,777
Total materials borrowed	61,545	61,048	62,608	78,970	85,917	50,220	63,345	64,540	55,005	63,290
Total print items in collection	64,104	60,634	63,560	56,212	55,601	57,366	61,265	52,794	50,500	50,251
Total program participants	4,020	4,591	4,736	5,504	5,197	4,085	5,423	5,226	4,390	6,022
Forum:										
Major Events	10	15	15	15	15	15	14	14	12	11
Support for Events	15	11	15	12	12	12	11	11	12	12
Weeks of Ice	23	23	23	23	23	23	23	23	22	22
Parks and Recreation:										
Non-Aquatic Programs:										
Youth Participants	4,012	4,084	3,878	3,946	5,159	4,443	4,430	4,377	4,531	5,196
Adult Participants	1,322	1,466	1,345	1,389	1,606	1,103	1,147	1,084	1,101	1,196
Aquatic Programs:										
Indoor Pool Participants	40,335	41,179	32,033	25,634	27,278	23,483	21,475	19,630	1,230	1,345
Outdoor Pool Participants	6,635	6,905	5,641	6,570	8,032	5,607	7,460	-	-	-
Mantle Lake Park Attendance	10,632	15,195	14,093	12,440	13,025	12,286	12,687	12,441	13,240	13,122

Sources: Various City Departments

n/a ---- information not available

(a) Percentages provided by the State Planning Office

Outdoor pool was closed in 2013;

Indoor pool was closed in 2014; swimming lessons continue at the local college pool.