

**MAR 24 2016**

**CITY OF BELFAST, MAINE**

**AUDIT REPORT**

**For the Year Ended June 30, 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Belfast, Maine

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belfast, Maine, as of June 30, 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 and budgetary comparison information on pages 3 through 12 and 38 through 39 be presented to supplement the basic financial statements. Such information, although not 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 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 Belfast, Maine's basic financial statements. The other information is presented for purposes of additional analysis and is 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also not a required part of the basic financial statements.

The combining and individual fund financial statements, the detailed budgetary comparison schedule, the schedule of expenditures of federal awards, and the other schedules 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 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 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 above mentioned schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2016, on our consideration of the City of Belfast, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements or 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 Belfast, Maine's internal control over financial reporting and compliance.

*C. H. Donalds*

March 21, 2016  
Brewer, Maine

CITY OF BELFAST, MAINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Belfast, we offer readers of the City of Belfast's financial statements this narrative overview and analysis of the financial activities of the City of Belfast for the fiscal year ended June 30, 2015.

**FINANCIAL HIGHLIGHTS**

The assets of the City of Belfast exceeded its liabilities and deferred inflows at June 30, 2015 by \$50,905,406. Of this amount unrestricted net position of \$3,119,231 may be used to meet the government's ongoing obligations to citizens and creditors.

The total net position decreased by \$325,608. Of this amount (\$491,894) was associated with governmental and \$166,286 with business-type activities.

As of the close of the current fiscal year, the City of Belfast's governmental funds reported combined ending balances of \$3,365,209 a decrease of \$919,541 in comparison with the prior year. Of this amount \$1,832,778 is unreserved and available for spending, and \$61,222 has been designated for specific future uses by the City Council.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,832,778, or 9% of total General Fund expenditures.

The City of Belfast's total debt obligations (including post retirement benefits) decreased by the net of \$607,516.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City of Belfast's basic financial statements. The City of Belfast's basic financial statements are comprised of 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 in addition to the basic financial statements themselves.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the City of Belfast's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some

items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Belfast include general government, public safety, parks and recreation, culture, community services, community development and other charges. The major business-type activity of the City is their sewer treatment system.

## **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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Belfast can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

## **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 near 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 governmental 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 government'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 this comparison between the two.

The City maintains two individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered a major fund and the Capital Projects Fund which are presented separately for the purpose of consistency.

The City of Belfast adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the fiscal year 2015 budget.

## **PROPRIETARY FUNDS**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City of Belfast maintains one type of proprietary fund; - enterprise.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Belfast utilizes one enterprise fund account for its sewer treatment system.

## **FIDUCIARY FUNDS**

Fiduciary funds are used to account for resources held for the benefit of parties outside government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary funds financial statements can be found in exhibits J and K of this report.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. The combining and individual fund statements referred to earlier in connection with nonmajor funds are presented immediately after the basic financial statements. Also, included are budget comparisons for the General Fund.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2015, the City's assets exceeded liabilities and deferred inflows by \$50,905,406. By far the largest portion of the City's net position (89 percent) reflects its investments in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets are 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. See appendixes for a comparative statement of net position (Table 1) and comparative statement of changes in net position. (Table 2).

**Governmental Activities:** Governmental activities decreased the City's net position by \$491,894.

**Business-Type Activities:** Business-type activities increased the City's net position by \$166,286. This increase consists principally of \$202,630, the transfer from the General Fund for partial debt service.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

**Governmental Funds:** The purpose of the City's governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of

spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2015, the City's governmental funds reported combined ending fund balances of \$3,365,209 a decrease of \$919,541 in comparison with the prior year. Of this amount, \$1,894,000 (56 percent) is unreserved General Fund balance, which is available for spending at the government's discretion. Of the unreserved fund balance \$61,222 has been designated by the City Council for subsequent years' expenditure and other uses leaving and unreserved undesignated amount of \$1,832,778. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed (1) for reserve for capital projects, \$884,483, (2) for unspent funds on construction in progress, \$229,165, and (3) special purposes, \$357,561.

The General Fund is the City's chief operating fund. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$1,832,778 while the total fund balance totaled \$3,365,209. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 9 percent of total General Fund expenditures, while total fund balance represents 16 percent of that amount.

The fund balance of the City's General Fund decreased by \$409,110 during the current fiscal year. The revenues decreased by 1 percent and the expenditures decreased by 3 percent resulting in a decrease of revenues over expenditures of \$560,597. \$170,452 was transferred to the sewer department fund to cover partial debt service.

The Capital Projects Fund has a total fund balance of \$1,113,648. Of that amount \$884,483 is designated for future capital projects; \$229,165 is designated for current construction in progress.

**Proprietary Funds:** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the sewer department fund at the end of the year was \$1,301,993. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

For budgetary financial purposes, all balances carried from the prior year are added to the subsequent year's total appropriation. This resulted in an overall budgetary increase of \$34,881. There were minimal additional amendments to the originally adopted budget. These appropriations were taken from surplus.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** The City's investment in capital assets for its governmental and business-type activities at June 30, 2015 amounts to \$51,893,883 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, service lines, automobiles, trucks, equipment and streetlights.

Major capital assets events during the current fiscal year included the following:

Governmental Activities:

	<u>Fiscal Year</u>
Equipment:	
Land	\$           --
Buildings	
Equipment	275,753
Infrastructure	<u>374,883</u>
Total Capitalization-Governmental	<u>\$ 650,636</u>

Sewer Department Activities:

Equipment	\$ 37,986
Infrastructure	<u>20,731</u>
Total Capitalization-Sewer	<u>\$ 58,717</u>

**Long-term Debt:** At the end of the current fiscal year, the City had \$6,777,638 in outstanding debt consisting of general obligation bonds of \$6,420,099 and \$357,539 in accrued compensated absences.

The City's general obligation debt has not been rated by Standard & Poor's or Moody's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total State assessed valuation. The current debt limit for the City is \$122,182,500 million, an amount which is significantly in excess of existing general obligation debt.

More detailed information about the City's long-term debt is presented in note E to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

During 2015, the City of Belfast was fortunate to continue to experience substantial business development activity, regardless of location within the City or the size of the business. Start-up business activity continued to occur both within the City's downtown district and elsewhere, and smaller and medium-sized businesses were also looking to expand. 2015 witnessed the arrival of OnProcess Technology, a reverse logistics company based in Ashland, Massachusetts. They established a new facility within the former MBNA campus where they already have 170 employees, heading towards 350 employees. Athenahealth completed the transformation of their former warehouse space into a processing center. They currently have 900 employees but have a goal of 1,200 employees for their entire Belfast campus. In addition, Tidewater Oil purchased a lot in the Belfast Airport Business Park with the intent to build an expanded facility, which will lead to additional job growth.

Over the past 13 months for which data is available (January 2015-January 2016), Belfast's unemployment rate (not seasonally-adjusted) decreased from 6.8% to 6.6%, and ranged from 4.2% to 6.8% during that time period. In comparison, during that same time period, the unemployment rate for the State of Maine decreased from 5.9% to 4.6% and ranged from 3.5% to 5.9%, and the unemployment rate for the United States decreased from 6.1% to 5.3% and ranged from 4.8% to 6.1%. As has been mentioned before, Belfast is known to be a *net importer* of jobs, meaning that there are more people who work in Belfast but live outside, than those who live in Belfast but work outside. While this could be attributable to relatively lower property tax rates in the communities that surround Belfast, this could also be connected to a lack of affordable, quality workforce housing within Belfast, forcing lower-wage workers to commute to their jobs in Belfast.

Looking at taxable retail sales, over the past 13 months for which data is available (December 2014-December 2015) total monthly sales for the Belfast Economic Summary Area (which is comprised of the municipalities of Bayside, Belfast, Belmont, Brooks, Jackson, Knox, Liberty, Monroe, Montville, Morrill, Northport, Searsmont, Swanville, and Waldo) decreased from \$17,758,300 to \$16,964,500, representing a decrease of 4.5%. In comparison, over that same time period, total monthly taxable sales for the State of Maine actually increased from \$1,872,458,000 to \$1,922,454,000, representing an increase of 2.7%. Particular categories of taxable sales for the Belfast Economic Summary Area to be noted include the following: other retail, which increased by 7.0% (compared to an increase of only 2.7% for the State of Maine); and general merchandise, which increased by 5.1% (compared to an increase of only 2.2% for the State of Maine). However, there were several categories of taxable sales that experienced significant declines: transportation, which decreased by 18.0% (compared to an increase of 2.9% for the State of Maine); business operating expenses, which decreased by 16.7% (compared to an increase of 3.0% for the State of Maine); and food stores, which decreased by 6.3% (compared to a decrease of only 3.3% for the State of Maine).

Other negative economic statistics were found in the 2010-2014 American Community Survey 5-Year Estimates. According to this data, 17.4% of families in Belfast are below the poverty level (compared to only 9.4% for the State of Maine and 11.5% for the United States), while 41.3% of people under age 18 in Belfast are below the poverty level (compared to only 18.8% for the State of Maine and 21.9% for the United States). In addition, per capita income for Belfast is only \$23,197, which is equivalent to only 84.9% of the per capita income for the State of Maine, and only 81.2% of the per capita income for the United States.

The City of Belfast continues to enhance and improve both its community-related and its business-related infrastructure. During 2015, the City completed a downtown revitalization project focused on streetscape improvements comprising portions of Cross, Miller, and Spring Streets. This project will increase not only pedestrian traffic, but also the potential for (re)development of parcels located in this area. Other significant projects that will be taking place in the near future include the following: 1) the reconstruction, realignment, and enhancement of a significant portion of Front Street, benefitting Front Street Shipyard, Penobscot McCrum, and other businesses located along that corridor, a project estimated at \$3.7 million and which is expected to begin in April of 2016; 2) the demolition of structures and remediation of contaminated soil along a significant portion of Washington Street by Central Maine Power, expected to take place in the second half of 2016, which will facilitate redevelopment of parcels located along

Washington Street; and 3) continued development of the Passy Rail Trail, with the substantial completion of that project expected during 2016.

The City of Belfast continues to aggressively pursue grant funding to help pay for the cost of infrastructure and other economic development-related projects. Since January 2015, the City of Belfast has been awarded the following grants: 1) an \$800,000 Community Development Block Grant Economic Development Program grant, to assist OnProcess Technology by providing funds to pay for investments in equipment; 2) a \$35,000 Maine Department of Agriculture, Conservation and Forestry Recreational Trail Program grant, to assist with construction of the Passy Rail Trail; and 3) a \$50,000 Maine Department of Economic and Community Development/Maine Department of Environmental Protection Brownfields Revolving Loan Fund grant, to pay for the removal of petroleum-impacted soils found at the at the City-owned parcel located at 45 Front Street. The City of Belfast is also currently awaiting word regarding a \$400,000 U.S. Environmental Protection Agency Brownfields Assessment Grant, which would be used to pay for environmental assessment work for contaminated sites that have commercial redevelopment potential, and a \$50,000 Doppelt Family Trail Development Fund, which would be used to help pay for construction of the Passy Rail Trail.

