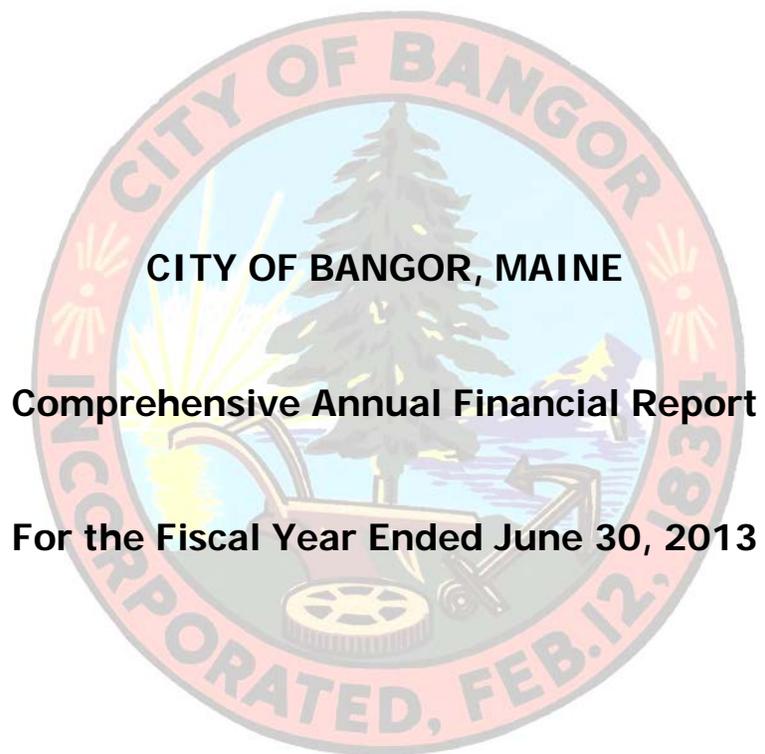




City Of Bangor, Maine
Comprehensive Annual Financial Report
For Fiscal Year June 30, 2013



CITY OF BANGOR, MAINE

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013

Prepared by:

Debbie Cyr, Finance Director

David Little, Tax Collector/Deputy Treasurer

CITY OF BANGOR, MAINE
Comprehensive Annual Financial Report
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INTRODUCTORY SECTION



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FINANCE DEPARTMENT
Deborah A. Cyr, Finance Director

December 20, 2013

To the Honorable Chair,
Members of the Bangor City Council, and
Citizens of Bangor

In accordance with the requirements of both our City Charter and state statutes, the City of Bangor's comprehensive annual financial report for the fiscal year ended June 30, 2013 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Bangor. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the City of Bangor on a government wide and fund basis.

The City is responsible for establishing and maintaining an internal control framework designed to ensure that the assets of the City are protected from loss, theft, and misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs of control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

The City's financial statements have been audited by Runyon Kersteen Ouellette. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's unmodified opinion is presented as the first component of the financial section of this report.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-133, Audits of States, Local Government and Non-Profit Organizations. Information related to this single audit, including a schedule of expenditures of federal awards, findings, questioned costs, recommendations, and the independent auditor's reports on the internal control structure and compliance with applicable laws and regulations, are included in a separately issued single audit report.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

The City of Bangor is situated in eastern Maine, is the Penobscot County seat, and is the third most populous city in Maine. The City occupies approximately 35 square miles on the western shore of the Penobscot River. Bangor was first settled in 1656, incorporated as a town on February 25, 1791 and as a city on February 12, 1834. Bangor is the major trade, distribution, service, and commercial center for the central, eastern, and northern portions of the State.

The City operates under a Charter adopted in 1931 that provides for a Council-Manager form of government. The City Council is composed of nine members who are elected at large for three-year staggered terms. The Charter grants to the Council all powers to enact, amend, or repeal rules, ordinances, and resolutions relating to the City's property, affairs, and government; to preserve the public peace, health, and safety; to establish personnel policies; to give effect to any vote of the City; and to authorize the issuance of debt. The Council adopts an annual budget and provides for an annual audit. The City Manager is the chief administrative officer of the City and is appointed by the Council, as are the Assessor, Solicitor, and Clerk.

The City's schools are governed by a seven-member School Committee. Its members are elected at large to staggered three-year terms. By Charter, the School Committee has all the powers and performs all the duties related to the care and management of the public schools of the City. The Committee annually furnishes to the City Council an estimate of sums required for school purposes for the ensuing municipal year. The City Council makes a single gross appropriation for this purpose, which must be ratified by the voters of Bangor at a referendum held in June prior to the start of the City's fiscal year. Once approved, the expenditure of

this appropriation is under the direction and control of the School Committee. The School Committee employs the Superintendent of Schools as its chief operating officer.

The City provides a full range of municipal services including police and fire, highways and sanitation, health and welfare, parks and recreation, education, public transportation, planning, business and economic development, code enforcement, and general administrative services. Bangor International Airport, sanitary sewer services, the Bass Park Complex (Cross Insurance Center), parking, golf course, economic development, and a transitional housing complex are accounted for in the City's enterprise funds.

The City's budgeting process is structured around its fiscal year, which begins on July 1st and ends on the following June 30th. The City annually adopts budgets for its general fund and seven enterprise funds. The City Charter requires that the City Manager submit a recommended budget to the Council by the second Monday in April. The budget, which must be in balance, contains estimates of all non-tax revenues and receipts expected to be received during the next fiscal year, the expenditures necessary to support City operations, debt service requirements, and the tax levy required to achieve balance between revenues and expenditures. The Council may modify recommended expenditures and the recommended tax levy. If the Council fails to adopt a budget by July 1st, the City Manager's proposed budget automatically becomes that fiscal year's budget. In either case, an appropriate property tax levy is established and filed with the City Assessor, who then sets the necessary property tax rate.

The annual budget serves as the foundation for the City's financial planning and control and is prepared by fund, function, and department. The City Manager may transfer resources within a department; however, transfers between departments require Council action.

Special revenue funds do not have adopted budgets but have program budgets. Budgetary controls are maintained on other governmental funds through formal authorizations by the City Council and through grant agreements. All budgets are legally adopted by the City Council through the passage of appropriation resolves.

Factors Affecting Financial Condition

Local economy. The City is the economic, educational, recreational, distribution, and health care center for the central, eastern, and northern Maine regions. Bangor also serves as northern New England's economic link to the Canadian Maritimes and Eastern Quebec. The City is a major center for the communications, banking, commercial, industrial, healthcare, and governmental sectors of the State.

Bangor has a stable and varied economic base. Major employers include a diversified mix of health care, educational, professional, retail, manufacturing, and governmental entities. Bangor's 2013 unemployment rate of 6.7% continues to be on par with or below both county and state rates of 7.6% and 6.8%, respectively.

Bangor is the second largest retail market in Maine after Portland. The Bangor Mall, Airport Mall, Broadway commercial center, Union Street commercial corridor, and the Bangor Center Development District (downtown) have long established Bangor as the hub of the six-county eastern Maine retail market. Bangor's retail sector serves an extensive geographic area ranging from eastern Maine to the Canadian Maritimes, with a population exceeding 3.1 million. With less than three percent of the State's population, Bangor's share of the State's retail sales is proportionally higher. In 2012, Bangor's retail taxable sales were \$1.2 billion, or 6.89% of total State retail sales and 57.2% of total County sales.

Further evidence of continuing sustained growth is the change in the City's assessed value of real and personal property. The annual increase in assessed value is a combination of three factors: 1) market adjustments to existing property, 2) new construction/additions, and 3) personal property depreciation. Over the four years, assessed value has remained relatively flat, however over the last ten years, the average annual increase in assessed value is 4.56%. Tax base growth, the City's focus on controlling budgetary growth, and ramped up state funding for education resulted in a 15.85% reduction in the City's tax rate from 2004 to 2013.

The City is committed to preserving its viable economic base while creating new opportunities for future economic growth. To achieve these objectives, the City is proactive in supporting economic activity through planned capital improvements, innovative financing, and aggressive marketing.

Long-term financial planning and major initiatives. The City's capital improvement plan is an integral part of the annual budget process. A complete list of near term improvements is submitted as part of the City Manager's budget submission for all City functions. The plan includes projects anticipated within the coming one to two year period with an indication of how the City anticipates funding the improvements. Certain improvements are longer term in nature and are updated and reviewed via the City Council's Committee structure on an as needed basis.

Under a development agreement with Bangor Historic Track, a wholly owned subsidiary of Penn National Gaming, the City receives a percentage of gross slot and table game revenues as well as land lease payments and property taxes on the Bangor gaming facility. In October 2005, the City established a special revenue fund to account for its share of gross slot and table game revenues to be used primarily to finance the cost to replace our auditorium and civic center. In August 2011, the City broke ground to replace the aging facility with a right sized state of the art Arena and meeting complex. In July 2013, the facility was officially named the Cross Insurance Center. Construction of the \$68.7 million facility was completed in the summer of 2013 and its grand opening was held in September 2013.

The City has identified the need to enhance quality of life and housing opportunities within a targeted west side neighborhood. Beginning in FY 2013, the City held a variety of stakeholder and neighborhood meetings, all of which were well attended and received, to develop a plan that can be implemented in the coming years. In addition, a consultant was engaged to develop a wide range plan of action to follow. This plan was recently reviewed with the City Council and the City, on its own, and in conjunction with private developers, is beginning to implement the recommendations.

Progress continues in the redevelopment of almost a mile of prime Penobscot River frontage extending from the City's downtown area to the Bass Park Complex. A majority of the required infrastructure has been installed, for which the City has been successful in obtaining partial funding from both State and Federal agencies. This investment has resulted in the development of a significant regional entertainment and recreational area.

Over the years, the City has invested significant resources and effort to improve our local environment and protect our natural resources. Over the past year, the major emphasis has been on storm water management issues. Storm water quality requirements and related regulations affect various water bodies within our corporate limits and a number of watershed management plans are in various stages of development and implementation throughout the City. The City has taken a proactive approach to addressing storm water issues and has begun the process

to implement a storm water utility in order to fund the costs associated with storm water management.

Relevant Financial Policies. City policy prescribes uses for unassigned fund balances. In general, unassigned fund balance is not to be used to fund any portion of the on-going and routine year to year operating expenditures of the City. It is to be used primarily to ensure adequate fund balances, to respond to unforeseen emergencies, and to provide overall financial stability.

By Charter, the City is to maintain an unassigned fund balance of no more than 16.66% and no less than 8.33% of prior year expenditures, and the Council has determined that a reasonable target is 8.33%. Unassigned fund balance in the general fund as of June 30, 2013 was 8.90% of expenditures, net of debt service.

Awards and Acknowledgements. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bangor for its comprehensive annual financial report for the fiscal year ended June 30, 2012 for the seventeenth consecutive year. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA for consideration for another certificate.

The preparation of this document would not have been possible without the hard work of all of the City's employees. Each one contributes on a daily basis, simply by carrying out the responsibilities of their positions.

Our sincerest thanks are once again extended to our citizens and the Bangor City Council for their continued support for our efforts to further develop the City's financial management and reporting capabilities. We are confident that we have once again met their expectations.

Respectfully submitted,



Debbie Cyr
Finance Director



Government Finance Officers Association

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

Presented to

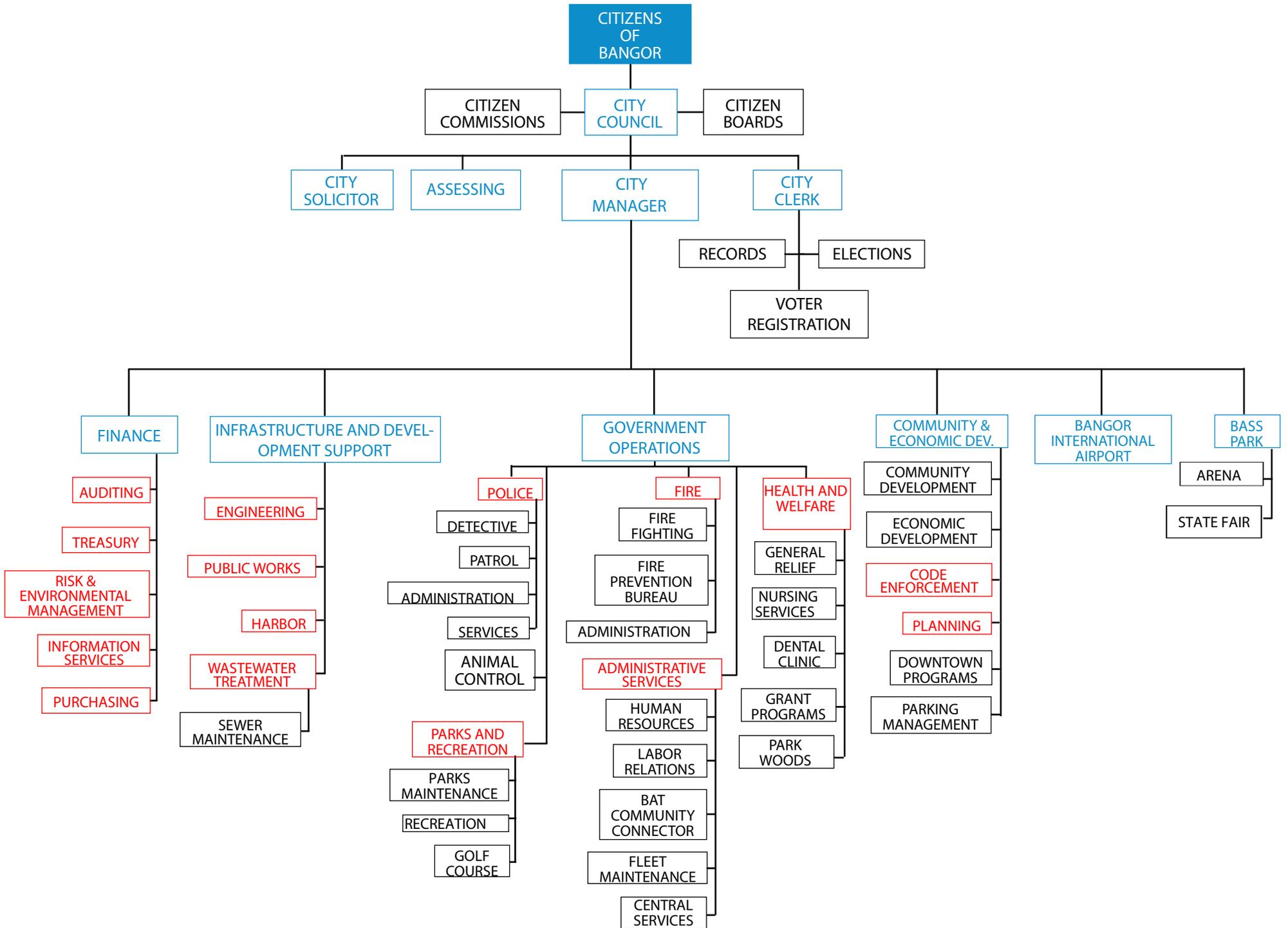
**City of Bangor
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

CITY OF BANGOR ORGANIZATIONAL CHART Revised (06/13)



**City of Bangor, Maine
Elected Officials and Principal Administrative Officers
June 30, 2013**

City Council

Nelson Durgin, Chair

Joseph Baldacci
Pauline Civiello
Susan Hawes
David Nealley

Patricia Blanchette
James Gallant
Charles Longo
Benjamin Sprague

City Staff

Catherine M. Conlow, City Manager
Benjamin F. Birch, City Assessor
Lisa Goodwin, City Clerk
Norman Heitmann, City Solicitor

School Committee

Phyllis Guerette, Chair

Warren Caruso, Vice Chair
Sarah Smiley
Jay Ye

Marc Eastman
Christine Szal
Vacant

School Staff

Betsy Webb, Superintendent of Schools

FINANCIAL SECTION

Independent Auditor's Report

City Council
City of Bangor, Maine:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discreetly-presented component unit, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of and for the year ended June 30, 2013, 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 the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discreetly presented component unit, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

City Council
City of Bangor, Maine

In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, on our consideration of the City of Bangor, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bangor, Maine's internal control over financial reporting and compliance.