Looking ahead, the Maine Consensus Forecasting Economic Commission (CEFC), in their most recent (February 2016) report made only very slight adjustments to the forecast's major indicators. The forecast for wage and salary employment was adjusted downward by only 0.1% in 2015 and 2016, the forecast for personal income was revised downward by 0.1% in 2015, and the forecast for the consumer price index was adjusted upward by only 0.1% in 2015 and adjusted downward by only 0.1% in 2016. The forecast for wage and salary income was left unchanged. For 2016, the CEFC expects Maine wage and salary employment to increase by 0.7%, personal income to increase by 3.7%, wage and salary income to increase by 4.1%, and the consumer price index to increase by 1.7%.

In its report, the CEFC indicated that both the Maine and the United States economies have generally continued to improve since their last meeting in October of 2015; the CEFC also stated that "inflation-adjusted total wages paid in Maine are back to the pre-recession peak level in 2007 and average wages are rising at the fastest rate in more than a decade. This is partly due to a tighter, more competitive labor market and partly due to near zero inflation . . . it is too early to know if real wage growth will remain high when inflation returns . . ." However, the CEFC also identified the following potential causes for concern: Maine's aging population; Maine's lack of population growth; a decrease in nationwide consumer sentiment; and a nationwide decrease in small business optimism.

As has been the case in recent years, an opinion of cautious optimism for the economy of Belfast is derived from the combination of individual positive business developments taking place along with economic statistics that indicate the existence of a weakened economy. Concerns continue to be raised with greater frequency regarding gentrification and a lack of affordable/workforce housing. The City and its economic development partners have not yet begun to address these issues in an impactful and organized way. The growth of quality jobs, the reduction of poverty, and the support of affordable/workforce housing within Belfast are three goals that the City of Belfast should vigorously pursue through its various economic development strategies and initiatives in an effort to improve these economic conditions.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Manager at City of Belfast, 131 Church Street, Belfast, Maine 04915.

Table 1

City of Belfast, Maine  
Comparative Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current & Other Assets	\$ 4,807,441	\$ 5,632,208	\$ 2,162,576	\$ 2,200,301	\$ 6,970,017	\$ 7,832,509
Capital Assets (Net)	33,128,776	32,970,548	18,765,107	19,005,299	51,893,883	51,975,847
Total Assets	37,936,217	38,602,756	20,927,683	21,205,600	58,863,900	59,808,356
Long-Term Liabilities Outstanding	2,266,031	2,426,792	4,511,607	4,958,362	6,777,638	7,385,154
Other Liabilities	1,161,455	1,175,339	19,401	16,849	1,180,856	1,192,188
Total Liabilities	3,427,486	3,602,131	4,531,008	4,975,211	7,958,494	8,577,342
Net Position:						
Invested in Capital Assets						
Net of Related Debt	31,220,284	30,877,801	14,253,500	14,046,939	45,473,784	44,924,740
Restricted	1,471,209	1,912,628	841,182	861,294	2,312,391	2,773,922
Unrestricted	1,817,238	2,210,196	1,301,993	1,322,156	3,119,231	3,532,352
Total Net Position	\$ 34,508,731	\$ 35,000,625	\$ 16,396,675	\$ 16,230,389	\$ 50,905,406	\$ 51,231,014

City of Belfast, Maine  
Comparative Statement of Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Service/Fees	\$ 2,578,387	\$ 2,009,824	\$ 823,050	\$ 812,647	\$ 3,401,437	\$ 2,822,471
Operating Grants and Contrib.	311,492	292,144	-	-	311,492	292,144
Capital Grants and Contrib.	75,000	40,000	-	-	75,000	40,000
<b>General Revenues:</b>						
Property Taxes	15,212,480	14,420,366	-	-	15,212,480	14,420,366
Excise Taxes	985,363	954,221	-	-	985,363	954,221
Intergovernmental - Other	742,616	650,077	-	-	742,616	650,077
Other	503,919	1,187,315	2,247	1,696	506,166	1,189,011
<b>Total Revenues</b>	<b>20,409,257</b>	<b>19,553,947</b>	<b>825,297</b>	<b>814,343</b>	<b>21,234,554</b>	<b>20,368,290</b>
<b>Expenses:</b>						
General Government	2,307,164	2,179,487	-	-	2,307,164	2,179,487
Protection	2,557,762	2,351,534	-	-	2,557,762	2,351,534
Public Works	2,677,606	2,600,730	-	-	2,677,606	2,600,730
Social Services	208,214	190,875	-	-	208,214	190,875
Parks & Recreation	341,839	263,015	-	-	341,839	263,015
Library	514,190	511,755	-	-	514,190	511,755
Cemeteries	85,377	100,855	-	-	85,377	100,855
Education	9,804,003	9,160,661	-	-	9,804,003	9,160,661
County Tax	1,374,077	1,420,463	-	-	1,374,077	1,420,463
Interest on Debt	166,387	176,974	-	-	166,387	176,974
Unclassified	666,226	434,665	-	-	666,226	434,665
Sewer Department	-	-	861,641	839,833	861,641	839,833
<b>Total Expenses</b>	<b>20,702,845</b>	<b>19,391,014</b>	<b>861,641</b>	<b>839,833</b>	<b>21,564,486</b>	<b>20,230,847</b>
<b>Increase (Decrease) in Net Position Before Transfers</b>	<b>(293,588)</b>	<b>162,933</b>	<b>(36,344)</b>	<b>(25,490)</b>	<b>(329,932)</b>	<b>137,443</b>

City of Belfast, Maine  
Comparative Statement of Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Transfers	194,948	3,065	202,630	182,548	397,578	185,613
Reserve for Uncollectibles	(393,254)	(23,937)	-	-	(393,254)	(23,937)
Increase (Decrease) in Net Assets	(491,894)	142,061	166,286	157,058	(325,608)	299,119
Net Position - Beginning	35,000,625	34,858,564	16,230,389	16,073,331	51,231,014	50,931,895
Net Position - Ending	\$ 34,508,731	\$ 35,000,625	\$ 16,396,675	\$ 16,230,389	\$ 50,905,406	\$ 51,231,014

City of Belfast, Maine  
Government-Wide Statement of Net Position  
June 30, 2015

Exhibit A

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Totals</u>
<b><u>ASSETS</u></b>			
Cash & Cash Equivalents	\$ 653,258	\$ -	\$ 653,258
Investments	2,256,263	753,840	3,010,103
Due from other Funds	-	950,785	950,785
Receivables (Net of Allowance for Doubtful Accounts):			
Taxes	836,258	-	836,258
Accounts	1,061,662	457,951	1,519,613
Total Current Assets	<u>4,807,441</u>	<u>2,162,576</u>	<u>6,970,017</u>
Capital Assets:			
Land	10,175,461	1,485,000	11,660,461
Construction In Progress	1,380,835	-	1,380,835
Buildings & Improvements	9,464,005	652,158	10,116,163
Vehicles & Equipment	5,424,898	167,625	5,592,523
Infrastructure	20,858,053	24,590,508	45,448,561
Total Capital Assets	<u>47,303,252</u>	<u>26,895,291</u>	<u>74,198,543</u>
Less Accumulated Depreciation	<u>(14,174,476)</u>	<u>(8,130,184)</u>	<u>(22,304,660)</u>
Net Capital Assets	<u>33,128,776</u>	<u>18,765,107</u>	<u>51,893,883</u>
Total Assets	<u>37,936,217</u>	<u>20,927,683</u>	<u>58,863,900</u>
<b><u>LIABILITIES</u></b>			
Account Payable	101,655	-	101,655
Other Liabilities	23,618	-	23,618
Accrued Interest Payable	6,791	19,401	26,192
Due to other Funds	959,435	-	959,435
Taxes Collected In Advance	69,956	-	69,956
Bonds and Notes:			
Due Within One Year	176,780	411,702	588,482
Total Current Liabilities	<u>1,338,235</u>	<u>431,103</u>	<u>1,769,338</u>
Long-Term Liabilities			
Bonds and Notes:			
Due in More Than One Year	1,731,712	4,099,905	5,831,617
Compensated Absences	357,539	-	357,539
Total Long-Term Liabilities	<u>2,089,251</u>	<u>4,099,905</u>	<u>6,189,156</u>
Total Liabilities	<u>3,427,486</u>	<u>4,531,008</u>	<u>7,958,494</u>
<b><u>NET POSITION</u></b>			
Invested in Capital Assets, Net of Related Debt	31,220,284	14,253,500	45,473,784
Restricted For:			
TIF	-	86,842	86,842
Infrastructure Maintenance & Upgrade	-	754,340	754,340
Capital Projects	1,113,648	-	1,113,648
Special Purposes	357,561	-	357,561
Unrestricted	1,817,238	1,301,993	3,119,231
Total Net Position	<u>\$ 34,508,731</u>	<u>\$ 16,396,675</u>	<u>\$ 50,905,406</u>

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine  
Government-Wide Statement of Activities  
For the Year Ended June 30, 2015

Program Activities	Program Revenues				Net (Expense) Revenues and Changes in Net Position		
	Expenses	Fees, Fines, & Charges for Service	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Totals
<b>Governmental Activities</b>							
General Government	\$ 2,307,164	\$ 369,387	\$ -	\$ -	\$ (1,937,777)	\$ -	\$ (1,937,777)
Protection	2,557,762	1,215,279	57,500	-	(1,284,983)	-	(1,284,983)
Public Works	2,677,606	737,502	133,992	-	(1,806,112)	-	(1,806,112)
Social Services	208,214	-	-	-	(208,214)	-	(208,214)
Parks & Recreation	341,839	6,209	-	-	(335,630)	-	(335,630)
Library	514,190	-	-	75,000	(439,190)	-	(439,190)
Cemeteries	85,377	-	120,000	-	34,623	-	34,623
Education	9,804,003	-	-	-	(9,804,003)	-	(9,804,003)
County Tax	1,374,077	-	-	-	(1,374,077)	-	(1,374,077)
Interest on Long-Term Debt	166,387	-	-	-	(166,387)	-	(166,387)
Unclassified	666,226	250,010	-	-	(416,216)	-	(416,216)
<b>Total Governmental Activities</b>	<b>20,702,845</b>	<b>2,578,387</b>	<b>311,492</b>	<b>75,000</b>	<b>(17,737,966)</b>	<b>-</b>	<b>(17,737,966)</b>
<b>Business-Type Activities</b>							
Sewer Department	861,641	823,050	-	-	-	(38,591)	(38,591)
<b>Total Business-Type Activities</b>	<b>861,641</b>	<b>823,050</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(38,591)</b>	<b>(38,591)</b>
<b>Total Government</b>	<b>\$ 21,564,486</b>	<b>\$ 3,401,437</b>	<b>\$ 311,492</b>	<b>\$ 75,000</b>	<b>(17,737,966)</b>	<b>(38,591)</b>	<b>(17,776,557)</b>