December 20, 2013
South Portland, Maine

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Bangor offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. In addition to comparative information from the government-wide statements, comparative data is also presented on key information from the fund financial statements. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in our letter of transmittal, which can be found on pages I-1 to I-6 of this report.

Financial Highlights

- The assets of the City of Bangor exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$204.7 million (net position).
- At the close of fiscal year 2013, the City of Bangor's governmental funds reported combined ending fund balances of \$25.5 million, a decrease of \$28.2 million over the restated prior year balance, the restatement was an increase of \$36.4 million (See Note H) which was partially offset by an increase of \$8.2 million in current year activity. Current year increase was primarily due to the accumulation of committed and assigned fund balances for future payment of the Arena debt service and specific near term capital projects. Approximately 75% of the total amount, or \$19.2 million, is either committed, assigned or unassigned and is available for spending at the City Council's discretion, if needed.
- The City of Bangor has a fund balance policy. By Charter, the City is to maintain an unassigned fund balance of no more than 16.66% and no less than 8.33% of prior year expenditures, net of debt service and the Council has determined that a reasonable target is 8.33%. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7.7 million, or 8.90% of the general fund expenditure base. The annual calculation is included within the financial statements as Schedule F-2.
- The total liabilities and deferred inflows of resources of the City's governmental funds decreased by \$4.8 million (25.1%), primarily due to the payment of a significant account payable and interim financing related to the Cross Insurance Center construction. Enterprise fund liabilities increased by \$60.7 million (161.0%), primarily due to the issuance of the permanent financing of the construction of the Cross Insurance Center and the timing of accounts payable which can vary drastically from year to year depending upon the timing of invoices received and/or the projects being undertaken.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Bangor's basic financial statements. These statements consist of three components: government-wide financial statements, fund financial statements, and 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 present the financial picture of the City from the point of view of economic resources measurement and using the accrual basis of accounting, which is similar to that used by private-sector companies. These statements present governmental activities and business-type activities separately.

The statement of net position includes 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 position 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 are accrued but not yet paid or collected but will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee vacation leave).

These statements are divided into two categories: governmental activities and business-type activities.

- Governmental activities – Most of the City's basic services are included here, such as the general government, public safety, public works, health and welfare, education, and parks and recreation. These activities are principally supported by taxes and intergovernmental revenues.
- Business-type activities – Currently, the City operates the following business-type activities: Bangor International Airport, Sewer Utility, the Bass Park Complex, Parking, Golf Course, Economic Development, and the Park Woods Complex.

The government-wide financial statements can be found on pages II-18 to II-19 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bangor, 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 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- Governmental funds are used to account for mostly the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate a comparison between governmental funds and governmental activities.

The City of Bangor maintains ten individual governmental 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, Community Development Block Grant, Arena fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements (Schedule B) elsewhere in this report.

The City of Bangor adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget (Schedule A-2).

- Proprietary funds are used to account for essentially the same functions reported as business-type activities in the government-wide financial statements. Enterprise funds are the only type of proprietary funds maintained by the City. The proprietary fund statements provide the same type of information as the government-wide statements, only in more detail.

The City maintains seven individual proprietary funds, of which the Sewer Utility, Airport, Bass Park and Economic Development Funds are considered to be major. Data from three other proprietary funds is combined into a single aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements (Schedule C) elsewhere in this report. The City of Bangor adopts annual budgets for all of its proprietary funds. Budgetary comparison statements have been provided for each proprietary fund to demonstrate compliance with budgets (Schedule C4 – C10).

- Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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 Statement of Net Position is included in this report as Exhibit 10.

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. The notes to the financial statements can be found on pages II-30 through II-55 of this report.

Government-wide Financial Analysis

The following is a condensed version of the Statement of Net Position.

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012*	2013	2012*	2013	2012
Current & other assets	39,522,674	35,141,366	26,067,159	23,744,869	65,589,833	58,886,235
Capital assets, net of						
accumulated depreciation	76,641,969	75,265,288	236,621,877	212,611,248	313,263,846	287,876,536
Total assets	116,164,643	110,406,654	262,689,036	236,356,117	378,853,679	346,762,771
Long-term debt outstanding	70,199,367	87,046,162	87,282,407	30,927,074	157,481,774	117,973,236
Other liabilities	6,637,178	10,792,741	4,978,188	3,433,904	11,615,366	14,226,645
Total liabilities	76,836,545	97,838,903	92,260,595	34,360,978	169,097,140	132,199,881
Deferred inflows of resources	5,082,840	5,009,200	-	-	5,082,840	5,009,200
Total deferred inflows	5,082,840	5,009,200	-	-	5,082,840	5,009,200
Net position:						
Net investment in capital assets	54,540,288	51,140,022	165,548,784	189,171,941	220,089,072	240,311,963
Restricted	1,041,443	1,039,248	-	-	1,041,443	1,039,248
Unrestricted	(21,336,473)	(8,198,487)	4,879,657	12,823,198	(16,456,816)	4,624,711
Total net position	34,245,258	43,980,783	170,428,441	201,995,139	204,673,699	245,975,922

* Restated See Other Information Note H

By far the largest portion of the City's net position reflects its net investment in capital assets (i.e., land, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to satisfy these liabilities. Restricted net position are those resources that are subject to external restrictions on how they may be used; such as donor, legal or granting agency restrictions. While the remaining balance of unrestricted net position has a deficit of \$16.5 million, the governmental activity deficit of \$21.3 million is partially offset by the business type activities balance of \$4.9 million. The governmental activity deficit is primarily due to \$24.0 million in outstanding pension obligation bonds.

Governmental-type net position decreased \$9.7 million. The major component associated with the decrease in governmental-type net position is the spend down in Arena funds associated with the construction of the Cross Insurance Center, net of the receipt of \$2.1 million of revenues that result from the casino operation.

Business-type net position increased by \$4.9 million. The increase in net position was largely driven by a transfer of resources from the Arena Fund to the Bass Park Fund related to the construction of the Cross Insurance Center. This was dampened by the fact that user fees cannot absorb annual depreciation expense, due to the significant cost of infrastructure, specifically within the Airport Fund. Airport infrastructure investments are typically funded via the federal/state Airport Improvement Plan, which provides 97.5% of the funding for projects or the Passenger Facility Charges, which is a federally regulated program whereby per passenger fees are collected from the airlines.

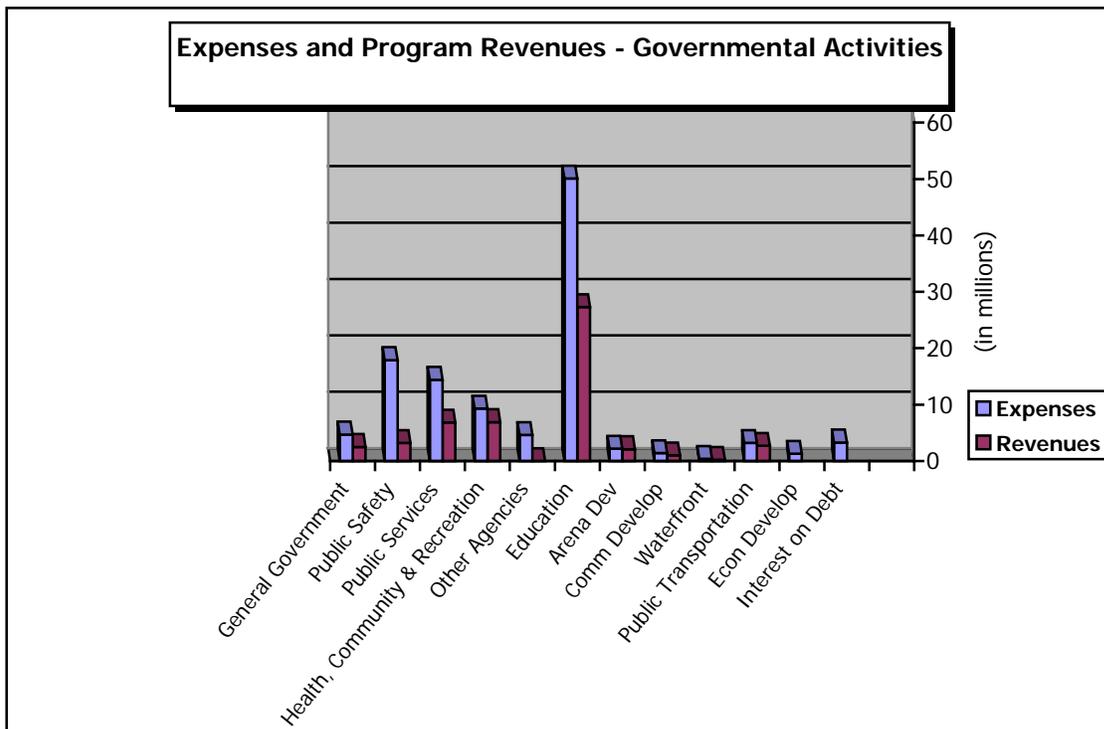
Changes in Net Position

The following is a condensed version of the Statement of Activities.

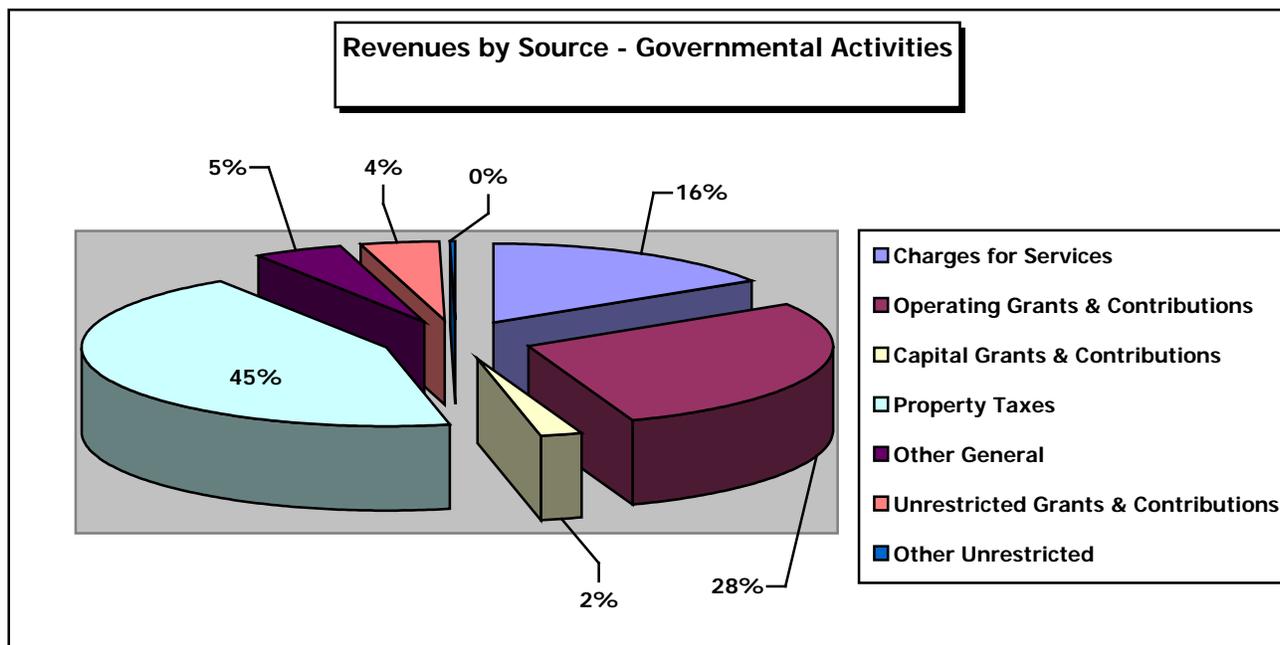
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for services	17,728,344	18,191,551	23,460,843	23,613,090	41,189,187	41,804,641
Operating grants & contributions	31,901,386	33,137,275	-	-	31,901,386	33,137,275
Capital grants & contributions	2,345,794	3,725,432	6,121,523	2,351,779	8,467,317	6,077,211
General Revenues						
Property and other taxes	54,983,518	53,646,508	-	-	54,983,518	53,646,508
Grants and contributions not restricted to specific programs	4,857,030	4,963,161	-	-	4,857,030	4,963,161
Other	169,680	547,329	85,075	543,493	254,755	1,090,822
Total Revenues	111,985,752	114,211,256	29,667,441	26,508,362	141,653,193	140,719,618
Expenses						
General government	4,733,021	4,490,599	-	-	4,733,021	4,490,599
Public safety	17,864,294	18,016,430	-	-	17,864,294	18,016,430
Health, community and recreation	9,298,196	8,455,977	-	-	9,298,196	8,455,977
Public services	14,408,500	15,399,933	-	-	14,408,500	15,399,933
Other agencies	4,630,915	4,209,428	-	-	4,630,915	4,209,428
Education	50,145,937	51,223,806	-	-	50,145,937	51,223,806
Arena development	2,201,200	536,251	-	-	2,201,200	536,251
Community development	1,356,184	1,152,289	-	-	1,356,184	1,152,289
Waterfront	381,437	606,249	-	-	381,437	606,249
Public transportation	3,250,752	3,276,780	-	-	3,250,752	3,276,780
Interest on debt	3,343,590	2,710,135	-	-	3,343,590	2,710,135
Economic development (tif)	1,334,470	1,502,503	-	-	1,334,470	1,502,503
Sewer Utility	-	-	6,827,790	6,758,495	6,827,790	6,758,495
Airport	-	-	20,722,960	20,752,350	20,722,960	20,752,350
Economic Development	-	-	586,140	615,816	586,140	615,816
Park Woods	-	-	473,289	533,671	473,289	533,671
Parking	-	-	972,327	995,631	972,327	995,631
Bass Park	-	-	3,314,865	1,919,301	3,314,865	1,919,301
Municipal Golf Course	-	-	687,317	671,113	687,317	671,113
Total Expenses	112,948,496	111,580,380	33,584,688	32,246,377	146,533,184	143,826,757
Excess (deficiency) before transfers	(962,744)	6,282,337	(3,917,247)	(5,738,015)	(4,879,991)	(3,107,139)
Transfers	(8,772,781)	(417,042)	8,772,781	417,042	-	-
Change in net position	(9,735,525)	5,644,439	4,855,534	(2,256,880)	(4,879,991)	(3,107,139)

Governmental Activities

The cost of all governmental activities was \$112.9 million. As shown on the Statement of Activities, the total amount financed by the property tax was \$49.9 million, or 44.3% of expenses. Those who directly benefit from an activity provided \$17.7 million in payments. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$31.9 million. Capital grants and contributions accounted for \$2.3 million. The City also received \$10.1 million in other general revenues such as state revenue sharing, motor vehicle and boat excise taxes, homestead exemptions, and interest earnings.