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine  
Government-Wide Statement of Activities  
For the Year Ended June 30, 2015

	Net (Expense) Revenues and Changes in Net Position		
	Governmental	Business-Type	Totals
	Activities	Activities	
General Revenues:			
Taxes:			
Property	15,212,480	-	15,212,480
Excise	985,363	-	985,363
Interest on Taxes	65,078	-	65,078
Investment Earnings	9,950	2,247	12,197
Miscellaneous	246,038	-	246,038
Intergovernmental, Not Restricted to Specific Functions	742,616	-	742,616
Lease & Rental Income	108,493	-	108,493
Cable TV Receipts	72,892	-	72,892
Payment in Lieu of Taxes	9,950	-	9,950
Special Projects (Net)	(8,482)	-	(8,482)
Reserve for Uncollectible Transfers	(393,254)	-	(393,254)
	194,948	202,630	397,578
Total General Revenues and Transfers	17,246,072	204,877	17,450,949
Changes in Net Position	(491,894)	166,286	(325,608)
Net Position, Beginning, Restated	35,000,625	16,230,389	51,231,014
Net Position, Ending	\$ 34,508,731	\$ 16,396,675	\$ 50,905,406

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine  
Balance Sheet - Governmental Funds  
June 30, 2015

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 646,477	\$ 6,781	\$ 653,258
Investments	1,382,615	873,648	2,256,263
Receivables (Net of Allowance for Doubtful Accounts):			
Taxes	836,258	-	836,258
Accounts	1,061,662	-	1,061,662
Due from Other Funds	-	233,219	233,219
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 3,927,012</u>	<u>\$ 1,113,648</u>	<u>\$ 5,040,660</u>
<b><u>LIABILITIES &amp; FUND BALANCES</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 101,655	\$ -	\$ 101,655
Other Liabilities & Accruals	23,618	-	23,618
Due to Other Funds	1,192,654	-	1,192,654
Taxes Collected In Advance	69,956	-	69,956
Total Liabilities	<u>1,387,883</u>	<u>-</u>	<u>1,387,883</u>
Deferred Inflow of Resources			
Unavailable Revenue-Property Taxes	287,568	-	287,568
	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>Fund Balances</u></b>			
Nonspendable	-	-	-
Restricted	-	1,113,648	1,113,648
Committed	357,561	-	357,561
Assigned	61,222	-	61,222
Unassigned	1,832,778	-	1,832,778
	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>2,251,561</u>	<u>1,113,648</u>	<u>3,365,209</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities & Fund Balances	<u>\$ 3,927,012</u>	<u>\$ 1,113,648</u>	<u>\$ 5,040,660</u>

City of Belfast, Maine  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Government-Wide Statement of Net Position  
 June 30, 2015

Exhibit D

Total Fund Balances - Total Governmental Funds \$ 3,365,209

Amounts reported for governmental activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

Non-depreciable capital assets	\$11,556,296	
Depreciable capital assets, net	<u>21,572,480</u>	
Total capital assets		33,128,776

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet (6,791)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

The long-term liabilities were adjusted as follows:

Long-term bond liabilities-due within one year	((176,780)	
Long-term bond liabilities-due in more than one year	(1,731,712)	
Compensated absences	<u>(357,539)</u>	
Total long-term liabilities		(2,266,031)

Other deferred inflow of resources not available to pay for current period expenditures in the governmental funds-property taxes 287,568

Net position of governmental activities \$ 34,508,731

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015

	General Fund	Capital Projects Fund	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$ 15,108,221	\$ -	\$ 15,108,221
Excise Taxes	985,363	-	985,363
Intergovernmental	934,108	-	934,108
Charges for Services	1,894,487	-	1,894,487
Investment Income	7,498	2,452	9,950
Interest on Taxes	65,078	-	65,078
Special Purpose Accts.	288,274	-	288,274
Miscellaneous	608,895	707,378	1,316,273
Total Revenues	<u>19,891,924</u>	<u>709,830</u>	<u>20,601,754</u>
<u>Expenditures:</u>			
General Government	2,088,957	146,750	2,235,707
Protection	2,589,371	25,120	2,614,491
Public Works	2,114,352	861,635	2,975,987
Social Services	208,214	-	208,214
Parks & Recreation	261,929	60,297	322,226
Library	440,209	6,057	446,266
Cemeteries	103,766	-	103,766
Education	9,762,449	41,554	9,804,003
County Tax	1,374,077	-	1,374,077
Debt Service	355,041	-	355,041
Special Purpose Accts.	296,756	-	296,756
Unclassified	409,179	177,276	586,455
Total Expenditures	<u>20,004,300</u>	<u>1,318,689</u>	<u>21,322,989</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(112,376)</u>	<u>(608,859)</u>	<u>(721,235)</u>
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	303,046	620,504	923,550
Operating Transfers (Out)	(318,902)	(409,700)	(728,602)
Reserve for Uncollectible	(393,254)	-	(393,254)
Total Other Financing Sources & Uses	<u>(409,110)</u>	<u>210,804</u>	<u>(198,306)</u>
Net Changes in Fund Balances	(521,486)	(398,055)	(919,541)
Fund Balance - Beginning	<u>2,773,047</u>	<u>1,511,703</u>	<u>4,284,750</u>
Fund Balance - Ending	<u>\$ 2,251,561</u>	<u>\$ 1,113,648</u>	<u>\$ 3,365,209</u>

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine  
 Reconciliation of the Governmental Funds Statement of  
 Revenues, Expenditures and Changes in Fund Balances  
 to the Government-Wide Statements of Activities  
 For the Year ended June 30, 2015

Exhibit F

Net Change in Fund Balance - Total Government Funds	\$ (919,541)
Amounts reported by governmental activities in the Statement of Activities and changes in Net Position were different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	650,636
The net effect of various transactions involving capital assets (i.e., notes, sales, trade-ins, and contributions) is to increase/(decrease) net position:	
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in government funds.	(492,408)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The issuance of long-term debt provides current financial resources. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.	184,255
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in government funds. (compensated absences)	(23,494)
Some net property tax collected for several months after the City's fiscal year end, (deferred inflow of resources), that are not available revenues in the governmental fund.	104,259
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.	<u>4,399</u>
Change in net position of governmental activities	<u><u>\$ (491,894)</u></u>

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine  
Statement of Net Position  
Proprietary Fund (Sewer)  
For the Years Ended June 30, 2015

	<u>2015</u>
<u>ASSETS</u>	
<u>Current Assets</u>	
Due from General Fund	\$ 950,785
Pooled Investments	753,840
Receivables:	
Sewage Treatment Services (Net Allowance for Doubtful)	457,951
Total Current Assets	<u>2,162,576</u>
<u>Capital Assets:</u>	
Land	1,485,000
Buildings & Improvements	652,158
Vehicle & Equipment	167,625
Infrastructure	24,590,508
Total Capital Assets	<u>26,895,291</u>
Less Accumulated Depreciation	<u>(8,130,184)</u>
Net Capital Assets	<u>18,765,107</u>
 Total Assets	 <u>20,927,683</u>
<u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accrued Interest Payable	19,401
Current Portion of Long-Term Liabilities	411,702
Total Current Liabilities	<u>431,103</u>
<u>Non-Current Liabilities</u>	
Portion of Long-Term Liabilities	<u>4,099,905</u>
 Total Liabilities	 <u>4,531,008</u>
<u>NET POSITION</u>	
Invested in Capital Assets - Net of Related Debt	14,253,500
Restricted for TIF	86,842
Reserve for Infrastructure Maint. & Upgrade	754,340
Unrestricted	<u>1,301,993</u>
 Total Net Position	 <u>\$ 16,396,675</u>

City of Belfast, Maine  
Statement of Revenues, Expenses, and Changes  
in Fund Balance - Proprietary Fund  
For the Year Ended June 30, 2015

Sewer Disposal & Treatment System  
2015

Operating Revenues:

User Fees	\$	816,756
Entrance & Recording Fees		6,294
Total Operating Revenues		823,050

Operating Expenses:

Salaries & Wages		125,474
Fringe Benefits		41,089
Utilities		112,958
Chemicals		23,577
Infrastructure Maintenance		27,538
Outside Services		52,370
Laboratory Supplies		4,159
Building Maintenance		2,561
Vehicle Maintenance/Fuel		4,452
Insurance		670
Billing & Accounting		7,604
Contract Sludge		61,459
Miscellaneous		16,758
Depreciation		298,909
Total Operating Expenses		779,578

Operating Income (Loss) 43,472

Non-Operating Revenue (Expense):

Investment Earnings		2,247
Interest Expense		(82,063)
Net Non-Operating Revenue (Expense)		(79,816)

Income (Loss) Before Transfers (36,344)

Capital Contributions

Transfers in (out):

General Fund - Debt Service		170,452
General Fund - TIF		32,178
		202,630

Change in Net Position 166,286

Total Net Position - Beginning of Year 16,230,389

Total Net Position - End of Year \$ 16,396,675

City of Belfast, Maine  
Statement of Cash Flows - Sewer Fund  
Proprietary Funds  
For the Year Ended June 30, 2015

		<u>Waste Water (Sewer)</u>
Cash flows From Operating Activities:		
Cash Received from Customers	\$ 817,396	
Cash Payments to Employees	(125,474)	
Cash Payments to Suppliers of Goods & Services	<u>(352,931)</u>	
Net Cash Provided by Operating Activities		\$ 338,991
Cash Flows From Noncapital Financing Activities:		
Transfer from (to) General Fund (Net)	<u>202,630</u>	
Net Cash Provided by Noncapital Financing Activities		202,630
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Fixed Assets	(58,717)	
Principal Paid on Long-Term Debt	(446,755)	
Interest Paid on Long-Term Debt	<u>(82,063)</u>	
Net Cash (Used) in Capital & Related Financing Activities		<u>(587,535)</u>
Net Increase (Decrease) in Cash & Cash Equivalents		(45,914)
Cash & Cash Equivalents		
Beginning of Year		<u>1,750,539</u>
End of Year:		
Cash Held By General Fund in Investments	753,840	
Cash in Pooled investments	<u>950,785</u>	
Total End of Year		<u>\$ 1,704,625</u>
Reconciliation of operating income (Loss) to net		
Cash Provided by Operating Activities		
Operating Income		\$ 45,719
Adjustments to Reconcile operations Income to		
Net Cash Provided by Operating Activities		
Depreciation		298,909
Changes in Assets & Liabilities		
(Increase) Decrease in Receivables		(8,189)
Increase (Decrease) in Payables		<u>2,552</u>
Net Cash Provided by Operating Activities		<u>\$ 338,991</u>

City of Belfast, Maine  
 Statement of Fiduciary Net Positions  
 Fiduciary Funds  
 June 30, 2015

<u>ASSETS</u>	<u>Cemeteries</u>	<u>Library</u>	<u>Special</u>	<u>Charity</u>	<u>Recreation</u>	<u>Health</u>	<u>Totals</u>
Cash & Interest							
Bearing Deposits	\$ 1,760,475	\$ 2,057,348	\$ 226,193	\$ 78,416	\$ 5,383	\$ 446	\$ 4,128,261
Total Assets	<u>1,760,475</u>	<u>2,057,348</u>	<u>226,193</u>	<u>78,416</u>	<u>5,383</u>	<u>446</u>	<u>4,128,261</u>
Net Positions - Held in Trust for Specific Programs	<u>\$ 1,760,475</u>	<u>\$ 2,057,348</u>	<u>\$ 226,193</u>	<u>\$ 78,416</u>	<u>\$ 5,383</u>	<u>\$ 446</u>	<u>\$ 4,128,261</u>

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 For the Year Ended June 30, 2015

	<u>Cemeteries</u>	<u>Library</u>	<u>Special</u>	<u>Charity</u>	<u>Recreation</u>	<u>Health</u>	<u>Totals</u>
<u>Principal</u>							
Additions:							
Investment Income							
Interest & Dividends	\$ 32,207	\$ 46,791	\$ 4,071	\$ 413	\$ 15	\$ 1	\$ 83,498
Net increase (Decrease) in Fair Value of Investments	72,818	210,401	6,229	-	-	-	289,448
Total Additions	105,025	257,192	10,300	413	15	1	372,946
Deductions:							
Cemetery	67,491	-	-	-	-	-	67,491
Library	-	58,367	-	-	-	-	58,367
Unclassified	-	-	3,838	7,746	-	-	11,584
Total Deductions	67,491	58,367	3,838	7,746	-	-	137,442
Change in Net Position	37,534	198,825	6,462	(7,333)	15	1	235,504
Net Position, Beginning of Year	1,722,941	1,858,523	219,731	85,749	5,368	445	3,892,757
Net Position, End of Year	\$ 1,760,475	\$ 2,057,348	\$ 226,193	\$ 78,416	\$ 5,383	\$ 446	\$ 4,128,261

The notes to the financial statement are an integral part of this statement.

CITY OF BELFAST, MAINE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**I. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The City of Belfast was incorporated under the laws of the State of Maine in 1853 and operates under a council/manager form of government. In evaluating how to define the reporting entity, for financial purposes, management has considered all potential component units. The criteria used to determine which entities are a part of the City's operations include how the budget is adopted, whether debt is secured by general obligation of the City, the City's duty to cover any deficits that may occur, and supervision over the accounting functions. Based upon all pertinent facts derived from the analysis of the above criteria, it was determined that no additional entities should be included as part of these financial statements.

**B. Government-wide and Fund Financial Statements**

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

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

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

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

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

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

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

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

The Capital Projects Fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or fiduciary funds.

The City reports the following major proprietary funds:

The Sewer Utility Fund accounts for the cost of construction and operation of the sewage treatment plant, the City sewer system, and sewer operation activities, and is self-supported through sewer usage fees.

Additional, the City reports the following fund type:

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. The City's fiduciary funds include the following fund type:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using accrual basis of accounting. The funds are used to account for assets that the City holds for others in an agency capacity.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989.

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

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

## **D. Assets, Liabilities and Equity**

### **1. Deposits and Investments**

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

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. City policy prohibits the investment in so-called "derivative instruments".

Investments are reported at fair value.

### **2. Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of fiscal year are referred to as either "due to/from other funds", (i.e. the non-current portion of interfund loans) or "advances to/from other funds", (i.e. the non-current portion of interfund loans). Any residual balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "due to/from other governmental units".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

### **3. Inventories**

Inventories consist of expendable supplies held in consumption and are valued at cost using the weighted average method. The cost of inventories are recognized as expenditures/expenses when consumed rather than when purchased.

The City does not have any inventories at current year end.

#### 4. Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two years.

Donated capital assets are recorded at estimated fair value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Infrastructure	10-50
System Infrastructure	20-75
Equipment	5-20

#### 5. Deferred Inflows of Resources

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to 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, which arises under modified accrual basis of accounting that qualifies for reporting in this category, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

#### 6. Compensated Absences

Employees eligible for leave include permanent full-time employees. Employees may earn one (1) work day per full calendar month of regular employment to be used as sick leave, which shall be computed at the regular base pay rate of the employee. Administrative personnel may accumulate to a maximum of ninety (90) work days. Police personnel may accumulate to a maximum of one hundred twenty (120) work days. All employees shall be compensated for one-half (1/2) of accumulated sick leave, up to forty-five (45) days, when they are permanently separated from employment as a result of voluntary resignation, retirement, or death. The liability for accumulated sick leave is \$357,539, as of June 30, 2015

## 7. Long-term Obligations

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

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

## 8. Fund Equity

In the fund financial statements, governmental funds report fund balances in one of five possible classifications. Classification is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which the funds can be spent. The categories are as follows:

- Nonspendable fund balance cannot be spent.
- Restricted fund balances are subject to externally enforceable legal restrictions.
- Committed fund balances are subject to limitations the City Council has imposed, that are binding unless removed in the same manner.
- Assigned fund balances reflect the intended use of the resources.
- Unassigned fund balances are resources which have not been classified in any other category. Only the General Fund can report a positive unassigned fund balance amount.

Should there be multiple sources of funding available for a particular purpose, it is the City's policy to expend currently budgeted resources first, then after use other sources in the order of restricted, then committed, then assigned amounts.

## 9. Receivables/Allowance for Uncollectible Accounts

General fund accounts receivables at June 30, 2015 amounted to \$1,798,612 of which general receivables are \$352,212 and ambulance receivables are \$1,446,400. Allowances for uncollectible accounts are maintained for all types of receivables, which historically experience uncollectible accounts.

A summary of the allowance for uncollectible accounts/taxes as of June 30, 2015 is as follows:

General Fund:	
Taxes	\$ 91,743
Ambulance	736,951
Proprietary:	
Sewer Fund	<u>2,500</u>
Total Allowances for Uncollectible	<u>\$831,194</u>

**10. Use of Estimates**

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

**II. Stewardship, Compliance and Accountability**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principals (GAAP) for all governmental funds, except the special revenue, capital projects, and fiduciary funds. These non-major funds are not budgeted. All annual appropriations lapse at fiscal year end, unless a carry-forward of unexpended amounts is approved by the Council.

The City Manager submits to the City Council a proposed operating budget for the ensuing year. The Council holds public meetings and a final budget is prepared and adopted.

The budget is adopted at the department level through the passage of appropriation resolves. The City Manager may make transfers of appropriations within a department. Transfers between departments or additional appropriations require the approval of the City Council.

**B. Reconciliation of Budgetary Basis Statements**

The following schedule reconciles the General Fund amounts on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-Budgetary Basis to the amounts on the Statement of Revenues, Expenditures, and Changes in Fund Balance, Governmental Funds.

Deficiency of revenues over expenditures and other financing sources and uses (Budget)	<u>\$ (521,486)</u>
Deficiency of revenues and other financing sources over expenditures and other uses (GAAP)	<u><u>\$ (521,486)</u></u>

**C. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2015, the following accounts exceeded appropriations by Parks & Recreation, \$2,172 and Public Works, \$67,623. Funds sufficient to provide for the excess expenditures were made available from other functions within the General Fund and the excess had no impact on the financial results of the City.

### III. Detailed Notes On All Funds

#### A. Deposits and Investments

Deposits and investments at June 30, 2015 consist of the following:

Deposits	
Cash on Hand	\$ 275
Cash in Bank	652,981
Investments	
Various Certificates of Deposits, Federal Nat'l Mtg. Notes, and Money Market Funds	<u>7,138,365</u>
Total Cash and Investments	<u>\$ 7,791,621</u>

#### Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a policy with respect to custodial credit risk for deposit accounts. The City does not maintain insurance coverage to protect deposits other than the \$250,000 provided by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2015, \$559,439 of the City's bank balances were exposed to custodial credit risk.

#### Interest Credit Risk

In accordance with the City's investment policy, the City manages its exposure to declines in fair value by limiting the average maturity of its investments to less than one year.

#### Credit Risk

Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and certain corporate stocks and bonds.

The fair market value of investments as of June 30, 2015 is \$7,138,365.

#### Concentrations of Credit Risk

The City's investment policy does not allow the City to invest in debt securities that are not insured, registered or backed by U.S. government securities. The money market funds are invested in an Indexed Money Market account.

#### B. Property Tax

The City's property tax was levied September 17, 2014, on the assessed value listed as of April 1, 2014, for all real and personal property located in the City. The assessed value for the list of April 1, 2014, upon which the 2015 levy base was \$714,284,500. Taxes were due and payable on October 31, 2014, and March 6, 2015, with interest at the rate of 7% being charged on taxes unpaid after that date.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following

the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues. Tax liens 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 the tax lien and associated costs remain unpaid.