Total governmental activities expenses remained relatively flat over the prior year with an increase of \$1.3 million. During FY 2013, City employees did receive a cost of living adjustment of 1.5% and health insurance increases were lower than anticipated at 8.3% due to the City's lower utilization rates and the effects of employee/insurer driven wellness initiatives in prior years.

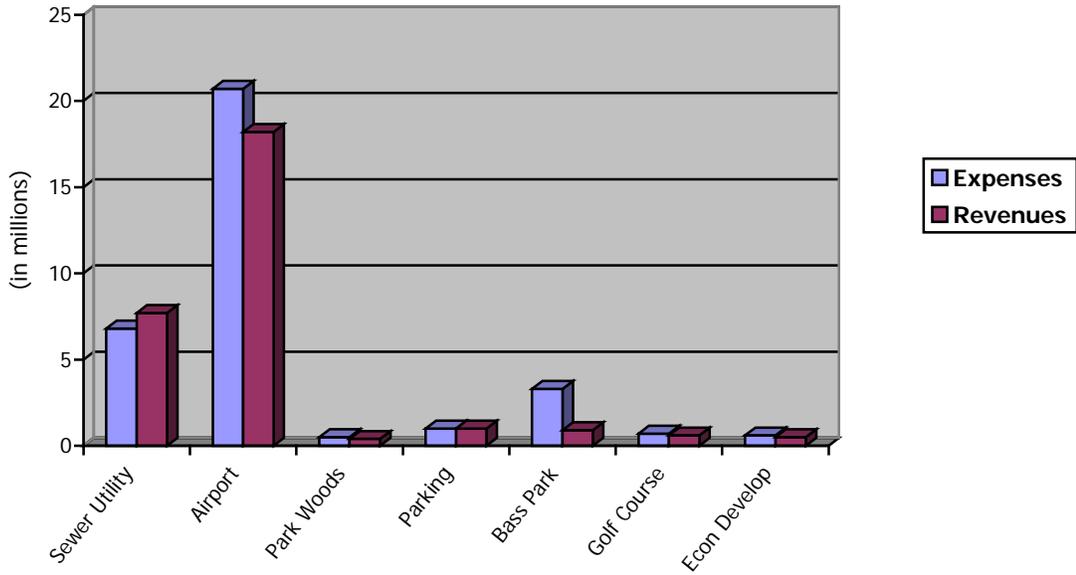


Total governmental activities' revenues decreased \$2.2 million, or 1.9%. The largest single source of revenue continues to be the property tax, which increased \$1.4 million. Capital grants and contributions decreased \$1.4 million due to a reduction of \$400 thousand in Federal Highway funding related to general street reconstruction and Safe Routes to School grants, a \$400 thousand reduction in Neighborhood Stabilization Federal funds, and the remainder represents reductions in capital grant funding in support of Public Safety, Waterfront and public transportation improvements. Operating grants and contributions decreased \$1.2 million due to a reduction of \$1.9 million in State and Federal funding of education in FY 2013. In total, charges for services remained relatively flat with a decrease of \$463 thousand.

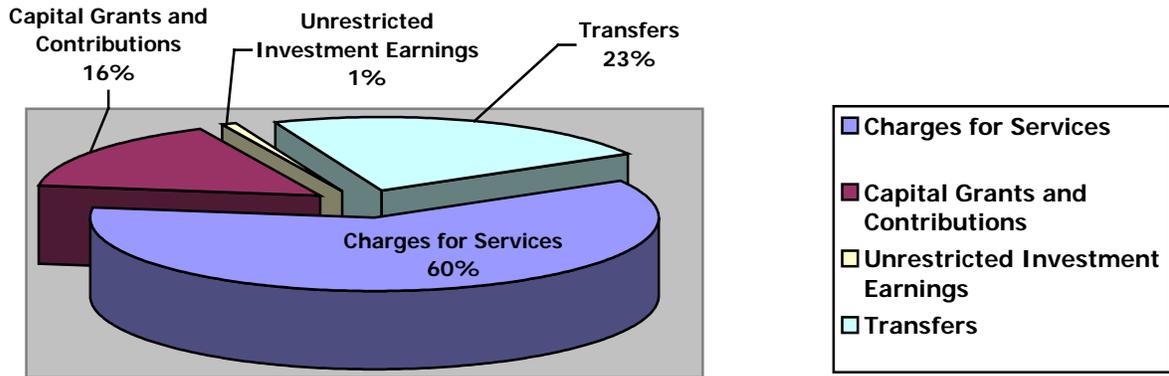
Business-type Activities

Total business-type activities expenses increased \$1.3 million compared to prior year levels. For FY 2013, the City employees working in business-type activities did receive a 1.5% cost of living adjustment and health insurance increases were lower than anticipated at 8.3% due to the City's lower utilization rates and the effects of employee/insurer driven wellness initiatives in prior years. Lastly, there was a significant increase in interest expense related to the permanent financing of the Cross Insurance Center, which is recorded as a capital asset in the Bass Park Fund.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



In total, business-type activities revenue increased significantly \$3.2 million or 12.1%, \$3.7 million of which was attributable to an increase in capital contributions. Airport related federal grants vary year to year due to the biannual funding cycle. Business activities realized \$198 thousand less in investment earnings and received \$8.4 million more in transfers related to the costs associated with the Cross Insurance Center construction and start up costs.

Financial Analysis of the Government's Funds

Governmental funds. The focus of the City's governmental funds reporting is to provide information on near-term inflows, outflows, and balances of spendable resources. Fund balance is the measure of a governmental fund's spendable resources. Governmental funds report fund balances in one of five possible classifications. The nonspendable portion of 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 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.

At fiscal year end, the City of Bangor's governmental funds reported combined ending fund balances of \$25.5 million, a decrease of \$28.2 million over the restated prior year balance. The restatement was an increase of \$36.4 million (See Note H). The current year increase of \$8.2 million was primarily due to the accumulation of committed and assigned fund balances for future payment of the Arena debt service and specific near term capital projects. Of the ending balance of \$25.5 million, approximately 75% of this total (\$19.2 million) is either committed, assigned or unassigned and is available for spending by formal action of the City Council and \$2.9 million, or 11.4%, is restricted. The remainder is nonspendable, indicating that it is in the form of nonspendable assets such as inventory, prepaid expenditures and allowance for advances made to other funds.

The General Fund is the chief operating fund of the City and is comprised of two major functions, education and municipal services. At the end of the fiscal year, the General Fund's total fund balance was \$15.2 million, a \$1.6 million decrease from the prior year's balance of \$16.8 million. Generally, the overall decrease in fund balance is related to the anticipated spend down of education related restricted fund balances and Arena Pre-opening committed and subsequent year expenditures assigned fund balances. The municipal unassigned fund balance increased by \$163 thousand.

The Community Development Block Grant Fund accounts for the annual entitlement grant funds received under the Housing and Community Development Act of 1974. Total expenditures for FY 2013 were relatively unchanged compared to the prior year, which was as expected based on the annual grant award of approximately \$746 thousand annually. As anticipated, the annual federal award amount decreased by 21% over FY 2012 levels. This reduction is in addition to the nearly 16% reduction the City experienced in FY 2012 over prior year levels.

The Arena Fund accounts for the allocation of slot and table game revenues received by the City from the operation of the casino. The fund was established to finance the cost to replace the aging Bangor Auditorium and Civic Center. During the year, the Arena provided an additional \$8.1 million towards the final project cost of \$68.7 million, the balance was financed with general obligation bonds which are accounted for in the Bass Park Fund.

The Capital projects fund varies significantly from year to year depending upon City Council priorities and available funding opportunities. Total expenditures decreased \$6.8 million over the prior year. Prior year expenditures included a significant one-time expenditure of \$4.3

million to refund capital project related debt and \$479 thousand for the Penobscot River coal tar remediation project.

Proprietary funds. Information on the City of Bangor's proprietary funds is similar to that found in the government-wide financial statements, but in more detail. The net position of the seven enterprise funds increased \$4.9 million to a total of \$170.4 million. With the exceptions of increased capital grants received by the Airport Fund and the significant transfer of resources from the Arena and General Funds in support of the capital costs and pre-opening costs related to the Cross Insurance Center, all other operating revenues and expenses remained relatively flat. The increase in net position is mitigated by the fact that depreciation expense exceeds capital acquisitions in the Airport and Sewer Funds.

General Fund Budgetary Highlights

For budgetary financial statement 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 \$4.3 million. There were minimal additional amendments to the originally adopted budget. The City's commitment to budgetary integrity continues, while actual operating revenues ended the year under budget estimates 1.28%, or \$1.2 million, municipal expenditures were under budget by 6.03%, or \$5.9 million, which more than offset the negative revenue variance. Education expenditures were under budget by \$5 million or 9.7%, executive expenditures were over budget by \$346 thousand due to fleet maintenance costs and parks and recreation expenditures were over budget due to the addition of expanded before and after school programming during the year. There were adequate under expenditures in other municipal areas to offset the revenue shortfall and any over expenditures. By statute, education balances must be segregated from municipal balances.

Capital Asset and Debt Administration

Capital assets. As of June 30, 2013, the City of Bangor's investment in capital assets for its governmental and business-type activities amounted to \$313.3 million (net of accumulated depreciation), an increase of \$25.7 million over the prior year. This investment includes land, buildings, machinery and equipment, roads, runways, and sewer lines. The increase in the City's investment in capital assets for the current fiscal year is due to a \$27.6 million outlay related to the construction of the Cross Insurance Center. Governmental activities invested \$5.5 million, and business-type activities invested \$35 million and depreciation expense was \$4 million and \$10.6 million, respectively.

Major capital asset events during the current fiscal year included the following;

- The school department utilized its allocation of Qualified School Construction Bonds to capitalize \$1.8 million in rehabilitating and upgrading the City's various school facilities. These bonds were issued at a taxable rate with a federal interest rate subsidy under the provisions of the American Recovery and Reinvestment Act.
- Construction of the Cross Insurance Center began in August of 2012 and was completed in September 2013. During the year, the City invested \$27.6 million in this project and the total estimated project cost is approximately \$68.7 million.
- The City continues to enhance its recreational infrastructure on our waterfront with an additional \$1.27 million investment this year.

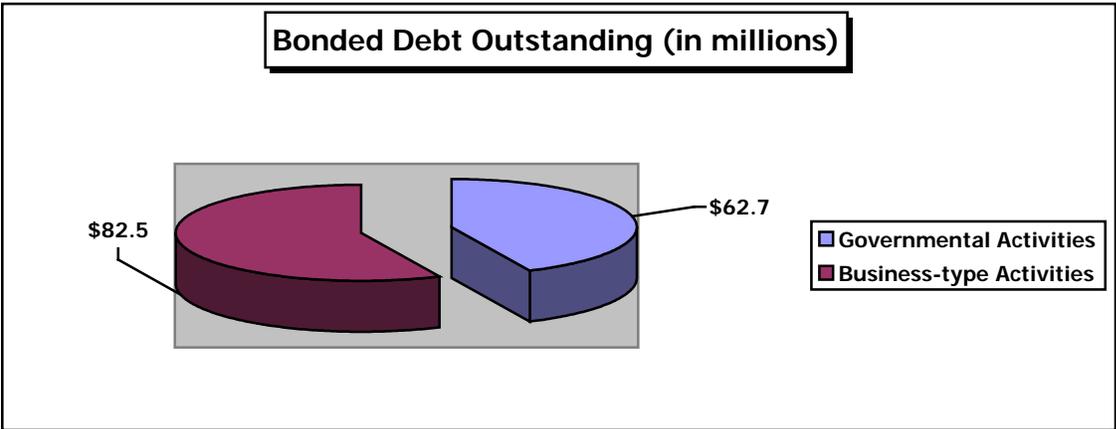
- Additionally, the City continues to invest in its core functions of infrastructure and vehicle replacements. This year the City expanded its surface infrastructure with traffic enhancements, additional sidewalks and acceptance of new streets, which amounted to \$770 thousand in additions and spent \$1.2 million to replace vehicles.
- The Airport Fund invested \$6 million in operational assets at Bangor International Airport including apron improvements, general building improvements, master planning, as well as the replacement of the primary underground power system. Nearly \$5.1 million of this investment was funded through the Federal Department of Transportation’s Airport Improvement Plan, which provides 92.5% federal and 2.5% state funding for approved projects.

Capital Assets (net of depreciation)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land and improvements	12,612,926	5,371,802
Buildings and improvements	42,756,232	74,377,647
Machinery and equipment	2,254,528	3,037,542
Vehicles	7,017,629	-
Infrastructure	11,533,523	46,223,671
Parking structures	-	2,959,054
Aircraft operational assets	-	98,322,215
Construction in process	467,131	6,329,946
Total	76,641,969	236,621,877

Additional information on the City’s capital assets can be found in Note C, Detailed Notes on all funds, of this report.

Debt Administration



At fiscal year end, the City had a total outstanding bonded debt of \$145.2 million, an increase of \$35.8 million during the year.

The City’s general obligation debt obtained a “AA” rating from Standard & Poor’s and a “Aa2” rating from 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 \$369.6 million, an amount which is significantly in excess of existing general obligation debt.

In November 2012, residents approved a citizen-initiated Charter amendment to require voter ratification of certain debt issuances. Voter ratification will be required for individual projects in excess of five one-hundredths of one percent of the City's last certified State Valuation, that do not meet certain exemptions such as streets, sewer, self-supporting enterprise funds, refunding, etc.

Additional information on the City's long-term debt can be found in Note I on pages II-44 to II-47 of this report.

Cross Insurance Center

For nearly thirty years, City Councils have been actively working to replace the City's aging, inadequately sized and equipped auditorium and civic center. Their long term goal and vision has come to its long awaited and realization in September 2013, with the opening of a state-of-the-art 5,800 fixed seat arena and conference center, known as the Cross Insurance Center. Since the introduction of gaming operations in the City, the City Council has directed all rents and State taxes received by the City from the operation of casino be deposited into a separate special revenue fund to be used for costs associated with replacing its aging facility.

To ensure the long term success of this facility, the City has engaged the services of a private management company, Global Spectrum. While the FY 2014 budget is anticipated to breakeven, that is due to the three months of pre-opening costs that were anticipated prior to the grand opening. Going forward it is anticipated that the facility will generate net income. In addition to the traditional revenue streams of ticket sales and rentals, the expectation is that the facility will generate significantly higher annual ancillary revenues in the areas of naming rights, concessions/food and beverage, seat licensing, advertising and suite sales. The City expects to receive sufficient revenues from naming rights, Arena Fund revenues and Downtown Tax Increment Financing District funds to pay the debt service costs. Since its opening in September, the City has also entered into a tentative developer agreement with a hotelier to construct a 100+ room hotel adjacent to the new facility.