**C. Capital Assets-**

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

	Balances at <u>June 30, 2014</u>	<u>Additions</u>	Retirements and <u>Transfers</u>	Balances at <u>June 30, 2015</u>
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$11,556,296	\$ -	\$ -	\$11,556,296
Total Capital Assets not being Depreciated	<u>11,556,296</u>	<u>-</u>	<u>-</u>	<u>11,556,296</u>
Capital Assets being Depreciated:				
Buildings	9,464,005	-	-	9,464,005
Equipment	5,149,145	439,812	(164,059)	5,424,898
Infrastructure	<u>20,483,170</u>	<u>374,883</u>	<u>-</u>	<u>20,858,053</u>
Total Capital Assets being Depreciated	<u>35,096,320</u>	<u>814,695</u>	<u>(164,059)</u>	<u>35,746,956</u>
Less Accumulated Depreciation for:				
Buildings	3,521,759	170,595	-	3,692,354
Equipment	3,515,318	182,677	(148,000)	3,549,995
Infrastructures	<u>6,634,580</u>	<u>297,547</u>	<u>-</u>	<u>6,932,127</u>
Total Accum. Depreciation Governmental Activities	<u>13,671,657</u>	<u>650,819</u>	<u>(148,000)</u>	<u>14,174,476</u>
Capital Assets - Net	<u>\$32,980,959</u>	<u>\$ 163,876</u>	<u>\$ (16,059)</u>	<u>\$33,128,776</u>

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$ 1,485,000	\$ —	\$ —	\$ 1,485,000
Total Capital Assets not being Depreciated	<u>1,485,000</u>	<u>—</u>	<u>—</u>	<u>1,485,000</u>
Other Capital Assets:				
Buildings & Improvements	652,158	—	—	652,158
Vehicles & Equipment	129,639	37,986	—	167,625
Infrastructure	<u>24,569,777</u>	<u>20,731</u>	<u>—</u>	<u>24,590,508</u>
Total Other Capital Assets	<u>25,351,574</u>	<u>58,717</u>	<u>—</u>	<u>25,410,291</u>
Less Accumulated Depreciation:				
Building & Improvements	550,774	13,042	—	563,816
Vehicles & Equipment	98,185	7,364	—	105,549
Infrastructure	<u>7,182,316</u>	<u>278,503</u>	<u>—</u>	<u>7,460,819</u>
Total Accumulated Deprec.	<u>7,831,275</u>	<u>298,909</u>	<u>—</u>	<u>8,130,184</u>
Other Capital Assets, Net	<u>17,520,299</u>	<u>(240,192)</u>	<u>—</u>	<u>17,280,107</u>
Business-Type Capital, Net	<u>\$19,005,299</u>	<u>\$ (240,192)</u>	<u>\$ —</u>	<u>\$ 18,765,107</u>

Depreciation expense for governmental activities is charged to function as follows:

	<u>Buildings</u>	<u>Equipment</u>	<u>Infra- structure</u>	<u>Total</u>
General Government	\$ 43,886	\$ 4,077	\$ —	\$ 47,963
Protection	36,375	74,347	—	110,722
Public Works	9,283	94,069	216,911	320,263
Parks & Recreation	1,398	4,057	14,158	19,613
Library	66,094	1,830	—	67,924
Cemeteries	84	2,331	2,148	4,563
Unclassified	<u>13,475</u>	<u>1,966</u>	<u>64,330</u>	<u>79,771</u>
Total Depreciation for Governmental Activities	<u>\$170,595</u>	<u>\$182,677</u>	<u>\$297,547</u>	<u>\$650,819</u>

#### D. Interfund Transactions

Individual fund interfund receivable and payable transactions are described in the Summary of Significant Accounting Policies Note D.2. As of June 30, 2015 the balances were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ —	\$1,192,654
Capital Projects	233,219	—
Trust Fund	8,650	—
Sewer Fund	950,785	—
	<u>\$1,192,654</u>	<u>\$1,192,654</u>

#### E. Long-term Debt

##### General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital additions. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 10 to 20 year serial bonds with varying amounts of principal maturing each year.

The original amount of general obligation bonds issued is \$14,283,941. The following is a summary of general obligation bond and note transactions of the City for the fiscal year ended June 30, 2015:

Bonds and notes payable at June 30, 2014	\$7,051,109
Add: Principal additions	—
Less: Principal repayments	<u>(631,011)</u>
Bonds and notes payable at June 30, 2015	<u>\$6,420,098</u>

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

<u>Long-term Debt</u>	<u>Fiscal Year Of Maturity</u>	<u>Interest Rate</u>	<u>Governmental Activities City</u>	<u>Business-type Activities</u>	<u>Total June 30, 2015</u>
Footbridge Bond	2022	2.085%-5.085%	\$1,013,821	\$ —	\$1,013,821
Police Building Bond	2018	2.085%-4.285%	101,336	—	101,336
Police Building Bond	2019	2.216%-7.468%	73,335	—	73,335
Walkway Project	2032	1.480%-3.706%	720,000	—	720,000
Pierce/Bridge Street Bond	2023	2.250%	—	328,117	328,117
WWT Upgrade Bond	2020	3.270%	—	369,474	369,474
WWT Bond	2020	2.830%	—	184,760	184,760
WWT Bond	2022	2.400%	—	289,768	289,768
Swan Avenue Bond	2024	1.870%	—	305,536	305,536
Waste Water Refinance Bond	2024	1.450%	—	1,082,759	1,082,759

<u>Long-term Debt</u>	<u>Fiscal Year</u> <u>Of Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Governmental</u> <u>Activities</u> <u>City</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u> <u>June 30, 2015</u>
Replacement Project Bond	2025	1.490%	—	1,465,899	1,465,899
ARRA CWSRF	2029	0.000%	—	485,294	485,294
Total Bonds and Notes			<u>\$ 1,908,492</u>	<u>\$ 4,511,607</u>	<u>\$ 6,420,099</u>

Annual debt service requirements to maturity for general obligation bonds and notes payable are as follows:

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 188,322	\$ 71,213	\$ 456,120	\$ 91,620
2017	192,688	64,198	465,737	83,243
2018	197,348	56,785	475,621	74,633
2019	202,322	49,184	485,773	63,025
2020-2024	767,812	133,014	1,695,089	209,935
2025-2029	200,000	34,167	933,267	24,368
2030-2032	160,000	17,691	—	—
Total	<u>\$1,908,492</u>	<u>\$ 426,252</u>	<u>\$4,511,607</u>	<u>\$ 546,824</u>

### Overlapping Debt

The City's proportionate share of Waldo County's debt (determined by the percentage of the City's state valuation to the County's state valuation) is not reported in the City's financial statements. Debt service is included in the annual county assessment of the City.

### Legal Debt Margin

The City is subject to the laws of the State of Maine, which limits the amount of long-term debt to 15% of the state's assessed valuation. At June 30, 2015, the statutory limit for the City was \$122,182,500. The City's outstanding long-term debt of \$6,420,098 at June 30, 2015 was within the statutory limit.

### F. Fund Balance By Purpose

Following is more detailed information on the governmental fund balances:

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u>	<u>Total</u>
Nonspendable for:	\$ —	\$ —	\$ —
Restricted for:			
Capital Projects	—	1,113,648	1,113,648
Special Purpose Funds	357,561	—	357,561
Assigned to:			
Designated Carried	61,222	—	61,222
Unassigned	<u>1,832,778</u>	<u>—</u>	<u>1,832,778</u>
Total Fund Balances	<u>\$2,251,561</u>	<u>\$1,113,648</u>	<u>\$ 3,365,209</u>

## G. Fund Balances

As of June 30, 2015, the following funds were unexpended and were carried forward into the operations of the 2015/2016 fiscal year.

### Designated for Subsequent Years' Expenditures

110-505	Finance Miscellaneous	\$ 1,610
120-501	Assessing-Salaries & Wages	8,500
130-674	Codification	3,260
420-573	Sidewalk Improvements	26,277
440-537	Recycling Equipment Capital	1,000
450-577	Road Construction	14,732
460-678	Tree Planting	1,450
680-604	Engineer/Professional Services	<u>4,393</u>
	Total	<u>\$ 61,222</u>

## H. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consist of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

## I. Subsequent Events

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure. City of Belfast did not have any subsequent events or transactions requiring recording or disclosure in the financial statements through March 21, 2016, the date that the financial statements were available to be issued.

## Other Information

### A. Risk Management

The City is exposed to various risks of loss to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended June 30, 2015, and the two previous years, no settlements exceeded insurance coverage.

## **B. Pension Plan**

### **Maine Public Employees Retirement System**

City employees contribute to the Maine Public Employees Retirement System (“System”), a cost-sharing multiple-employer public employee retirement system that acts as a common investment and administrative agent for public school teachers, state employees (except members of the judiciary and legislative who are covered under the Judicial and Legislative Retirement Systems) and political subdivisions.

Benefits vest after five years of service. Employees who retire at or after age sixty with one year of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to two percent of the average of their highest three years earnings per year of service. The system also provides death and disability benefits. These benefits provisions and all other requirements are established by state statute.

The system allows maintenance, support workers, and custodial support staff to participate voluntarily in the System. Participants are required to contribute 6.5% of their annual gross salary to the plan and the City is required to make a contribution based on an historical assessment of the plan by the System. Vesting of benefits occurs after five years of service. Disability, pre-retirement, and death benefits are provided under the City’s plan. A cost of living increase is provided under the City’s plan. Upon retirement at or after age sixty, the participant is entitled to an annual retirement benefit of two percent of the average of their three highest years earnings multiplied by the number of years of credited service. The City’s required and actual contribution as a participating local district for the years ended June 30, 2015 and 2014 was \$180,397 and \$149,544 respectively.

Effective July 1, 1995 the City’s Participating Local District (PLD) joined with other PLD’s forming a consolidated PLD. All PLD’s that enter the Consolidated Plan cease to be individual sponsors of a “Single-Employer Defined Benefit Pension Plan” and instead become participants in a “Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.” As such, the disclosures made by individual PLD’s reflect assets and liabilities under the Consolidated Plan which the PLD participates and not those of the PLD itself. A complete report is available by contacting the Maine Public Employees Retirement System at 46 State House Station, Augusta, ME 04333.

### **Other**

Additionally, the City participates in the Social Security Retirement Program. The City’s contribution to Social Security was \$234,636 for the year ended June 30, 2015.

## **C. Grant Funds**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. Any disallowance claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects no such amounts.

City of Belfast, Maine  
Notes to Required Supplementary Information  
June 30, 2015

Budgetary Data

The City Council adopts an annual legal budget which covers the City's Municipal General Fund and the Capital Projects. All unencumbered appropriations lapse at fiscal year end except certain departmental accounts by vote of the Council. Unencumbered appropriations are unreserved, designated for subsequent years' expenditures. The budgets for the General Fund of the City are prepared on the modified accrual basis and include debt principal retirements and capital outlays as expenses. The statements comparing budget and actual amounts for these governmental funds include adjustments to those budgetary bases for the departmental funds carried over from accumulated prior years and new Council vote. Budgetary level of control is exercised by the City Manager.

The Budgetary Comparison Schedule, "Statement of Revenues, Expenditures, and Changes in Funds Balance - Budget and Actual", included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the General Fund of the City, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results.

The General Fund payables are added to the actual expenditures for budgetary comparison.