State of Maine Biennial Budget

The recently enacted State Biennial budget proved once again challenging to Maine municipalities. The initial budget proposed by the Governor included substantial changes to programs that had a potentially significant negative impact on individual property owners and municipalities alike. While the final adopted Biennial budget did temper some of the original proposals, it still resulted in considerable reductions at the municipal level.

Revenue sharing was established to share a portion of sales and income taxes generated by municipally based economic activity. These funds cover some of the increased operating and capital costs necessary to support the activity, which generates Maine State sales and income tax revenue. Understanding that not all economic activity results in increased property taxes, such as hospitals, educational institutions, etc.. Beginning in FY 2010, the State began to reduce the Revenue Sharing pool by a fixed "one-time" amount to balance the State biennial

budget. What began as a one-time reduction of \$25 million, has become a \$44.5 million fixed transfer to the State General Fund for FY 2014. In 2012, Bangor generated \$1.21 billion in taxable sales or \$60.4 million in sales tax receipts alone. If the State complied with existing Statute, the City would be entitled to in excess of \$5 million in revenue sharing versus \$2.3 million currently anticipated. This resulted in a reduction of \$1.4 million over FY 2013 levels. The FY 2014 allocation is also subject to further refinement should the State be unable to identify an additional \$40 million in savings a corresponding reduction to the Revenue Sharing pool will be made. If that were to happen, the City would realize an additional \$1.4 million reduction during FY2014.

As part of the biennial budget, the State of Maine transferred a portion of teacher retirement costs to the local school districts. Until FY2014, the State of Maine provided 100% of the employer's retirement contribution for teachers. While the shift is only for the normal cost portion of the employer's contribution and funding was added to the State Aid to Education funding to offset the costs, this change in practice bears watching to ensure that other portions of the costs are not shifted to the local school districts without additional state funding or a reduction in existing state funding levels of education

Changes to the General Assistance reimbursement formula and business personal property tax programs initially proposed, were not enacted, it is likely that these issues will come forward again in the coming session as well as the funding level of State Aid to Education.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the City of Bangor for FY 2013 was 6.7%, which continues to be on par with or below both the county and State rates of 7.6% and 6.8%, respectively.
- While Bangor represents less than 3% of the state's population, the City's share of retail sales is nearly 7% of total statewide sales.
- Bangor has experienced a slowing in the rate of appreciation of existing homes. We project that existing home values will remain flat or increase slightly in the coming year.
- Value of commercial properties has begun to increase slightly after realizing significant downward adjustments made in FY 2010 and remaining flat since.
- Bangor businesses continue to reinvest in personal property. While not subject to local taxation, the State reimburses each municipality on an annually declining percentage of the calculated tax on the investment. BETE value (net of depreciation) for FY 2014 increased \$6.6 million, or 10%, for a total of \$72.6 million.

The City is subject to a state statutory tax levy calculation system (known as LD 1). Generally, the growth of the tax levy is limited to an increase equal to the ten year average percentage change in real statewide personal income plus taxes from property value resulting from new construction, major renovations to existing properties, or the subdivision of property less any "net new state funding". For Fiscal Year 2013, the City's LD 1 tax levy limit was as follows:

Prior Year Base Municipal Commitment		\$ 21,014,976
Growth Factor:		4.87%
Average Real Personal	1.43%	
Property Growth Factor	3.44%	
Net New State Funds		-
Municipal Commitment		\$ 26,554,981

The Fiscal Year 2013 budget was within the statutory tax levy limit.

The State's "Essential Programs and Services" model is a mechanism designed to allocate state funding to local school units and to control local school expenditures. While the State's model recognizes what it considers to be essential programs and their appropriate funding level, the Bangor School Department has identified a number of programs that are either under-funded or not funded by this model. As a result, both the School Committee and the City Council voted to increase the educational spending limits for both Fiscal Year 2013 and 2014 in order to fund such services and programs and their actions were approved, as required, via a local election.

In response to the continued uncertainty surrounding the national economy, management has been closely tracking not only revenues and expenditures, but also foreclosure, liens, unemployment rates, construction starts and related building permit levels, and the State of Maine's budgetary projections. The City continues to see only slight increases in foreclosure and lien rates and will continue to monitor these levels and take steps to assist our tax/rate payers in obtaining assistance wherever possible. Both residential and commercial construction and permitting has begun to increase slightly.

The Maine State Legislature will return to session in January 2014. But at this time it is not clear what form any supplemental budget appropriation will take (refer to State of Maine Biennial Budget section for additional information). City and school management will closely monitor legislative actions, as it is highly likely that their actions will impact municipal/education funding in one form or another.

We continue to monitor key revenue areas such as: flat investment yield curves, automobile excise taxes, property tax collection and State sales and income tax collections that impact the City's share of State Revenue Sharing. The fiscal year 2014 budget reflects the City's historical results for these revenue sources, and actual results to date appear to be on track with budgetary estimates. User fees for governmental and business-type activities are reviewed on an annual basis to ensure that fee structures are sufficient to cover service costs. Many fees are adjusted annually for inflation. For the Fiscal Year 2014 budget, the City Council's goal was to minimize any tax rate increase, continue to recover from austere budget trends and increase operating efficiencies. As always this goal was challenging due to continued reductions in State and Federal funding, relatively flat non-property tax revenue projections and assessed value. These challenges were partially offset by strategic reductions in staffing and a continued increase in BETE valuation. The afore referenced actions coupled with a small increase in property taxes of 5.8% allowed the City Council to provide a 1.5% cost of living increase to employees, maintain increased levels of investment in infrastructure, as well as the practice of funding assigned fund balances for future capital purchases on a current basis.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Bangor's finances. Questions concerning any of this information should be addressed to the Finance Director, City of Bangor, 73 Harlow Street, Bangor, ME 04401 or via email to finance@bangormaine.gov.

BASIC FINANCIAL STATEMENTS



CITY OF BANGOR, MAINE
Statement of Net Position
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bangor Public Library
ASSETS				
Cash and cash equivalents	\$ 16,707,713	\$ 7,218,872	\$ 23,926,585	\$ 738,738
Investments	174,570	15,044,928	15,219,498	12,020,665
Receivables:				
Accounts (net of allowance of \$475,341 and \$573,353, respectively)	1,467,795	6,120,094	7,587,889	2,944,852
Intergovernmental	3,466,180	698,093	4,164,273	-
Taxes and liens receivable - prior years	1,508,020	-	1,508,020	-
Taxes receivable - current year	1,302,812	-	1,302,812	-
Unearned special assessments	30,130	87,664	117,794	-
Due from water district	-	26,863	26,863	-
Loans (net of \$170,317 allowance)	7,804,046	2,449,643	10,253,689	-
Internal balances	6,187,694	(6,187,694)	-	-
Inventories	797,655	322,435	1,120,090	-
Prepaid items	76,059	40,661	116,720	15,766
Other assets	-	245,600	245,600	-
Non-depreciable capital assets	5,559,499	10,295,942	15,855,441	-
Depreciable capital assets, net	71,082,470	226,325,935	297,408,405	6,359,534
Total assets	116,164,643	262,689,036	378,853,679	22,079,555
LIABILITIES				
Accounts payable and other current liabilities	2,514,476	4,725,241	7,239,717	170,177
Accrued wages and benefits payable	4,026,131	252,947	4,279,078	-
Unearned revenues	96,571	-	96,571	-
Noncurrent liabilities:				
Due within one year	6,697,047	2,517,366	9,214,413	99,765
Due in more than one year	63,502,320	84,765,041	148,267,361	498,640
Total liabilities	76,836,545	92,260,595	169,097,140	768,582
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - loans	5,082,840	-	5,082,840	-
Total deferred inflows of resources	5,082,840	-	5,082,840	-
NET POSITION				
Net investment in capital assets	54,540,288	165,548,784	220,089,072	5,834,356
Restricted for:				
Nonexpendable trust principal	574,492	-	574,492	4,305,058
Expendable income	466,951	-	466,951	10,501,440
Unrestricted	(21,336,473)	4,879,657	(16,456,816)	670,119
Total net position	\$ 34,245,258	\$ 170,428,441	\$ 204,673,699	\$ 21,310,973

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Activities
For the Fiscal Year Ended June 30, 2013

Functions/programs	Program Revenues				Net (expense) revenue and changes in net position			Component Unit
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total	Bangor Public Library
					Governmental activities	Business-type activities		
Primary government								
Governmental activities:								
General government	\$ 4,733,021	\$ 2,214,675	\$ -	\$ -	\$ (2,518,346)	\$ -	\$ (2,518,346)	\$ -
Public safety	17,864,294	3,418,686	446,620	341,231	(13,657,757)	-	(13,657,757)	-
Health, community services and recreation	9,298,196	1,139,382	5,756,384	-	(2,402,430)	-	(2,402,430)	-
Public services	14,408,500	3,520,517	-	1,837,109	(9,050,874)	-	(9,050,874)	-
Other agencies	4,630,915	-	-	-	(4,630,915)	-	(4,630,915)	-
Education	50,145,937	3,835,409	23,496,306	-	(22,814,222)	-	(22,814,222)	-
Arena development	2,201,200	2,079,869	-	-	(121,331)	-	(121,331)	-
Community development	1,356,184	474,013	522,833	-	(359,338)	-	(359,338)	-
Waterfront	381,437	-	-	167,454	(213,983)	-	(213,983)	-
Public transportation	3,250,752	1,045,793	1,679,243	-	(525,716)	-	(525,716)	-
Economic development (tif)	1,334,470	-	-	-	(1,334,470)	-	(1,334,470)	-
Interest on debt	3,343,590	-	-	-	(3,343,590)	-	(3,343,590)	-
Total governmental activities	112,948,496	17,728,344	31,901,386	2,345,794	(60,972,972)	-	(60,972,972)	-
Business-type activities:								
Sewer Utility	6,827,790	7,708,101	-	-	-	880,311	880,311	-
Airport	20,722,960	12,069,935	-	6,093,242	-	(2,559,783)	(2,559,783)	-
Park Woods	473,289	417,407	-	-	-	(55,882)	(55,882)	-
Parking	972,327	960,947	-	28,281	-	16,901	16,901	-
Bass Park	3,314,865	1,249,595	-	-	-	(2,065,270)	(2,065,270)	-
Municipal Golf Course	687,317	592,825	-	-	-	(94,492)	(94,492)	-
Economic Development	586,140	462,033	-	-	-	(124,107)	(124,107)	-
Total business-type activities	33,584,688	23,460,843	-	6,121,523	-	(4,002,322)	(4,002,322)	-
Total primary government	\$ 146,533,184	\$ 41,189,187	\$ 31,901,386	\$ 8,467,317	(60,972,972)	(4,002,322)	(64,975,294)	-
Component unit								
Bangor Public Library	\$ 2,877,657	1,099,919	2,194,902	3,588,549	-	-	-	\$ 4,005,713
General revenues:								
Property taxes, levied for general purposes					49,930,989	-	49,930,989	-
Payment in lieu of taxes					95,620	-	95,620	-
Excise taxes					4,594,821	-	4,594,821	-
Franchise taxes					362,088	-	362,088	-
Grants and contributions not restricted to specific programs:								
Homestead/BETE exemption					1,318,115	-	1,318,115	-
Other State aid					25,204	-	25,204	-
State Revenue Sharing					3,513,711	-	3,513,711	-
Unrestricted investment earnings					57,620	345,932	403,552	70,506
Gain/loss on sale of asset					-	(260,857)	(260,857)	-
Miscellaneous revenues					112,060	-	112,060	-
Transfers					(8,772,781)	8,772,781	-	-
Total general revenues and transfers					51,237,447	8,857,856	60,095,303	70,506
Change in net position					(9,735,525)	4,855,534	(4,879,991)	4,076,219
Net position, beginning of year (Restated see Other Information Note H)					43,980,783	165,572,907	209,553,690	17,234,754
Net position, end of year					\$ 34,245,258	\$ 170,428,441	\$ 204,673,699	\$ 21,310,973

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Balance Sheet
Governmental Funds
June 30, 2013

	General	Community Development Block Grant	Arena Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 8,058,272	\$ 193,916	\$ 2,608,910	\$ 5,111,198	\$ 735,417	\$ 16,707,713
Investments	50,000	-	-	-	124,570	174,570
Receivables:						
Taxes	2,810,832	-	-	-	-	2,810,832
Accounts (net of allowance of \$475,341)	1,246,085	-	152,631	-	69,079	1,467,795
Interfund	6,415,524	-	-	-	-	6,415,524
Intergovernmental	2,625,755	293,802	-	357,674	188,949	3,466,180
Loans/Notes (net of \$170,317 allowance)	820,615	4,892,710	-	-	2,090,721	7,804,046
Unearned special assessments	-	-	-	30,130	-	30,130
Inventory, at cost	797,655	-	-	-	-	797,655
Prepaid items	76,059	-	-	-	-	76,059
Total assets	\$ 22,900,797	\$ 5,380,428	\$ 2,761,541	\$ 5,499,002	\$ 3,208,736	\$ 39,750,504
LIABILITIES						
Accounts payable	\$ 996,982	\$ 56,182	\$ -	\$ 866,337	\$ 54,968	\$ 1,974,469
Accrued wages and benefits payable	4,013,128	13,003	-	-	-	4,026,131
Interfund loans payable	-	-	-	-	227,830	227,830
Unearned revenues	45,161	3,242	-	48,168	-	96,571
Due to rehabilitation recipients	-	162,812	-	-	-	162,812
Total liabilities	5,055,271	235,239	-	914,505	282,798	6,487,813
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - property taxes	2,664,910	-	-	-	-	2,664,910
Unavailable revenues - loans	-	4,892,710	-	-	160,000	5,052,710
Unavailable revenues - special assessments	-	-	-	30,130	-	30,130
Total deferred inflows of resources	2,664,910	4,892,710	-	30,130	160,000	7,747,750
FUND BALANCES (DEFICITS) (Note J)						
Nonspendable	2,774,214	-	-	-	574,492	3,348,706
Restricted	475,390	252,479	-	-	2,197,182	2,925,051
Committed	10,583	-	2,761,541	-	-	2,772,124
Assigned	4,193,415	-	-	4,554,367	-	8,747,782
Unassigned	7,727,014	-	-	-	(5,736)	7,721,278
Total fund balances (deficits)	15,180,616	252,479	2,761,541	4,554,367	2,765,938	25,514,941
Total liabilities, deferred inflows of resources and fund balances	\$ 22,900,797	\$ 5,380,428	\$ 2,761,541	\$ 5,499,002	\$ 3,208,736	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	76,641,969
Unavailable revenues - property taxes are not available to pay for current-period expenditure and, therefore, are deferred in the funds.	2,664,910
Long-term liabilities, including bonds payable \$62,727,567, accrued interest \$377,195, compensated absences \$2,261,060, self insurance liability \$1,982,918, net OPEB obligation \$2,226,963, bond premium \$639,850, and capital leases \$361,009 are not due and payable in the current period and, therefore, are not reported in the funds.	(70,576,562)
Net position of governmental funds	<u>\$ 34,245,258</u>

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General	Community Development Block Grant	Arena Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 51,862,260	\$ -	\$ -	\$ 1,948,677	\$ 788,503	\$ 54,599,440
Intergovernmental	30,157,317	522,833	-	2,271,408	6,078,266	39,029,824
Licenses and permits	576,559	-	-	-	-	576,559
Charges for services	13,019,247	-	-	-	1,060,267	14,079,514
Program income	-	449,546	-	-	12,834	462,380
Revenue from use of money and property	833,643	593	2,101,131	8,915	123,667	3,067,949
Other	32,696	11,040	-	67,454	54,496	165,686
Total revenues	96,481,722	984,012	2,101,131	4,296,454	8,118,033	111,981,352
Expenditures						
Current:						
General government	5,612,408	-	-	-	-	5,612,408
Public safety	16,209,402	-	-	-	-	16,209,402
Health, community services and recreation	4,945,994	-	-	-	-	4,945,994
Public services	9,835,549	-	-	-	-	9,835,549
Other agencies	4,382,776	-	-	-	-	4,382,776
Education	49,880,770	-	-	-	-	49,880,770
Tax increment financing	550,308	-	-	-	-	550,308
Unclassified	122,772	-	2,201,200	-	-	2,323,972
Restricted grants	-	1,147,489	-	-	8,055,326	9,202,815
Capital outlay	1,027,506	-	-	9,186,046	-	10,213,552
Debt service	4,871,912	-	20,879,743	79,000	-	25,830,655
Total expenditures	97,439,397	1,147,489	23,080,943	9,265,046	8,055,326	138,988,201
Excess (deficiency) of revenues over (under) expenditures	(957,675)	(163,477)	(20,979,812)	(4,968,592)	62,707	(27,006,849)
Other financing sources (uses)						
Issuance of debt	-	-	-	10,378,985	-	10,378,985
Capital leases	456,581	-	-	-	-	456,581
Payment to escrow agent	-	-	-	(4,233,486)	-	(4,233,486)
Premium on debt issuance	-	-	-	748,121	-	748,121
Sale of assets	115,105	-	-	71,604	-	186,709
Transfers to other funds	(1,334,009)	-	(8,103,026)	(113,825)	(232,147)	(9,783,007)
Transfers from other funds	127,890	-	26,097	817,758	38,481	1,010,226
Total other financing sources (uses)	(634,433)	-	(8,076,929)	7,669,157	(193,666)	(1,235,871)
Changes in fund balances	(1,592,108)	(163,477)	(29,056,741)	2,700,565	(130,959)	(28,242,720)
Fund balances, beginning of year (Restated see Other Information Note H)	16,772,724	415,956	31,818,282	1,853,802	2,896,897	53,757,661
Fund balances, end of year	\$ 15,180,616	\$ 252,479	\$ 2,761,541	\$ 4,554,367	\$ 2,765,938	\$ 25,514,941

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2013

Net change in fund balances - total governmental funds (from Exhibit 4)	\$	(28,242,720)
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Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays of \$5,447,993, exceeded depreciation expense of \$3,996,663 and loss on disposal of assets of \$74,649.

1,376,681

Financing proceeds provide current financial resources to governmental fund, but issuing debt increases long-term liabilities in the statement of net position.

Repayment of bond and capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which principal payments of \$28,325,576 and \$95,572 exceeded financing proceeds of \$10,378,985 and \$456,581 in general obligation bonds and capital leases, respectively.

17,585,582

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental fund statements. The differences are as follows: increase net OPEB obligation (\$244,976), bond premium (\$639,850), unavailable revenues (\$226,841), self insurance liability (\$472) and decrease in compensated absences (\$146,511), accrued interest (\$56,878).

(455,068)

Change in net position of governmental activities (see Exhibit 2)	\$	(9,735,525)
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See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Revenues, Expenditures and Changes in
Unassigned Fund Balance Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 51,805,693	\$ 51,805,693	\$ 51,862,261	\$ 56,568
Intergovernmental	28,014,001	28,014,001	26,441,124	(1,572,877)
Licenses and permits	677,436	677,436	576,559	(100,877)
Charges for services:				
municipal	8,549,117	8,619,618	9,076,686	457,068
school	3,865,546	3,865,546	3,835,409	(30,137)
Fines, forfeits and penalties	33,000	33,000	32,696	(304)
Revenue from use of money and property				
municipal	688,600	688,600	681,659	(6,941)
Total revenues	93,633,393	93,703,894	92,506,394	(1,197,500)
Expenditures				
Current:				
General government	5,119,307	5,131,732	5,355,861	(224,129)
Public safety	16,435,828	16,475,462	16,213,132	262,330
Health, community services and recreation	5,670,363	5,673,686	4,981,609	692,077
Public buildings and services	10,296,434	10,311,553	9,831,466	480,087
Other agencies	4,381,652	4,383,235	4,382,775	460
Education	47,040,164	50,959,916	45,993,603	4,966,313
Unclassified	417,686	417,686	673,078	(255,392)
Debt service	4,871,731	4,871,731	4,871,912	(181)
Total expenditures	94,233,165	98,225,001	92,303,436	5,921,565
Excess (deficiency) of revenues over (under) expenditures	(599,772)	(4,521,107)	202,958	4,724,065
Other financing sources (uses)				
Appropriation from restricted, committed and assigned fund balances	1,526,587	1,526,587	159,105	(1,367,482)
Sale of assets	16,000	16,000	53,162	37,162
Contributions	-	-	106	106
Insurance settlements	22,900	22,900	57,493	34,593
Transfers to other funds	(740,626)	(1,112,796)	(1,223,882)	(111,086)
Transfers from other funds	27,000	27,000	23,532	(3,468)
Operating transfers	(252,089)	(252,089)	(252,089)	-
Total other financing sources (uses)	599,772	227,602	(1,182,573)	(1,410,175)
Net change in fund balance	\$ -	\$ (4,293,505)	(979,615)	\$ 3,313,890
Unassigned fund balance, beginning of year			7,563,658	
Changes in fund balance classification in accordance with GAAP				
Changes in balances carried			1,156,498	
Inventory and prepaids (GASB 54)			(13,527)	
Unassigned fund balance, end of year			\$ 7,727,014	

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2013

Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Economic Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
ASSETS						
Current assets						
Cash and cash equivalents	\$ 902,474	\$ 3,930,631	\$ 1,603,902	\$ 35	\$ 781,830	\$ 7,218,872
Investments	-	10,244,343	-	-	-	10,244,343
Accounts receivable	2,557,700	3,953,530	156,565	23,335	2,317	6,693,447
Less allowance for uncollectible accounts	(45,000)	(518,353)	(10,000)	-	-	(573,353)
Net accounts receivable	2,512,700	3,435,177	146,565	23,335	2,317	6,120,094
Due from other governments	-	698,093	-	-	-	698,093
Due from water district	26,863	-	-	-	-	26,863
Inventories, at cost	-	322,435	-	-	-	322,435
Prepaid items	10,547	12,134	17,980	-	-	40,661
Total current assets	3,452,584	18,642,813	1,768,447	23,370	784,147	24,671,361
Noncurrent assets						
Capital Assets:						
Land and improvements	683,865	-	929,157	3,634,485	1,889,757	7,137,264
Buildings and improvements	28,665,849	-	66,446,368	4,318,516	2,845,668	102,276,401
Machinery and equipment	5,765,413	-	1,769,520	-	328,811	7,863,744
Infrastructure	57,863,749	-	-	683,189	-	58,546,938
Aircraft operational assets	-	258,713,164	-	-	-	258,713,164
Parking structures	-	-	-	-	11,317,169	11,317,169
Construction in process	-	5,720,844	609,102	-	-	6,329,946
	92,978,876	264,434,008	69,754,147	8,636,190	16,381,405	452,184,626
Less accumulated depreciation	(40,301,873)	(160,390,949)	(1,437,628)	(1,682,066)	(11,750,233)	(215,562,749)
Net capital assets	52,677,003	104,043,059	68,316,519	6,954,124	4,631,172	236,621,877
Investments	-	4,800,585	-	-	-	4,800,585
Loans receivable	-	933,160	-	1,516,483	-	2,449,643
Unearned special assessments	87,664	-	-	-	-	87,664
Due from bond trustee	225,600	-	-	-	-	225,600
Deposits	-	-	-	-	20,000	20,000
Total noncurrent assets	52,990,267	109,776,804	68,316,519	8,470,607	4,651,172	244,205,369
Total assets	56,442,851	128,419,617	70,084,966	8,493,977	5,435,319	268,876,730

See accompanying notes to financial statements.

Continued on next page

CITY OF BANGOR, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2013

Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Economic Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
LIABILITIES						
Current liabilities						
Accounts payable	439,095	1,307,489	1,697,310	8,994	45,148	3,498,036
Accrued wages and benefits payable	48,200	180,502	6,509	-	17,736	252,947
Accrued interest	70,770	35,870	1,020,261	59,970	16,800	1,203,671
Workers' compensation	20,000	136,615	-	-	4,050	160,665
Interfund loans payable	221,995	2,501,325	2,412,574	680,800	371,000	6,187,694
General obligation debt payable	1,532,904	305,826	54,828	228,708	234,435	2,356,701
Other liabilities	-	23,534	-	-	-	23,534
Total current liabilities	2,332,964	4,491,161	5,191,482	978,472	689,169	13,683,248
Long-term liabilities						
Workers' compensation	-	188,385	-	-	5,950	194,335
General obligation debt payable	11,932,172	8,738,732	54,360,466	2,963,150	2,141,002	80,135,522
Accrued compensated absences	121,503	374,136	-	-	39,623	535,262
Net OPEB obligation	134,277	494,821	-	-	37,868	666,966
Other long-term liabilities	298,315	-	2,721,352	-	213,289	3,232,956
Total long-term liabilities	12,486,267	9,796,074	57,081,818	2,963,150	2,437,732	84,765,041
Total liabilities	14,819,231	14,287,235	62,273,300	3,941,622	3,126,901	98,448,289
NET POSITION						
Net investment in capital assets	40,325,364	101,263,893	17,708,652	3,762,266	2,488,609	165,548,784
Unrestricted	1,298,256	12,868,489	(9,896,986)	790,089	(180,191)	4,879,657
Total net position	\$ 41,623,620	\$ 114,132,382	\$ 7,811,666	\$ 4,552,355	\$ 2,308,418	\$ 170,428,441

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2013

Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Economic Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Operating revenues						
Charges for services	\$ 7,658,101	\$ 12,044,192	\$ 1,249,595	\$ 462,033	\$ 1,971,179	\$ 23,385,100
Operating expenses						
Operating expenses other than depreciation and amortization	4,772,244	12,428,620	1,980,026	249,477	1,616,866	21,047,233
Depreciation and amortization	1,725,442	7,932,320	286,366	184,498	437,911	10,566,537
Total operating expenses	6,497,686	20,360,940	2,266,392	433,975	2,054,777	31,613,770
Operating income (loss)	1,160,415	(8,316,748)	(1,016,797)	28,058	(83,598)	(8,228,670)
Nonoperating revenue (expenses)						
Interest income	28,818	269,050	-	47,474	590	345,932
Interest expense	(330,104)	(362,020)	(1,048,473)	(152,165)	(78,156)	(1,970,918)
Gain(loss) on sale of assets	-	-	(319,815)	58,958	-	(260,857)
Miscellaneous income (expense)	50,000	25,743	-	-	-	75,743
Total nonoperating revenue (expenses)	(251,286)	(67,227)	(1,368,288)	(45,733)	(77,566)	(1,810,100)
Net income (loss) before grants/contributions and transfers	909,129	(8,383,975)	(2,385,085)	(17,675)	(161,164)	(10,038,770)
Grants/contributions received for capital assets	-	6,093,242	-	-	28,281	6,121,523
Transfers to other funds	-	(40,708)	(26,097)	-	-	(66,805)
Transfers from other funds	-	-	8,839,586	-	-	8,839,586
Change in net position	909,129	(2,331,441)	6,428,404	(17,675)	(132,883)	4,855,534
Net position, beginning of year	40,714,491	116,463,823	1,383,262	4,570,030	2,441,301	165,572,907
Net position, end of year	\$ 41,623,620	\$ 114,132,382	\$ 7,811,666	\$ 4,552,355	\$ 2,308,418	\$ 170,428,441

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2013
Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Economic Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Cash flows from operating activities						
Cash received from customers	\$ 7,228,621	\$ 12,178,036	\$ 1,246,630	\$ 438,698	\$ 1,973,253	\$ 23,065,238
Cash paid to suppliers for goods and services	(3,422,316)	(7,160,373)	(1,105,956)	(269,673)	(1,117,895)	(13,076,213)
Cash paid to employees for services	(1,495,319)	(6,432,925)	(915,986)	-	(524,927)	(9,369,157)
Net cash provided by (used in) operating activities	2,310,986	(1,415,262)	(775,312)	169,025	330,431	619,868
Cash flows from noncapital financing activities						
Interfund loans (repayments)	221,995	2,501,325	99,319	49,400	(7,300)	2,864,739
Transfers in	-	-	833,925	-	-	833,925
Transfers out	-	(40,708)	(26,097)	-	-	(66,805)
Net cash provided by (used in) noncapital financing activities	221,995	2,460,617	907,147	49,400	(7,300)	3,631,859
Cash flows from capital and related financing activities						
Proceeds from general obligation bonds	700,000	4,300,000	53,800,000	485,000	266,015	59,551,015
Acquisition and construction of capital assets	(584,322)	(6,042,075)	(62,927,311)	-	(48,903)	(69,602,611)
Premium received	50,000	-	2,721,352	-	-	2,771,352
Payment to escrow agent	-	(1,150,000)	-	(500,000)	(266,015)	(1,916,015)
Principal paid on general obligation bonds	(2,612,730)	(688,190)	(102,847)	(220,472)	(226,528)	(3,850,767)
Interest paid on general obligation bonds	(346,735)	(365,514)	(32,718)	(159,892)	(82,114)	(986,973)
Proceeds from sale of property	-	25,743	-	70,000	-	95,743
Grant/contribution monies received for capital assets	-	6,093,242	8,005,661	-	-	14,098,903
Net cash provided by (used in) capital and related financing activities	(2,793,787)	2,173,206	1,464,137	(325,364)	(357,545)	160,647
Cash flows from investing activities						
Net sales (purchases) of investments	-	(218,745)	-	-	-	(218,745)
Investment of unexpended bond proceeds	69,167	-	-	-	-	69,167
Interest on investments	28,864	269,049	-	47,474	731	346,118
Loan repayments	-	178,269	-	59,405	-	237,674
Net cash provided by (used in) investing activities	98,031	228,573	-	106,879	731	434,214
Net increase (decrease) in cash	(162,775)	3,447,134	1,595,972	(60)	(33,683)	4,846,588
Cash, beginning of year	1,065,249	483,497	7,930	95	815,513	2,372,284
Cash, end of year	\$ 902,474	\$ 3,930,631	\$ 1,603,902	\$ 35	\$ 781,830	\$ 7,218,872

Schedule of noncash investing, capital and financing activities:

During the year, the Airport Fund had an unrealized gain on investments in the amount of \$514,278.

During the year, the Parking Fund had a non cash contribution to capital assets in the amount of \$28,281.