City of Belfast, Maine  
 Budgetary Comparison Schedule - General Fund  
 For the Year Ended June 30, 2015

<u>Resources</u>	<u>Original Budget W/Carried</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance from Amended Positive (Negative)</u>
Property Taxes	\$ 15,422,368	\$ 15,422,368	\$ 15,108,221	\$ (314,147)
Excise Taxes	910,000	910,000	985,363	75,363
Intergovernmental	922,227	922,227	934,108	11,881
Charges for Services	2,081,000	2,081,000	1,894,487	(186,513)
Investment Income	40,000	40,000	7,498	(32,502)
Interest on Taxes	85,000	85,000	65,078	(19,922)
Miscellaneous	445,115	445,115	608,895	163,780
Special Purpose Accounts	-	-	288,274	288,274
<b>Amounts Available for Appropriation</b>	<b>19,905,710</b>	<b>19,905,710</b>	<b>19,891,924</b>	<b>(13,786)</b>
<b><u>Charges to Appropriations (Outlays)</u></b>				
General Government	2,202,278	2,221,998	2,088,957	133,041
Protection	2,517,698	2,634,842	2,589,371	45,471
Public Works	1,935,225	2,046,729	2,114,352	(67,623)
Social Services	206,042	206,042	208,214	(2,172)
Parks & Recreation	218,801	256,433	261,929	(5,496)
Library	452,459	452,459	440,209	12,250
Cemeteries	112,089	112,089	103,766	8,323
Education	9,762,449	9,762,449	9,762,449	-
County Tax	1,374,077	1,374,077	1,374,077	-
Debt Service	373,432	373,432	355,041	18,391
Unclassified	376,859	410,193	409,179	1,014
Reserve for Uncollectibles	-	-	393,254	(393,254)
Special Purpose Accounts	-	-	296,756	(296,756)
<b>Total Charges to Appropriations</b>	<b>19,531,409</b>	<b>19,850,743</b>	<b>20,397,554</b>	<b>(546,811)</b>
<b>Excess (Deficiency) of Resources Over Charges to Appropriations</b>	<b>374,301</b>	<b>54,967</b>	<b>(505,630)</b>	<b>(560,597)</b>
<b><u>Other Financial Sources and Uses:</u></b>				
Transfers In	-	-	303,046	303,046
Transfers (Out)	(533,682)	(486,834)	(318,902)	167,932
Carried Balances	34,881	34,881	-	(34,881)
<b>Total Other Financial Sources (Uses)</b>	<b>(498,801)</b>	<b>(451,953)</b>	<b>(15,856)</b>	<b>436,097</b>
<b>Net Change in Fund Balance - General Fund</b>	<b>\$ (124,500)</b>	<b>\$ (396,986)</b>	<b>\$ (521,486)</b>	<b>\$ 124,500</b>

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine  
Schedule of Department Operations - General Fund  
For the Year Ended June 30, 2015

	Balance 7/1/14	Approp.	Transfers	Total Available	Expended	(Over) Under Expended	
						Lapsed	To Surplus Carried
<b>General Government</b>							
City Manager's Department	\$ -	\$ 219,489	\$ 3,885	\$ 223,374	\$ 224,853	\$ (1,479)	\$ -
Finance Department	-	216,113	-	216,113	221,345	(6,842)	1,610
Assessing Department	-	117,179	-	117,179	76,999	31,680	8,500
City Clerk's Department	3,960	112,410	-	116,370	84,637	28,473	3,260
City Building Maintenance	-	97,233	-	97,233	108,584	(11,351)	-
Elections and Registrations	-	13,500	-	13,500	10,281	3,219	-
Agency Transactions	-	1,167,635	15,935	1,183,570	1,122,469	61,101	-
Boathouse	-	20,700	-	20,700	20,553	147	-
Planning Department	-	233,959	-	233,959	219,236	14,723	-
<b>Total General Government</b>	<b>3,960</b>	<b>2,198,218</b>	<b>19,820</b>	<b>2,221,998</b>	<b>2,088,957</b>	<b>119,671</b>	<b>13,370</b>
<b>Protection</b>							
Fire Department	4,000	184,500	-	188,500	177,539	10,961	-
Police Department	6,586	1,042,213	22,144	1,070,943	1,015,327	55,616	-
Street Lighting	-	90,600	-	90,600	102,814	(12,214)	-
Hydrants	-	413,875	-	413,875	404,304	9,571	-
Animal Control	-	23,739	-	23,739	8,302	15,437	-
Municipal Insurance	-	221,725	-	221,725	257,759	(36,034)	-
Ambulance Department	4,285	472,017	95,000	571,302	570,004	1,298	-
Crossing Guards	-	16,358	-	16,358	15,688	670	-
Cable Television	-	37,800	-	37,800	37,634	166	-
<b>Total Protection</b>	<b>14,871</b>	<b>2,502,827</b>	<b>117,144</b>	<b>2,634,842</b>	<b>2,589,371</b>	<b>45,471</b>	<b>-</b>
<b>Public Works</b>							
Highway Department	3,500	1,181,803	104,000	1,289,303	1,366,103	(76,800)	-
Sidewalk Maintenance	8,250	25,000	-	33,250	6,973	-	26,277
Recycling/Transfer Station	-	306,172	7,504	313,676	341,951	(29,275)	1,000
Road Construction/Paving	-	400,000	-	400,000	385,824	(556)	14,732
Tree Program	-	10,500	-	10,500	13,501	(4,451)	1,450
<b>Total Public Works</b>	<b>11,750</b>	<b>1,923,475</b>	<b>111,504</b>	<b>2,046,729</b>	<b>2,114,352</b>	<b>(111,082)</b>	<b>43,459</b>

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine  
Schedule of Department Operations - General Fund  
For the Year Ended June 30, 2015

	Balance 7/1/14	Approp.	Transfers	Total Available	Expended	(Over) Under Expended	
						To Surplus	Carried
<u>Social Services</u>							
General Assistance	-	30,000	-	30,000	33,107	(3,107)	-
Welfare Director	-	18,114	-	18,114	17,179	935	-
Outside Agencies	-	157,928	-	157,928	157,928	-	-
Total Social Services	-	206,042	-	206,042	208,214	(2,172)	-
<u>Parks and Recreation</u>							
	-	218,801	37,632	256,433	261,929	(5,496)	-
<u>Library</u>							
	-	452,459	-	452,459	440,209	12,250	-
<u>Cemeteries</u>							
	-	112,089	-	112,089	103,766	8,323	-
<u>Education - MSAD 34</u>							
	-	9,762,449	-	9,762,449	9,762,449	-	-
<u>Special Assessments</u>							
County Tax	-	1,374,077	-	1,374,077	1,374,077	-	-
<u>Debt Service</u>							
Notes and Interest	-	373,432	-	373,432	355,041	18,391	-
<u>Unclassified</u>							
Airport	-	14,300	1,650	15,950	27,732	(11,782)	-
Promotional Activities	-	73,720	-	73,720	72,603	1,117	-
State Law Enforcement Agency	-	60,000	-	60,000	58,534	1,466	-
Harbor	-	133,282	31,684	164,966	162,291	2,675	-
Planning and Zoning	4,300	11,700	-	16,000	11,106	501	4,393
MMA Dues	-	7,175	-	7,175	7,287	(112)	-
Economic Dev. Director	-	70,282	-	70,282	67,626	2,656	-
EMA Director	-	2,000	-	2,000	2,000	-	-
Contingency Operating	-	100	-	100	-	100	-
Total Unclassified	4,300	372,559	33,334	410,193	409,179	(3,379)	4,393

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine  
Schedule of Department Operations - General Fund  
For the Year Ended June 30, 2015

	Balance 7/1/14	Approp.	Transfers	Total Available	Expended	(Over) Under Expended	
						To Surplus	Carried
<u>Reserves - Capital</u>							
Finance Office Equipment	-	500	-	500	500	-	-
Assessing Office Equipment	-	500	-	500	500	-	-
Boathouse Improvements	-	2,000	-	2,000	2,000	-	-
Fire Equipment	-	60,000	-	60,000	60,000	-	-
Police Equipment	-	2,000	-	2,000	2,000	-	-
Cable Television Equipment	-	2,500	-	2,500	2,500	-	-
Ambulance Capital	-	58,056	-	58,056	58,056	-	-
Public Works Equipment	-	10,000	-	10,000	13,010	(3,010)	-
Culvert Capital	-	5,000	-	5,000	5,000	-	-
Footbridge Capital	-	5,000	-	5,000	5,000	-	-
Park & Recreation Equip.	-	2,000	-	2,000	2,000	-	-
Cemetery Equipment	-	6,000	-	6,000	6,000	-	-
Cemetery Maintenance	-	6,000	-	6,000	6,000	-	-
Airport Runway Cap	-	2,000	-	2,000	2,000	-	-
Planning Equipment Cap	-	1,000	-	1,000	1,000	-	-
<b>Total Reserves - Capital</b>	-	<b>162,556</b>	-	<b>162,556</b>	<b>165,566</b>	<b>(3,010)</b>	-
<u>Capital Projects</u>							
Library Weatherization	-	25,000	-	25,000	25,000	-	-
Planning Consultant	-	12,000	-	12,000	12,000	-	-
Parks Capital Reserve	-	50,000	-	50,000	50,000	-	-
Fire Department Furnace	-	10,000	-	10,000	10,000	-	-
Police Dept Video/New Doors	-	9,500	-	9,500	9,500	-	-
Public Works Capital Reserve	-	10,000	-	10,000	10,000	-	-
Cemetery Grove Fence	-	8,000	-	8,000	8,000	-	-
<b>Total Capital Projects</b>	-	<b>124,500</b>	-	<b>124,500</b>	<b>124,500</b>	-	-
<b>Totals</b>	<b>\$ 34,881</b>	<b>\$ 19,783,484</b>	<b>\$ 319,434</b>	<b>\$ 20,137,799</b>	<b>\$ 19,997,610</b>	<b>\$ 78,967</b>	<b>\$ 61,222</b>

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Capital Projects Fund  
For the Year Ended June 30, 2015