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2013
Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bas Park Fund	Economic Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ 1,160,415	\$ (8,316,748)	\$ (1,016,797)	\$ 28,058	\$ (83,598)	\$ (8,228,670)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	1,725,442	7,932,320	286,366	184,498	437,911	10,566,537
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(483,966)	10,004	10,543	(23,335)	3,061	(483,693)
(Increase) decrease in due from water district	76,885	-	-	-	-	76,885
(Increase) decrease in inventories	-	(34,952)	18,039	-	-	(16,913)
(Increase) decrease in prepaid items	(584)	(536)	(3,694)	-	-	(4,814)
Increase (decrease) in accounts payable	(195,066)	(962,658)	60,047	(20,196)	(29,060)	(1,146,933)
Increase (decrease) in unearned revenue	-	-	(13,508)	-	(986)	(14,494)
Increase (decrease) in other liabilities	27,860	(42,692)	(116,308)	-	3,103	(128,037)
Total adjustments	1,150,571	6,901,486	241,485	140,967	414,029	8,848,538
Net cash provided by (used in) operating activities	\$ 2,310,986	\$ (1,415,262)	\$ (775,312)	\$ 169,025	\$ 330,431	\$ 619,868

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

		Agency Fund
ASSETS		
Cash and cash equivalents	\$	136,521
Total assets		\$ 136,521
LIABILITIES		
Amounts held for others	\$	136,521
Total liabilities		\$ 136,521

See accompanying notes to financial statements.

INDEX OF NOTES TO THE FINANCIAL STATEMENTS

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CITY OF BANGOR, MAINE
Notes to the Financial Statements
June 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Bangor was incorporated under the laws of the State of Maine in 1834 and operates under a council/manager form of government. In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The criteria used to determine which entities, agencies, commissions, boards and authorities are 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.

The Bangor Public Library is a nonprofit organization which operates under the control of a nine member Board of Trustees. The Bangor City Council appoints four members and the City of Bangor Charter appoints a fifth member. The Board has the power to hire officers, approve the budget and direct the operations of the Library. However, the Library is financially dependent upon the City in that the City provides approximately 61% of the operating financial support received by the Library during the year ended June 30, 2013. The City believes that the financial statements would be incomplete without the inclusion of the Library as a discretely presented component unit. Complete financial statements may be obtained from the Bangor Public Library, 145 Harlow Street, Bangor, ME 04401.

The City of Bangor is a member of the Joint Venture of the Equity Charter Municipalities of Municipal Review Committee, Inc (Joint Venture). The Joint Venture is an organization that resulted from a contractual arrangement between certain member municipalities, Penobscot Energy Recovery Company (PERC) and Bangor Hydro Electric Company. It was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of non-hazardous municipal solid waste. As of December 31, 2012 (most recent data available) the City of Bangor's share of the Joint Venture's net assets was \$5,900,476. Complete financial statements may be obtained from Municipal Review Committee, 395 State Street, Ellsworth, ME 04605.

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, as well as from legally separate component units for which the City is financially accountable.

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

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 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 the 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 Community Development Block Grant Fund accounts for federal grants obtained and expended under the Housing and Community Development Act of 1974, as amended, for the development of viable urban communities.

The Arena Fund accounts for the percentage of slot revenues received by the City from the operation of the casino. Said funds will be used to replace the Bangor Auditorium.

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

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The City reports the following major proprietary funds:

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

The Airport Fund accounts for the operation of Bangor International Airport. The principal sources of revenues are landing fees and the sale of aviation fuel. Other revenue sources include lease payments for the use of terminal space and non-aviation industrial buildings.

The Bass Park Fund accounts for the operation of the Cross Insurance Center, a harness racing track and the Bangor State Fair. Principal sources of revenue are admissions, concession sales and rentals. The fund is named after the Bass family, which bequeathed the property to the City for recreational purposes.

The Economic Development Fund accounts for the operation and development of properties acquired by the City. Its purpose is to promote economic growth within the City. The principal source of revenue is rental income.

Additionally, 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 account for assets the City holds for others in an agency capacity. They are custodial in nature and do not present results of operations of the City or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. The City serves as an agent for the Bangor Area Stormwater Group and various School Activity funds.

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 public services function 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.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary 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.

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, Deferred Inflows/Outflows and Equity

1. Deposits and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

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

Investments are reported at fair value. Income earned from the investment of pooled cash is allocated to various funds based upon the average cash balance allocated to the fund.

2. Interfund Receivables and Payables

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

Advances between funds are offset by nonspendable fund balance accounts in applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources.

3. Inventories and Prepaid Items

Inventories consist of expendable supplies held for 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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, sewer mains and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 for machinery/equipment/vehicles, \$25,000 for land/buildings and improvements and \$100,000 for infrastructure and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the assets' estimated useful lives.

The range of useful lives used to compute depreciation are as follows:

Buildings	25 – 50 years
Equipment	5 – 20 years
Infrastructure	10 – 50 years
Aircraft Operational	5 – 40 years
Parking Structures	10 – 20 years

5. Deferred Inflows/Outflows of Resources

In addition to assets and liabilities, the statement of financial position will sometimes report a separate section for deferred outflows or inflows, respectively, of resources. Deferred outflows of resources represent consumption of net position that applies to a future period(s) and therefore will not be recognized as an expense/expenditure until then. The City has no items that qualify as deferred outflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and therefore will not be recognized as revenue until that time. Due to differences in the modified accrual basis of accounting, the City has one type of deferred inflow of resources, unavailable revenue. There are three sources of unavailable revenue; property taxes, community development loans and special assessments. These amounts are considered unavailable and recognized as an inflow of resources (revenue) in the period that the amounts become available.

6. Compensated Absences

Accumulated vacation or compensatory time or vested sick leave of governmental funds that is expected to be liquidated with expendable available resources is reported as an expenditure in respective fund financial statements only if the liability has matured, for example, as a result of employee resignations and retirements. All accumulated leave, including that which is not expected to be liquidated with expendable available financial resources, is reported in the government-wide financial statements. Accumulated leave of Enterprise Funds is recorded as an expense and liability of the respective fund as the benefits accrue to employees. No liability is recorded for non-accumulating rights to receive sick pay benefits.

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 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.

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 or modified by the passage of a Council Order.
- Assigned fund balances reflect the intended use of the resources. The City Council adopted a comprehensive fund balance policy which authorized itself and the Finance Director and City Manager, within defined limits, with the authority to assign fund balances.
- 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 use other sources in the order of restricted, then committed, then assigned, then unassigned amounts.

9. Allowance for Uncollectible Accounts and Loans

Allowances for uncollectible accounts are maintained for all types of receivables, which historically experience uncollectible accounts. Allowances for uncollectible loans are established when the City determines its ability to collect the outstanding loan balance has been impaired.

10. Use of Estimates

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

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are prepared on a modified accrual basis of accounting, with the exception of depreciation within the enterprise funds. Budgets for the General Fund and enterprise funds are formally adopted each year through the passage of an appropriation resolve. Budgets for special revenue and capital projects funds have adopted project-length budgets. Unencumbered appropriations lapse at fiscal year end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is employed in governmental funds. Encumbrances (i.e., purchase orders, contracts, and other commitments) outstanding at year end are reported in assigned fund balance and do not constitute expenditures or liabilities because the commitments have not been honored in the current year. For budgetary purposes, encumbrances are treated as expenditures within both governmental and proprietary fund types.

On or before the second Monday in April, the City Manager submits to the City Council a proposed operating budget for the ensuing fiscal year. The Council holds public meetings and a final budget must be prepared and adopted no later than June 30th. Should the Council fail to adopt an operating budget on or before June 30th, by Charter, the budget proposed by the City Manager becomes effective.

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. The City Council made several supplementary budgetary appropriations throughout the year, none of which were material.

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 Balances, Governmental Funds:

Deficiency of revenues over expenditures and other financing sources and uses (Budget)	\$ (979,615)
Activity in assigned fund balance	157,987
2013 encumbrances	770,028
2012 encumbrances paid	(1,538,627)
2012 encumbrances lapsed	<u>(1,881)</u>
Deficiency of revenues and other financing sources over expenditures and other uses (GAAP)	<u>\$ (1,592,108)</u>

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

The following schedule reconciles the amounts on the enterprise funds' Schedules of Revenues, Expenditures and Encumbrances—Budget and Actual—Budgetary Basis to the amount on the Combined Statement of Revenues, Expenses, and Changes in Net Position:

Excess (deficiency) of revenues over expenditures and encumbrances:	
Sewer	\$ (1,566,059)
Airport	(8,678,455)
Park Woods	(57,040)
Parking	(257,459)
Bass Park	(429,926)
Municipal Golf Course	(124,913)
Economic Development	<u>(193,029)</u>
	(11,306,881)
Nonoperating revenues classification	(1,720,351)
Investments at market value	216,372
Capital outlay	48,903
Adjustments for accrual basis	(1,272,147)
Principal payments	3,850,767 *
2012 encumbrances	(139,359)
Nonoperating expenses classification	<u>2,094,026</u>
Operating loss	<u><u>\$ (8,228,670)</u></u>

* the budgetary basis excludes \$957,000 of principal payments to refund debt.

C. Excess of Expenditures Over Appropriations

The following General Fund departments were over-expended by the indicated dollar amounts; Executive \$346,054, Assessing \$10,605, Legal \$8,256, Insurance \$52,896, Parks and Recreation \$196,147, Other Agencies \$124, and Other Appropriations \$255,573. These over-expenditures were funded by receipt of revenues in excess of appropriations and under-expenditures within other General Fund departments.

The Park Woods and Bass Park Funds were over-expended by \$15,367 and \$145,780, respectively, due to increased supplies and contractual services expenses.

D. Deficit Fund Equity

The Grant Fund has a deficit equity of \$5,736 which was funded in the subsequent year.

E. Restricted Assets

Donations received by the City whose use is limited are placed in the appropriate Special Revenue fund, depending upon whether or not the principal can be expended. All changes in market value are added to the earnings, which is allowable by State Statute. As these amounts are invested in a note receivable, there was no change in market value for fiscal year 2013.

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City maintains a cash pool that is available for use by all funds. In addition, cash and investments are separately held by several of the funds.

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 maintained certain accounts whose balances were fully covered, for other accounts in which the balance exceeded the \$250,000 provided by the Federal Deposit Insurance Corporation (FDIC), pledged collateral securities were held in the City's name. As of June 30, 2013, \$0 of the City's bank balance of \$27,596,354 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At June 30, 2013, the City had the following investments and maturities:

Investment types	Fair Value	Not Applicable	Maturity (years)		
			<1	1-5	6-10
Mutual Funds	\$ 8,136,297	\$ 8,136,297	\$ -	\$ -	\$ -
US Treasuries	6,413,885	-	1,527,210	4,379,720	506,955
Common Stock	619,316	619,316	-	-	-
Certificate of Deposit	50,000	-	50,000	-	-
Totals	<u>\$ 15,219,498</u>	<u>\$ 8,755,613</u>	<u>\$ 1,577,210</u>	<u>\$ 4,379,720</u>	<u>\$ 506,955</u>

Interest Rate Risk

The City's investment policy requires that, to the extent possible, the City will attempt to match investments with anticipated cash requirements. Unless matched to a specific cash flow, the City is not allowed to directly invest in securities maturing more than three years from the date of purchase.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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. In accordance with City policy, investments in certificates of deposits must be F.D.I.C. insured and any excess of the amounts covered by insurance must be collateralized in accordance with Title 30-A, Section 5706 of the Maine Revised Statutes; investments in mutual funds must be "no load" (which means no commission or fee shall be charged on the purchase or sale), have a constant daily net asset value of \$1.00 per share and limit assets of the fund to U.S. Treasury Obligations or Federal Instrumentality or Agency Securities; the total investments in stock can not exceed 10% of the portfolio value and no more than 5% can be invested in any one company.

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. As of June 30, 2013, the City had no investments that were subject to custodial risk. The City's investment policy states that all security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a "delivery vs. payment" basis.

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

DETAILED NOTES ON ALL FUNDS, CONTINUED

Securities will be held by a third party custodian, or trust department, designated by the Treasurer and evidenced by safekeeping receipts.

Concentration of Credit Risk

The City's investment policy states that the City will diversify its investments by security type and institution. No more than 40% of the City's total investment portfolio will be invested in any combination of commercial paper and time certificates of deposit.

B. Property Tax

Property taxes for the current year were levied July 11, 2012, on the assessed value listed as of the prior April 1 for all real and personal property located in the City. Assessed values are periodically established by the City's Assessor at 100% of assumed market value. Taxes were due in two installments: September 17, 2012 and March 15, 2013. Interest was charged at 7.00% on all taxes unpaid as of the due 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 inflows. Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The City has the authority to foreclose on property eighteen months after the filing of the lien if the tax liens and associated costs remain unpaid.

C. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance 6/30/2012*	Increases	Decreases	Balance June 30, 2013
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,040,548	\$ 51,820	\$ -	\$ 5,092,368
Construction in process	103,198	1,134,194	770,261	467,131
Total capital assets not being depreciated	<u>5,143,746</u>	<u>1,186,014</u>	<u>770,261</u>	<u>5,559,499</u>
Capital assets, being depreciated:				
Land improvements	9,693,421	1,616,510	-	11,309,931
Buildings and improvements	67,204,043	1,142,821	-	68,346,864
Machinery and equipment	11,127,279	213,854	30,488	11,310,645
Vehicles	16,915,962	1,346,794	889,752	17,373,004
Infrastructure	21,963,233	770,261	-	22,733,494
Total capital assets being depreciated	<u>126,903,938</u>	<u>5,090,240</u>	<u>920,240</u>	<u>131,073,938</u>
Less accumulated depreciation for:				
Land improvements	(3,328,660)	(460,713)	-	(3,789,373)
Buildings and improvements	(24,212,088)	(1,378,544)	-	(25,590,632)
Machinery and equipment	(8,451,011)	(632,123)	(27,017)	(9,056,117)
Vehicles	(9,998,815)	(1,117,134)	(760,574)	(10,355,375)
Infrastructure	(10,791,822)	(408,149)	-	(11,199,971)
Total accumulated depreciation	<u>(56,782,396)</u>	<u>(3,996,663)</u>	<u>(787,591)</u>	<u>(59,991,468)</u>
Total capital assets being depreciated, net	<u>70,121,542</u>	<u>1,093,577</u>	<u>132,649</u>	<u>71,082,470</u>
Governmental activities capital assets, net	<u>\$ 75,265,288</u>	<u>\$ 2,279,591</u>	<u>\$ 902,910</u>	<u>\$ 76,641,969</u>

* - restated to reflect moving construction in process expenses from governmental activities to the Bass Park Fund.

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

DETAILED NOTES ON ALL FUNDS, CONTINUED

	Balance 6/30/2012*	Increases	Decreases	Balance June 30, 2013
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,977,038	\$ -	\$ 11,042	\$ 3,965,996
Construction in process	38,877,408	34,266,582	66,814,044	6,329,946
Total capital assets not being depreciated	<u>42,854,446</u>	<u>34,266,582</u>	<u>66,825,086</u>	<u>10,295,942</u>
Capital assets, being depreciated:				
Land improvements	3,071,032	100,236	-	3,171,268
Buildings and improvements	44,530,694	62,207,316	4,461,609	102,276,401
Machinery and equipment	6,134,075	1,874,097	144,428	7,863,744
Infrastructure	57,939,790	607,148	-	58,546,938
Airport operational assets	256,005,417	2,707,747	-	258,713,164
Parking structures	11,312,409	77,184	72,424	11,317,169
Total capital assets being depreciated	<u>378,993,417</u>	<u>67,573,728</u>	<u>4,678,461</u>	<u>441,888,684</u>
Less accumulated depreciation for:				
Land improvements	(1,694,324)	(71,138)	-	(1,765,462)
Buildings and improvements	(30,444,919)	(1,477,386)	(4,023,551)	(27,898,754)
Machinery and equipment	(4,742,280)	(228,350)	(144,428)	(4,826,202)
Infrastructure	(11,734,001)	(589,266)	-	(12,323,267)
Airport operational assets	(152,458,629)	(7,932,320)	-	(160,390,949)
Parking structures	(8,162,462)	(268,077)	(72,424)	(8,358,115)
Total accumulated depreciation	<u>(209,236,615)</u>	<u>(10,566,537)</u>	<u>(4,240,403)</u>	<u>(215,562,749)</u>
Total capital assets being depreciated, net	<u>169,756,802</u>	<u>57,007,191</u>	<u>438,058</u>	<u>226,325,935</u>
Business-type activities capital assets, net	<u>\$ 212,611,248</u>	<u>\$ 91,273,773</u>	<u>\$ 67,263,144</u>	<u>\$ 236,621,877</u>

* - restated to reflect moving construction in process expenses from governmental activities to the Bass Park Fund.

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

Governmental Activities:	
General government	\$ 1,432,620
Public safety	870,805
Health, community services and recreation	102,797
Public building and services	542,071
Education	1,048,370
	<u>1,048,370</u>
Total depreciation expense - governmental activities	<u>\$ 3,996,663</u>
Business-type activities:	
Sewer Utility Fund	\$ 1,725,442
Airport Fund	7,932,320
Park Woods	89,123
Parking Fund	268,077
Bass Park Fund	286,366
Municipal Golf Course	80,711
Economic Development Fund	184,498
	<u>184,498</u>
Total depreciation expense - business-type activities	<u>\$ 10,566,537</u>

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

DETAILED NOTES ON ALL FUNDS, CONTINUED

Construction commitments

The government has active construction projects as of June 30, 2013. The projects include parking area renovations, reconstruction of runways, terminal redesign and renovations, and continuation of the combined sewer overflow program.

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, 2013 the balances were as follows:

	Receivable	Payable
General Fund	\$ 6,415,524	\$ -
Grant Fund	-	227,830
Airport Fund	-	2,501,325
Sewer Fund	-	221,995
Park Woods Fund	-	371,000
Bass Park Fund	-	2,412,574
Economic Development	-	680,800
	<u>\$ 6,415,524</u>	<u>\$ 6,415,524</u>

Individual fund transfers to and from other funds for the fiscal year ended June 30, 2013 are comprised primarily of transfers from fund balances to fund capital projects and to provide operating subsidies to certain proprietary funds.

	Transfers to	Transfers from
General Fund	\$ 1,334,009	\$ 127,890
Arena Fund	8,103,026	26,097
Grant Fund	-	29,014
Dedicated Revenue Funds	128,532	-
Other Nonmajor Special Revenue Funds	57,400	6,300
Capital Projects Fund	113,825	817,758
Other Nonmajor Permanent Funds	46,215	3,167
Bass Park Fund	26,097	8,839,586
Airport Fund	40,708	-
	<u>\$ 9,849,812</u>	<u>\$ 9,849,812</u>

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

DETAILED NOTES ON ALL FUNDS, CONTINUED

E. Due From Other Governments

Due from other governments is comprised of the following amounts at June 30, 2013:

	Federal Government	State of Maine	Other	Total
General Fund	\$ 1,099,668	\$ 1,022,118	\$ 503,969	\$ 2,625,755
Community Development	293,802	-	-	293,802
Nonmajor Special Revenue Funds	163,078	25,871	-	188,949
Capital Projects Fund	375	357,299	-	357,674
Proprietary Funds	437,391	260,702	-	698,093

Amounts due from Federal Government are comprised of operating and capital grants for all fund types. Of the General Fund's \$1,022,118 due from State of Maine, \$645,354 represents school grant and State agency billings, and \$188,502 represents general assistance claims. Amounts owed to the Capital Projects and Propriety funds by the State of Maine are for capital grant purposes. Amounts due from other communities for tuition reimbursement to Bangor account for \$475,154 of the Due from Other in the General Fund.

F. Leases

Operating Leases

The Airport and Economic Development Proprietary Funds are the lessors of various buildings and land parcels under operating leases expiring in various years through 2040 and 2035, respectively. Minimum future rentals to be received on noncancelable leases as of June 30, 2013 are:

Fiscal year ending June 30,	Airport	Economic Development
2014	\$ 1,367,320	\$ 381,334
2015	769,306	384,845
2016	449,913	336,266
2017	377,094	324,840
2018	340,326	296,404
Subsequent to 2018	3,430,458	2,160,905
	<u>\$ 6,734,417</u>	<u>\$ 3,884,594</u>

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. The Airport received \$1,768,223 in contingent rentals in fiscal year 2013.

The carrying amounts of the leased assets are as follows:

	Airport	Economic Development
Land	\$ 565,532	\$ 2,736,769
Buildings	22,886,327	4,318,516
Less accumulated depreciation	(14,607,524)	(1,321,248)
Total	<u>\$ 8,844,335</u>	<u>\$ 5,734,037</u>

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

DETAILED NOTES ON ALL FUNDS, CONTINUED

Capital Leases

The City entered into several leases for financing the acquisition of heavy equipment with a total down payment of \$58,000. These lease agreements qualify as capital leases for accounting purposes whereas they contain a bargain purchase option and, therefore, have been recorded at the present value of the future minimum lease payments. The following is an analysis of equipment leased under capital leases as of June 30, 2013:

Machinery and equipment	\$	514,581
Less accumulated depreciation		<u>(51,458)</u>
Carrying value	\$	<u>463,123</u>

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2013:

Fiscal Year ending June 30,	
2014	\$ 95,572
2015	95,572
2016	95,572
2017	<u>95,575</u>
Total minimum lease payments	382,291
Less: amount representing interest	<u>(21,222)</u>
Present value of future minimum lease payments	<u>\$ 361,069</u>

G. Other Assets

Other assets are comprised of the following:

		Proprietary Fund
Due from bond trustee	\$	225,600
Deposits		<u>20,000</u>
Total	\$	<u>245,600</u>

H. Unearned Revenue

General Fund, Community Development Block Grant and Capital Projects Fund unearned revenues consist of \$45,161, \$3,242 and \$48,168 in advance deposits, respectively.

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

DETAILED NOTES ON ALL FUNDS, CONTINUED

I. 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. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund general obligation bonds and extinguish an existing retirement liability. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds.

The original amount of general obligation bonds issued is \$220,780,948. The following is a summary of general obligation bond and note transactions of the City for the fiscal year ended June 30, 2013:

Bonds and notes payable at June 30, 2012	\$ 109,382,148
Add: principal additions	69,930,000
Less: principal repayments	<u>34,092,358</u>
Bonds and notes payable at June 30, 2013	<u>\$ 145,219,790</u>

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

DETAILED NOTES ON ALL FUNDS, CONTINUED

Bonds and notes payable at June 30, 2013 are comprised of the following:

Long-term debt	Fiscal year of maturity	Interest rate	Governmental Activities		Business-type Activities	Total June 30, 2013
			City	School		
Combined sewer overflow	2014	2.46%	-	-	93,200	93,200
Combined sewer overflow	2014	2.45%	-	-	99,300	99,300
Combined sewer overflow	2017	3.52%	-	-	728,552	728,552
Tax increment financing note*	2016	4.50%	293,580	-	-	293,580
Combined sewer overflow	2018	3.03%	-	-	724,081	724,081
Tax increment financing note*	2018	4.50%	101,704	-	-	101,704
Maine Business Enterprise Park	2018	5.00%	-	-	90,273	90,273
Public improvements note*	2020	4.50%	413,255	-	-	413,255
Pension obligation bonds	2026	3.06% - 6.45%	22,567,322	1,439,974	4,827,704	28,835,000
Refunding bonds	2024	3.06% - 3.47%	24,902	-	98	25,000
Combined sewer overflow	2023	1.94%	-	-	1,605,779	1,605,779
Tax increment financing note*	2015	2.50% - 4.00%	34,530	-	-	34,530
Briggs Building note	2023	4.50%	-	-	820,615	820,615
Refunding/public improvements - 2004	2024	2.50% - 4.80%	420,000	-	-	420,000
Combined sewer overflow	2025	1.41%	-	-	1,710,284	1,710,284
Public improvements - 2005	2025	3.50% - 4.30%	310,000	-	100,000	410,000
Airport building sprinklers	2025	3.25% - 5.00%	-	-	230,000	230,000
Chancellor's property note	2026	5.00%	-	-	1,695,969	1,695,969
Public improvements/refunding	2026	4.00% - 4.20%	1,188,625	-	121,375	1,310,000
Combined sewer overflow	2027	1.64%	-	-	1,466,717	1,466,717
Public improvements - 2007	2027	4.00%	2,355,000	-	-	2,355,000
Combined sewer overflow	2028	1.81%	-	-	1,565,129	1,565,129
Public improvements - 2009	2029	2.00% - 4.375%	2,480,000	-	-	2,480,000
ARRA - CWSRF	2029	0.00%	-	-	775,126	775,126
ARRA - CWSRF	2030	0.00%	-	-	436,696	436,696
Public improvements/refunding	2020	2.00% - 3.25%	3,272,582	5,790,846	986,572	10,050,000
Public improvements/refunding	2021	2.00% - 3.25%	1,623,278	-	3,541,722	5,165,000
Qualified school construction bond	2028	4.65%	-	5,610,000	-	5,610,000
Refunding/public improvements	2022	2.00% - 2.25%	2,375,839	2,047,145	1,322,016	5,745,000
Arena	2043	3.25% - 5.00%	-	-	53,800,000	53,800,000
Qualified school construction bond	2035	4.05%	-	2,800,000	-	2,800,000
Refunding/public improvements	2032	2.00% - 4.00%	7,578,985	-	1,451,015	9,030,000
Refunding/airport improvements	2033	.50% - 4.25%	-	-	4,300,000	4,300,000
Total bonds and notes payable			\$ 45,039,602	\$ 17,687,965	\$ 82,492,223	\$ 145,219,790

* Notes aggregating \$843,069 are held by the City's Airport Fund at fixed, taxable market rates of interest.

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

Fiscal year ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 4,577,591	\$ 2,389,776	\$ 2,356,701	\$ 2,917,522
2015	4,646,781	2,267,005	3,357,480	2,853,468
2016	4,762,687	2,099,706	3,468,464	2,743,863
2017	4,729,002	1,937,958	3,580,825	2,627,154
2018	4,668,808	1,746,155	3,517,872	2,510,355
2019-2023	18,932,137	6,047,681	16,473,360	10,625,755
2024-2028	11,960,561	1,434,843	13,542,700	7,452,563
2029-2033	5,730,000	6,166	10,984,821	5,403,722
2034-2038	2,720,000	-	11,615,000	3,573,175
2039-2043	-	-	13,595,000	1,375,225
Total	\$ 62,727,567	\$ 17,929,290	\$ 82,492,223	\$ 42,082,802

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

DETAILED NOTES ON ALL FUNDS, CONTINUED

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 of the City. At June 30, 2013, the statutory limit for the City was \$369,300,000. The City's outstanding long-term debt of \$145,219,790 at June 30, 2013 was within the statutory limit.

Refunding

The City issued \$4,585,000 and \$1,255,000 in public improvement and airport improvement (federally taxable) general obligation bonds, respectively, with interest rates ranging from .50% - 4.25%. The proceeds were used to advance refund \$5,815,000 portions of outstanding 2003 Series A, 2004, 2005 Series A and B, and 2006 general obligation bonds which had interest rates ranging from 3.90% - 5.00%. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, the portions of the 2003 Series A, 2004, 2005 Series A and B, and 2006 general obligations bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The City advance refunded the general obligation bonds to reduce its total debt service payments over 13 years by \$679,840 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$625,903.

Authorized and Unissued

On November 26, 2007, the City Council authorized the issuance of up to \$600,000 in general obligation bonds for the purpose of renovating and rehabilitating property located at 103 Texas Avenue. As of June 30, 2013, \$155,000 remains authorized and unissued. The City expects to issue the debt within the next twenty four months.

On August 8, 2011, the City Council authorized the issuance of up to \$2,000,000 in general obligation bonds to provide funding for remediation of the Penobscot River. As of June 30, 2013, no debt for this purpose had been issued. The City will continue to monitor when and if the debt will be issued.

Overlapping Debt

In addition to the bonds and notes payable, the City may be contingently responsible for a proportionate share of overlapping debt. Overlapping debt is debt issued by a separate entity that shares the same tax base as the City of Bangor. As of June 30, 2013, Penobscot County had \$2,750,000 debt outstanding. The City of Bangor represents 23.68% of the overall county value, therefore, the City had \$651,200 in overlapping debt obligations as of June 30, 2013.

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

DETAILED NOTES ON ALL FUNDS, CONTINUED

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Due within one year
Governmental activities:					
General obligation debt	\$ 80,674,158	\$ 10,378,985	\$ 28,325,576	\$ 62,727,567	\$ 4,577,591
Accrued compensated absences*	2,407,571	1,547,263	1,693,774	2,261,060	1,423,922
Capital leases	-	456,581	95,572	361,009	83,457
Bond premium	-	639,850	-	639,850	4,187
Net OPEB obligation*	1,981,987	423,779	178,803	2,226,963	-
Long-term obligation for self insurance	1,982,446	766,617	766,145	1,982,918	607,890
Governmental activities long-term liabilities	<u>\$ 87,046,162</u>	<u>\$ 14,213,075</u>	<u>\$ 31,059,870</u>	<u>\$ 70,199,367</u>	<u>\$ 6,697,047</u>
Business-type activities:					
General obligation debt	\$ 28,707,990	\$ 59,551,015	\$ 5,766,782	\$ 82,492,223	\$ 2,356,701
Accrued compensated absences*	632,058	368,878	465,674	535,262	-
Net OPEB obligation*	628,209	134,072	95,315	666,966	-
Long-term obligation for self insurance	447,400	-	92,400	355,000	160,665
Other	511,417	2,721,539	-	3,232,956	-
Business-type activities long-term liabilities	<u>\$ 30,927,074</u>	<u>\$ 62,775,504</u>	<u>\$ 6,420,171</u>	<u>\$ 87,282,407</u>	<u>\$ 2,517,366</u>

* - The liquidation of compensated absences and net OPEB obligation is fully covered within the General Fund and individual propriety funds.