	Balance 07/01/14	A		D		D		D		E		U		C		Balance 6/30/15
		Investment Income		Other Receipts		In	Out			Expenditures						
Capital Reserves																
Communication Equipment	\$ 3,579	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,590
Ambulance	71,614	158	-	-	-	58,056	95,000	-	-	-	-	-	-	-	-	34,828
Assessment	883	3	-	-	-	-	-	-	-	-	-	-	-	-	-	886
Cemeteries - Land Development	7,863	23	-	-	-	-	-	-	-	-	-	-	-	-	-	7,886
- Equipment	10,157	29	-	-	-	6,000	10,000	-	-	-	-	-	-	-	-	6,186
- Maintenance	14,287	40	-	-	-	6,000	12,652	-	-	-	-	-	-	-	-	7,675
Personnel Reserve	24,151	40	-	-	-	-	15,935	-	-	-	-	-	-	-	-	8,256
Downtown Development	75	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75
Fire Equipment	151,008	428	-	-	-	60,000	-	-	-	-	-	-	-	-	-	211,436
Harbor Improvement	46,158	51	-	-	-	-	40,962	-	-	-	-	-	-	-	-	5,247
Highway - Highway Equipment	213,495	408	-	-	-	23,010	131,218	-	-	-	-	-	-	-	-	105,695
- Road Construction	45,003	127	-	-	-	-	-	-	-	-	-	-	-	-	-	45,130
- Culvert	27,010	76	-	-	-	5,000	-	-	-	-	-	-	-	-	-	32,086
Police Equipment	24,438	31	1,300	-	-	2,000	22,144	-	-	-	-	-	-	-	-	5,625
Recreation - City Park	87,000	246	-	-	-	50,000	12,985	-	-	-	-	-	-	-	-	124,261
- George Black	4,081	11	-	-	-	-	-	-	-	-	-	-	-	-	-	4,092
Ruth Greenlaw	370	2	-	-	-	-	-	-	-	-	-	-	-	-	-	372
Footbridge Capital	46,224	118	-	-	-	5,000	6,684	-	-	-	-	-	-	-	-	44,658
Transfer Station Equipment	10,317	29	-	-	-	-	-	-	-	-	-	-	-	-	-	10,346
Airport	115,613	327	-	-	-	2,000	5,000	-	-	-	-	-	-	-	-	112,940
Airport Maintenance	8,628	22	-	-	-	-	1,650	-	-	-	-	-	-	-	-	7,000
Planning Equipment	11,662	30	-	-	-	1,000	1,390	-	-	-	-	-	-	-	-	11,302
Waterfront/Thompson Wharf	6,521	10	-	-	-	-	-	-	-	-	-	-	-	-	-	6,531
Ambulance Train. & Dev.	2,290	7	-	-	-	-	-	-	-	-	-	-	-	-	-	2,297
Cable TV Equipment	6,905	20	-	-	-	2,500	-	-	-	-	-	-	-	-	-	9,425
City Clerk Office Equipment	3,911	11	-	-	-	-	-	-	-	-	-	-	-	-	-	3,922
Assessing Office Equipment	2,028	6	-	-	-	500	-	-	-	-	-	-	-	-	-	2,534
Finance Office Equipment	5,421	15	-	-	-	500	-	-	-	-	-	-	-	-	-	5,936

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Capital Projects Fund  
For the Year Ended June 30, 2015

	Balance 7/01/14	A		D		D		D		E	D	U	C	T	Balance 6/30/15
		Investment Income		Other Receipts		TRANSFERS In	Out	Expenditures							
Capital Reserves (cont'd)															
City Manager Equipment	1,010	3	-	-	-	-	-	-	1,000	-	-	-	-	13	
Boathouse Maintenance	6,559	19	-	-	-	2,000	-	-	-	-	-	-	-	8,578	
Park Equipment	(1,370)	(4)	-	-	-	2,000	-	-	-	-	-	-	-	626	
Future Land Purchase	20,819	59	-	-	-	-	-	-	-	-	-	-	-	20,878	
Fuel Price	10,110	28	-	-	-	-	-	-	-	-	-	-	-	10,138	
Sidewalk Capital	23,965	68	-	-	-	-	-	-	-	-	-	-	-	24,033	
Total Capital Reserves	1,011,785	2,452	-	1,300	-	225,566	-	-	356,620	-	-	-	-	884,483	

Capital Improvements

Records Restoration	18	-	-	-	-	-	-	-	-	-	-	-	-	18	
CDBG Housing Grant	300	-	-	-	-	-	-	-	-	-	-	-	-	300	
City Hall - Municipal Building	5,091	-	-	-	-	-	-	-	-	47	-	-	-	5,044	
Aerial Photographs	16	-	-	-	-	-	-	16	-	-	-	-	-	-	
Solid Waste - Landfill Closing	55,816	-	-	-	-	-	-	-	-	10,260	-	-	-	45,556	
Cemetery Grove Fence	-	-	-	-	-	8,000	-	-	-	-	-	-	-	8,000	
EDA PW Grant	-	-	-	-	-	-	-	-	-	148,000	-	-	-	(148,000)	
Efficiency Audit Grant	2,800	-	-	-	-	325	-	-	-	-	-	-	-	3,125	
Small Comm. Grants-Septic	2,561	-	-	-	-	-	-	-	-	-	-	-	-	2,561	
Remodel DWNS	24,000	-	-	-	-	-	-	-	-	9,068	-	-	-	14,932	
Police Forfeiture	80	-	-	-	-	-	4,559	-	-	-	-	-	-	4,639	
Belfast Commons	15,000	-	-	-	-	-	-	-	-	-	-	-	-	15,000	
Front Street Drainage	(15,650)	-	-	-	-	-	-	-	-	-	-	-	-	(15,650)	
Police Academy	12,500	-	-	-	-	-	-	-	-	10,573	-	-	-	1,927	
Belfast Commons	20,000	-	-	-	-	-	-	-	-	-	-	-	-	20,000	
Energy Initiatives	4,703	-	-	-	-	1,688	-	-	-	750	-	-	-	5,641	
Fire Dept. Furnace	-	-	-	-	-	10,000	-	-	-	-	-	-	-	10,000	
City Hall Copiers	(363)	-	-	-	-	363	-	-	-	-	-	-	-	-	
Sec. Cameras -Har Walk	8,000	-	-	-	-	-	-	-	-	-	-	-	-	8,000	
Tot Lot Replacement	2,837	-	-	-	-	-	-	-	-	-	-	-	-	2,837	
Rangeway Development	6,207	-	-	-	-	-	-	-	-	-	-	-	-	6,207	
Police Bike	4,200	-	-	-	-	-	-	-	-	-	-	-	-	4,200	
Climate Pro	325	-	-	-	-	-	-	325	-	-	-	-	-	-	

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Capital Projects Fund  
For the Year Ended June 30, 2015

	Balance 7/01/14	A		D		TRANSFERS		D		E		U		C		Balance 6/30/15
		Investment Income	Other Receipts	In	Out	In	Out	Out	Expenditures							
<u>Capital Improvements (cont'd)</u>																
TA CDBG Funds	2,756	-	-	-	-	-	2,756	-	-	-	-	-	-	-	-	-
Downtown Waterfront TIF	206,914	-	-	214,548	-	-	-	-	-	-	-	-	85,428	-	-	336,034
Lib Weather	24,240	-	-	25,000	-	-	-	-	-	-	-	-	6,057	-	-	43,183
Sidewalks	59,093	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59,093
PL Consultant	15,000	-	-	12,000	-	-	27,000	-	-	-	-	-	-	-	-	-
PW Site Search Evaluation	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,000
Waterfront Walkway	(2,852)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,852)
Comp Plan Consultant	2,171	-	-	27,000	-	-	-	-	-	-	-	-	5,870	-	-	23,301
Harbor Restrooms	1,319	-	-	-	-	-	1,319	-	-	-	-	-	-	-	-	-
Supervisory Train/Comp Study	1,020	-	128	-	-	-	-	-	128	-	-	-	1,020	-	-	-
Parks Cap Reserve	-	-	-	50,000	-	-	-	-	-	-	-	-	50,000	-	-	-
Police Dept. Video/Doors	-	-	-	9,500	-	-	-	-	-	-	-	-	5,012	-	-	4,488
Park Playground Equipment	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000
Swan Lake Ave Sidewalks	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Steamboat landing Fencing	6,395	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,395
Waterfront Master Plan	12,171	-	-	-	-	-	-	-	-	-	-	-	5,401	-	-	6,770
Coastal Walkway	(4,056)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,056)
Health Waldo	334	-	-	-	-	-	334	-	-	-	-	-	-	-	-	-
Comm Impr	1,606	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,606
Wakeag Land	124,829	-	-	-	-	-	-	-	-	-	-	-	-	-	-	124,829
Sidewalks	1,717	-	-	-	-	-	1,717	-	-	-	-	-	-	-	-	-
Hiking/Biking	3,600	-	697	-	-	-	-	-	-	-	-	-	4,297	-	-	-
GIS Programs	13,159	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,159
Planning Consult - Rte 3	444	-	-	-	-	-	-	-	-	-	-	-	-	-	-	444
T.S. Office	2,425	-	-	2,633	-	-	-	-	-	-	-	-	-	-	-	5,058
Town Clock	3,910	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Block Building Repairs	3,804	-	-	-	-	-	3,910	-	-	-	-	-	-	-	-	-
Harbor Project	(1,500)	-	-	1,500	-	-	3,804	-	-	-	-	-	-	-	-	-

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Capital Projects Fund  
For the Year Ended June 30, 2015

	Balance 7/01/14	A				D		TRANSFERS		D				Balance 6/30/15
		Investment Income	Other Receipts	D	D	In	Out	U	C	T	Expenditures			
												Income	Receipts	
Capital Improvements (cont'd)														
Police Dept Phone System	5,000	-	-	-	-	-	-	-	-	-	-	-	5,000	-
Please Be Seated Sign	5,000	-	-	-	-	-	-	-	-	-	-	-	-	5,000
Leadership	(373)	-	-	-	-	373	-	-	-	-	-	-	-	-
Computer Server	(1,068)	-	-	-	-	1,068	-	-	-	-	-	-	-	-
Boathouse Improvements	4,815	-	-	-	-	-	-	-	-	-	-	-	-	4,815
Northport Avenue	65	-	-	-	-	-	65	-	-	-	-	-	-	-
Brownsfield	(26,853)	-	-	-	110,916	-	-	-	-	-	-	97,946	-	(13,883)
Police Station Weatherization	1,688	-	-	-	-	-	-	-	-	1,688	-	-	-	-
Community Grant	(863)	-	-	-	-	-	-	-	-	-	-	-	-	(863)
Brownsfield	(6,762)	-	-	-	45,016	-	-	-	-	-	-	29,311	-	8,943
Chapel Project	45	-	-	-	-	-	-	-	-	45	-	-	-	-
Rails/Trails	(6,204)	-	-	-	16,400	-	-	-	-	-	-	3,385	-	6,811
RSU Withdrawal	20,212	-	-	-	-	20,062	-	-	-	-	-	41,554	-	(1,280)
Public Works Cap. Res.	-	-	-	-	-	10,000	-	-	-	-	-	10,000	-	-
Airport Land	3,000	-	-	-	-	-	-	-	-	-	-	5,200	-	(2,200)
Passy Trail	2,351	-	-	-	-	-	-	-	-	-	-	3,813	-	(1,462)
CTG Grant	500	-	-	-	-	-	-	-	-	-	-	-	-	500
Harbor Walk	(34,736)	-	-	-	-	-	-	-	-	-	-	8,873	-	(43,609)
Marshall Wharf	4,609	-	-	-	-	-	-	-	-	-	-	-	-	4,609
T.S. Improvements	2,633	-	-	-	-	-	-	-	-	2,633	-	-	-	-
Ice Skating	(400)	-	-	-	-	400	-	-	-	-	-	-	-	-
Agric. Grant	(390)	-	-	-	-	390	-	-	-	-	-	-	-	-

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Capital Projects Fund  
For the Year Ended June 30, 2015

	Balance 7/01/14	TRANSFERS				D	E	D	U	C	T	Balance 6/30/15
		A	D	D	D							
		Investment Income	Other Receipts	In	Out				Expenditures			
Capital Improvements (cont'd)												
Rte. 1 and Rte. 141	(24,765)	-	-	-	-	-	-	-	43,316	-	(68,081)	
CDBG Front St. Ship.	(144)	-	-	-	-	-	-	-	-	-	(144)	
EPA Browns	(343)	-	13,546	-	-	-	-	-	14,437	-	(1,234)	
ME Downtown Ctr.	(112)	-	100,000	-	-	-	-	-	100,000	-	(112)	
CDBG Micro	(11,051)	-	49,666	-	-	-	-	-	39,721	-	(1,106)	
Bike Maine	2,000	-	-	-	-	-	-	-	2,000	-	-	
Front St. Reconstruction	(17,827)	-	-	-	-	-	-	-	2,632	-	(20,459)	
CDBG Downtown	(72,049)	-	89,329	-	-	-	-	-	60,908	-	(43,628)	
Airport Master Plan	-	-	-	-	-	-	-	-	39,217	-	(39,217)	
Airport Runway	-	-	40,530	-	-	-	-	-	38,600	-	1,930	
Airport Obstruction	-	-	89,785	-	-	-	-	-	94,259	-	(4,474)	
Thompson Wharf	-	-	53,967	-	-	-	-	-	91,736	-	(37,769)	
Inner Harbor	-	-	19,273	-	-	-	-	-	19,999	-	(726)	
CDBG 2014	-	-	52,131	-	-	-	-	-	87,505	-	(35,374)	
Front St. Reconstruction	-	-	-	-	-	-	-	-	122,320	-	(122,320)	
Fitness Equipment	-	-	5,000	-	-	-	-	-	-	-	5,000	
Solar Power	-	-	-	88	-	-	-	-	230	-	(142)	
Byrne Grant	-	-	11,875	-	7,340	-	-	-	4,535	-	-	
CDBG Tech	-	-	-	-	-	-	-	-	112	-	(112)	
Park Improvement	-	-	3,260	-	-	-	-	-	10,297	-	(7,037)	
Total Capital Improvements	499,918	-	706,078	394,938	53,080	-	-	-	1,318,689	-	229,165	
Totals	1,511,703	2,452	707,378	620,504	409,700	-	-	-	1,318,689	-	1,113,648	

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine  
 Schedule of Valuation and Assessment  
 For the Year Ended June 30, 2015

Valuation	
Real Estate	\$ 685,792,000
Personal Property	28,492,500
Total Valuation	<u>\$ 714,284,500</u>
Assessment	
Valuation x Rate = \$714,284,500 X .02165	\$ 15,464,259
Supplements	3,228
Abatements & TIF Financing	<u>(255,007)</u>
Property Tax Revenue Actual	15,212,480
Add Deferred Property Taxes - Prior Year	183,309
Less Deferred Property Taxes - Current Year	<u>(287,568)</u>
Property Tax Revenue Recognized	<u>\$ 15,108,221</u>

City of Belfast, Maine  
 Schedule of Activity on Special Purpose Accounts  
 For the Year Ended June 30, 2015

Account Name	Balances 7-01-14	Receipts	Expended	Balances 6-30-15
Future Land Acquisition	\$ 22,170	\$ -	\$ -	\$ 22,170
Belfast Dev Corp/Econ Dev	20,776	-	90	20,686
Road Opening Account	20,463	1,072	450	21,085
Sesquicentennial Receipts	3,830	-	-	3,830
Property Tax Relief Program	2,268	-	-	2,268
Rte. 3 Road Improv. Impact	7,000	-	-	7,000
ENK Fund	(48,585)	28,289	68,249	(88,545)
Thomas Wharf/Paddle Dock	(816)	-	-	(816)
Parks & Rec. Bus Service	(4,797)	-	-	(4,797)
Boathouse Key Deposit	475	550	750	275
Jaws of Life	4,646	750	236	5,160
Sale/Industrial Park Prop.	199,493	-	-	199,493
Park Pavillian	263	-	-	263
Harbor Gasoline	30,734	73,506	78,964	25,276
Harbor Diesel	22,443	83,877	71,625	34,695
Waterfront Heritage Park	75,319	2,393	-	77,712
Playground Impr. Group	246	-	-	246
City Park Donations	5,843	-	-	5,843
Poet Laureate	137	1,613	1,785	(35)
City of Belfast Bridge Fund	(2,780)	-	-	(2,780)
Planning Dept. Escrow	2,000	-	-	2,000
Bridge Plaque	500	-	-	500
Belfast Area Youth Council	69	-	-	69
Police Evidence Account	(2,266)	-	-	(2,266)
Cemetery Donations	650	-	-	650
Police Memorial Fund	20	-	-	20
Rail Trail Trust Account	11,190	80,701	64,393	27,498
Worthy Poor	(5,127)	10,624	5,516	(19)
Senior Dinner Program	-	200	-	200
Good Cause Program	(120)	4,700	4,700	(120)
Totals	<u>\$ 366,044</u>	<u>\$ 288,275</u>	<u>\$ 296,758</u>	<u>\$ 357,561</u>

City of Belfast, Maine  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015

**Summary of Auditor's Results**

**Financial Statements**

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Belfast, Maine.
2. No material weakness in internal control was found during the audit of the financial statements.
3. No significant deficiencies in internal control were found during the audit of the financial statements.
4. No instances of noncompliance material to the financial statements of City of Belfast, Maine were disclosed during the audit.
5. No significant deficiencies in internal control over major federal programs were disclosed during the audit.
6. The auditor's report on compliance for the major federal award programs for the City of Belfast, Maine expresses an unqualified opinion on all major federal programs.
7. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
8. The programs tested as major programs include: ARRA Assessment, Cleanup, & Revolving Loan CFDA #66.818, Maine Downtown Center Assistance Program CFDA #14.228 and 2013 Economic Development Assistance Program CFDA #11.300.
9. The threshold for distinguishing type A and B programs was \$300,000.
10. The City of Belfast, Maine was determined to be a high-risk auditee.

**Findings-Financial Statements Audit**

The financial statements of the City of Belfast, Maine, for the year ended June 30, 2015 were found to fairly present in all material respects the respective financial position of the governmental activities, the business-type activities, and each major fund and federal program. No adverse findings are reportable.

**Findings and Questioned Costs-Major Federal Award Program Audit**

No findings or questioned costs are reportable

The notes to the financial statements are an integral part of this statement.

City of Belfast, Maine  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

<u>Federal Grantor</u>	<u>Federal CFDA #</u>	<u>Pass- Through Entity Identifying #</u>	<u>Federal Expenditures</u>
<u>Department of Environmental Protection</u>			
<u>Pass-through Maine Department of Environmental Protection</u>			
ARRA Assessment, Cleanup, and Revolving Loan Fund Grant	66.818	ARRA066	* \$ 141,694
Total U.S. Dept. of Environmental Protection			<u>141,694</u>
 <u>Department of Economic &amp; Community Development</u>			
<u>Pass-through Maine Department of Economic &amp; Community Development</u>			
2012 Downtown Revitalization	14.228	13108	60,908
Micro-Enterprise Assistant Program	14.228	015 19A 0587 012 6331	39,311
Maine Downtown Center Assistance Program	14.228	10080-20	* 100,000
2014 Housing Assistance	14.228	-	87,505
Business Assistance Program	14.228	-	112
Total U.S. Department of Economic & Community Development			<u>287,836</u>
 <u>Department of Transportation</u>			
<u>Federal Aviation Administration</u>			
<u>Pass-through Maine Department of Transportation</u>			
Airport Improvement Program	20.106	3-23-0007-09-2010	39,217
Airport Master Plan Update	20.106	3-23-0007-11-2013	34,740
Airport Improvement Program	20.106	3-23-0007-12-2013	88,650
Airport Improvement Program	20.106	3-23-0007-12-2013	5,200
Total Department of Transportation			<u>167,807</u>
 <u>Department of Commerce</u>			
<u>Pass-through Economic Development Administration</u>			
2013 Economic Development Assistance Program	11.300	01-01-14433	* 148,000
Total Department of Commerce			<u>148,000</u>
Total Expenditures of Federal Awards			<u>\$ 745,337</u>

\*Major Programs

City of Belfast, Maine  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

Exhibit R  
Page 2 of 2

**Significant Accounting Policies**

- A. Reporting Entity-The accompanying schedule includes all federal awards programs of the City of Belfast, Maine for the fiscal year ended June 30, 2015. The reporting entity is defined in Notes to Basic Financial Statements of the City of Belfast, Maine.
- B. Basis of Presentation-The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133.
  - 1. Pursuant to OMB Circular A-133, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations.
  - 2. Major Programs-OMB Circular A-133 establishes the levels of expenditures or expenses to be used in defining major federal financial award programs. Major programs for the City of Belfast, Maine have been identified in the attached Schedule of Findings and Questioned Costs-Summary of Auditor's Results.
- C. Basis of Accounting-The information presented in the Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the City's fund financial statements.

The notes to the financial statements are an integral part of this statement.

## **Report on Internal Control Over Compliance**

The management of the City of Belfast, Maine, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the City of Belfast, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Belfast, Maine's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belfast, Maine as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Belfast, Maine's basic financial statements. We issued our report thereon dated March 21, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements.

**C.H. DORR & CO., P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

City Council  
City of Belfast, Maine

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

We have audited the City of Belfast, Maine's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance supplement* that could have a direct and material effect on each of the City of Belfast, Maine's major federal programs for the year ended June 30, 2015. The City of Belfast, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Belfast, Maine's major federal programs based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 required that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Belfast, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the City of Belfast, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

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

*C. H. Donalds*

Brewer, Maine  
March 21, 2016

**C.H. DORR & CO., P.A.**

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

City Council  
City of Belfast, Maine

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belfast, Maine, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Belfast, Maine's basic financial statements and have issued our report thereon dated March 21, 2016.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Belfast, Maine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*C.H. Donalds*

Brewer, Maine  
March 21, 2016