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

DETAILED NOTES ON ALL FUNDS, CONTINUED

J. Fund Balances

As of June 30, 2013, fund balances components consisted of the following:

	Nonspendable	Restricted	Committed	Assigned
General Fund:				
Advances to other funds	\$ 1,900,500	\$ -	\$ -	\$ -
Inventory and prepaid items	873,714	-	-	-
PEG capital support	-	23,741	-	-
Arbitrage	-	264,778	-	-
School Department				
Regular	-	(309,293)	-	-
Adult education	-	64,291	-	-
General evening	-	33,309	-	-
Reading assessment	-	247	-	-
Special revenue	-	23,122	-	-
School lunch	-	179,746	-	-
Trust and agency	-	195,449	-	-
Cultural Commission/Econ Develop	-	-	10,583	-
Subsequent year expenditures	-	-	-	777,788
Pooled equipment reserve	-	-	-	34,367
Bus equipment reserve	-	-	-	46,780
Fire equipment reserve	-	-	-	107,695
Self insurance reserve	-	-	-	1,896,452
Improvement reserve	-	-	-	599,322
Cameron Stadium reserve	-	-	-	355,217
Demolition reserve	-	-	-	52,422
Benefit reserve	-	-	-	308,179
Parks & Recreation reserve	-	-	-	15,193
Subtotal	<u>2,774,214</u>	<u>475,390</u>	<u>10,583</u>	<u>4,193,415</u>
Community Development Block Grant	<u>-</u>	<u>252,479</u>	<u>-</u>	<u>-</u>
Arena Fund	<u>-</u>	<u>-</u>	<u>2,761,541</u>	<u>-</u>
Capital Projects Fund:				
Capital project funds	-	-	-	4,426,655
Encumbrances	-	-	-	127,712
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,554,367</u>
Other Governmental Funds:				
Nonexpendable trust principal	574,492	-	-	-
Nonmajor Special Revenue Funds	-	1,730,231	-	-
Nonmajor Permanent Funds	-	466,951	-	-
Subtotal	<u>574,492</u>	<u>2,197,182</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,348,706</u>	<u>\$ 2,925,051</u>	<u>\$ 2,772,124</u>	<u>\$ 8,747,782</u>

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

DETAILED NOTES ON ALL FUNDS, CONTINUED

Encumbrances at year end were \$38,582 for municipal General Fund, \$731,446 for school General Fund, \$354,540 for Arena Fund, \$127,712 for Capital Projects Fund, \$1,149,514 for Airport Fund, and \$353,167 for Sewer Utility Fund.

K. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City of through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City's net investment in capital assets was calculated as follows at June 30, 2013:

	Governmental	Business-type
Capital assets	\$ 136,633,437	\$ 452,184,626
Accumulated depreciation	(59,991,468)	(215,562,749)
Bonds payable	(62,727,567)	(82,492,223)
Capital leases	(361,009)	-
Non capital related bonds payable	36,469,520	11,193,530
Unspent bond proceeds	4,517,375	225,600
Net invested in capital assets	<u>\$ 54,540,288</u>	<u>\$ 165,548,784</u>

OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters for which the City either carries commercial insurance or is self-insured. The City currently reports all of its risk management activities in the General and Proprietary Funds. Claims expenditure, liabilities and reserves are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

The City purchases coverage under a number of commercially available insurance policies such as; commercial general liability, auto, property damage and crime and dishonesty, each with limits and deductibles deemed prudent given the risks, cost of coverage and the City's ability to fund certain types of losses. For those claims covered by commercial insurance, the amount of settlements has not exceeded the coverage for the years ended June 30, 2013, 2012 and 2011.

The City is self-insured for its workers' compensation liability. Reserves are actuarially determined each year to assure funding adequacy. In addition, the City purchases excess workers' compensation insurance to limit its financial risk. At June 30, 2013, the amount of self-insurance liabilities was \$2,327,918. This liability is the City's best estimate based on available information.

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

OTHER INFORMATION, CONTINUED

Changes in the reported liabilities since July 1, 2011 resulted from the following:

	Workers' Compensation	All other self- insured risks	Total
Unpaid claims as of July 1, 2011	\$ 1,958,405	\$ 215,575	\$ 2,173,980
Incurred claims	475,912	-	475,912
Payments	(581,099)	(17,798)	(598,897)
Changes in estimates and other adjustments	264,108	114,743	378,851
Unpaid claims as of July 1, 2012	2,117,326	312,520	2,429,846
Incurred claims	94,250	-	94,250
Payments	(842,868)	-	(842,868)
Changes in estimates and other adjustments	656,218	472	656,690
 Unpaid claims as of July 1, 2013	 \$ 2,024,926	 \$ 312,992	 \$ 2,337,918

B. Tax Increment Financing Districts

The City has established tax increment financing districts, all of which dedicate a portion of the incremental increase in real estate and/or personal property tax revenues over staggered twenty year periods for the following purposes:

B.I.A. Municipal Development District No. 1 – Partially financed \$27.5 million dollars of capital expenditures at manufacturing facilities leased by General Electric Company.

Main Street Municipal Development District – Assisted Penobscot Development Limited Liability Company in financing the extraordinary costs of acquisition and environmental remediation of the former Gasworks site on Main Street, ultimately to provide land area necessary for the construction of a 54,000 square foot supermarket in a Community Development project area.

Pickering Square Municipal Development District – Assisted Realty Resources Chartered in a major redevelopment project that converted the former Freese’s department store building into affordable housing units.

Hammond Street Courtyard Municipal Development District - Assisted Hammond Street Courtyard LP with the rehabilitation and reuse of the former Bangor Furniture store and office buildings.

Downtown Municipal Development District – To partially finance in excess of \$70 million dollars of infrastructure improvements within the boundaries of the district.

Penjawoc Marsh/Mall Area Traffic Infrastructure District – To partially finance traffic infrastructure improvements in the Bangor Mall area and environmental improvement projects in the Penjawoc Marsh/Bangor Mall area.

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

OTHER INFORMATION, CONTINUED

C. Contingent Liabilities

In 2002, the City filed suit against Citizens Communication Company (Citizens), a potentially responsible party to force cleanup of contamination of the Penobscot River bottom due to the inability to reach settlement. In July 2007, the City reached a settlement agreement with Citizens, whereby the City received \$7.625 million to be held in escrow and applied to the cost of remediation. A Consent Decree has been negotiated with the Department of Environmental Protection (DEP) for the remediation the first phase of which has been completed. The City continues to work with State and Federal agencies to negotiate an agreement for the remainder of the remediation.

In 1991, the City entered into a consent decree with the Federal Environmental Protection Agency (EPA) in regards to wastewater discharge. The City complied with and completed the projects and plans as originally identified in the 1991 decree. The EPA has indicated that the City will now need to undertake additional projects related to long term control and asset management plans, and a capacity management operations and maintenance program. The City has not yet entered into any agreement with the EPA, but has begun work on the areas identified to date by the EPA.

The City is a party to various other lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

D. Retirement

The City of Bangor provides retirement pensions for its employees through a number of vehicles, including a defined contribution plan, defined benefit pension plan and social security.

Defined Contribution Plan

Description of the Plan - The City provides pension benefits for certain employees through a 401(a) defined contribution plan administered by ICMA/RC. In addition, certain full-time employees are covered through both a 401 (a) and 457 Deferred Compensation Plans (DCP) also administered by ICMA/RC. In a DCP, benefits depend solely on amounts contributed to the plan plus investment earnings. Covered employees are eligible to participate and are fully vested from the date of employment. The authority to establish and amend plan provisions or requirements rests with the City.

Funding Policy – Plan members not covered by employment contracts are required to contribute 6.5% of their annual covered salary and the City is required to contribute either 8% or 10% depending upon the employee's classification. For fiscal year 2013 covered payroll was \$16,022,388 and City contributions were \$1,370,840. For those plan members that have employment contracts, the City contributes at various rates from 10% - 15% of annual earnings. The covered payroll and City contributions for those employees with employment contracts were \$471,245 and \$56,153 respectively, in fiscal year 2013.

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

OTHER INFORMATION, CONTINUED

Defined Benefit Pension Plan

Description of the Plan – The City contributes to the Maine Public Employees Retirement consolidated plan, a cost sharing multiple-employer retirement system established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the state legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy – Plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute an actuarially determined rate. The current rate ranges from 5.30% to 12.20% of annual covered payroll. The contribution rates of plan members and the City are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. The City's contributions to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2013, 2012, and 2011 were \$936,700, \$942,629, and \$794,677 respectively, equal to the required contributions for each year.

Teachers' Group

Description of the Plan - All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the state legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy – Plan members are required to contribute 7.65% of their compensation to the retirement system. The same statute requires the State of Maine Department of Education, to contribute the employer contribution, which amounts to \$3,716,192 (15.86%) for fiscal year 2013. This amount has been reported as an intergovernmental revenue and education expenditure in the GAAP basis financial statements. There is no contribution required by the school department except for federally funded teachers, for which they contributed 16.33% of their compensation. This cost is charged to the applicable grant. Beginning on July 1, 2013, as a result of the State Biennial budget, the Department will be responsible for approximately half the normal cost of the teacher's plan. This approximates 2.65% of compensation.

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

OTHER INFORMATION, CONTINUED

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Social Security

The City does not have a section 218 agreement to provide full social security coverage to its employees. The City does provide full social security coverage to part-time, seasonal and temporary employees under the Omnibus Budget Reconciliation Act of 1990, and Internal Revenue Service regulations, which became effective July 1, 1991.

E. Other Postemployment Benefits

Governmental Accounting Standards Board (GASB) Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, was implemented, as required, by the City for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported similar to pension plans.

Description of the Plan - The City sponsors a single-employer post-retirement benefit plan providing health insurance to retiring employees through CIGNA. CIGNA issues a publicly available financial report that may be obtained through their website www.cigna.com. Full-time City employees age 50 or older and covered under the active medical plan are eligible to participate. Retirees that are designated in a plan pay 100% of the coverage premium. A Medicare Supplement plan is available for eligible retirees. For retirees without Medicare, coverage is available without a Medicare offset.

Funding Policy and Annual OPEB Cost - GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The City currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the year and the annual required contribution:

Annual required contribution (ARC)	\$ 604,390
Amortization adjustment to ARC	(150,948)
Interest on net OPEB obligation	<u>104,408</u>
Annual OPEB cost	<u>\$ 557,850</u>

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

OTHER INFORMATION, CONTINUED

Funding Status and Funding Progress – The City’s annual OPEB cost, the net OPEB obligation and the percentage of annual OPEB cost contributed to the plan for the years ending June 30, 2011, 2012 and 2013 are as follows:

	June 30, 2011	June 30, 2012	June 30, 2013
Annual OPEB cost	\$ 357,467	\$ 344,143	\$ 557,850
City contributions	(38,436)	(57,070)	(274,117)
Increase in net OPEB obligation	319,031	287,073	283,733
Net OPEB obligation, beginning of year	2,004,092	2,323,123	2,610,196
Net OPEB obligation, end of year	<u>\$ 2,323,123</u>	<u>\$ 2,610,196</u>	<u>\$ 2,893,929</u>
Percentage contributed	10.75%	16.58%	49.14%

The unfunded actuarial accrued liability as a percentage of covered payroll for June 30, 2013 is as follows:

	Governmental Activities	Business-type Activities	Total June 30, 2013
Actuarial accrued liability (AAL)	\$ 5,284,045	\$ 1,671,709	\$ 6,955,754
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 5,284,045</u>	<u>\$ 1,671,709</u>	<u>\$ 6,955,754</u>
Covered payroll	<u>\$ 16,901,784</u>	<u>\$ 5,347,204</u>	<u>\$ 22,248,988</u>
UAAL as a percentage of covered payroll			31.26%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information (only five years available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial methods and assumptions – Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	06/30/13
Actuarial cost method	Projected unit credit cost method
Amortization method	Level dollar
Amortization period	30 years - open
Actuarial assumptions:	
Inflation rate	3.0%
Investment rate of return	4.0%
Payroll growth	3.0%
Healthcare cost trend rate	9.0% - 5.0%
Post retirement benefit increases	0.0% - retirees pay 100% of premium

CITY OF BANGOR, MAINE
Notes to the Financial Statements, Continued

OTHER INFORMATION, CONTINUED

F. Landfill Closure and Postclosure Care Costs

Closure of the City's Kittredge Road landfill was completed during the fiscal year ended June 30, 2000. Potential postclosure costs have been deemed immaterial, and therefore no liability for these amounts has been accrued. All necessary postclosure costs will be funded from the annual operating budget.

G. Subsequent Events

On August 12, 2013 the City Council authorized the issuance of up to \$7,240,000 in general obligations bonds for the purpose of funding street and bridge work, Wastewater Infrastructure, building demolition and the City's annual fleet/equipment replacement, and a fire engine. On September 16, 2013, the City Council authorized the issuance of up to \$300,000 in general obligation bonds for the purpose of funding City Hall improvements.

H. Restatement

During the fiscal year, beginning Arena Fund fund balance, governmental activities construction in progress capital assets and Bass Park construction in progress capital assets were restated. The restatement was due to the construction of the Cross Insurance Center which was partially funded by the Arena Fund, but which is a capital asset of the Bass Park Fund.

Fund balance for the Arena Fund as of June 30, 2013 has been restated as follows:

Fund balances, beginning of year	\$(4,603,950)
Transfer to other funds	<u>36,422,232</u>
Fund balances, beginning of year, as restated	<u>\$31,818,282</u>

Non-depreciable capital assets on the Governmental Activities Statement of Net Position as of June 30, 2013 have been restated as follows:

Non-depreciable capital assets	\$41,257,312
Transfer to other funds	<u>(36,113,566)</u>
Non-depreciable capital assets, as restated	<u>\$ 5,143,746</u>

Net position, beginning of the year on the Governmental Activities Statement of Activities as of June 30, 2013 has been restated as follows:

Net position, beginning of year	\$43,672,117
Transfer to other funds (Arena Fund)	36,422,232
Non-depreciable capital assets	<u>(36,113,566)</u>
Net position, beginning of year, as restated	<u>\$43,980,783</u>

Capital assets for the Bass Park Fund as of June 30, 2013 have been restated as follows:

Capital assets	\$ 9,714,898
Transfer from other funds	<u>36,422,232</u>
Capital assets, as restated	<u>\$46,137,130</u>

CITY OF BANGOR, MAINE
Required Supplemental Information
Schedule of Funding Progress - Retiree Healthcare Plan
For the Fiscal Year Ended June 30, 2013

	Fiscal Year				
	2009	2010	2011	2012	2013
Actuarial Valuation Date	7/1/2008	7/1/2008	1/1/2011	1/1/2011	6/30/2013
Governmental activities:					
Actuarial value of assets	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	8,488,427	8,488,427	3,407,638	3,430,307	5,284,045
Unfunded actuarial accrued liability (UAAL)	\$ 8,488,427	\$ 8,488,427	\$ 3,407,638	\$ 3,430,307	\$ 5,284,045
Funded ratio	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 16,257,319	\$ 17,224,485	\$ 17,369,969	\$ 17,175,024	\$ 16,901,784
Business-type activities:					
Actuarial value of assets	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	2,710,336	2,710,336	1,095,160	1,072,491	1,671,709
Unfunded actuarial accrued liability (UAAL)	\$ 2,710,336	\$ 2,710,336	\$ 1,095,160	\$ 1,072,491	\$ 1,671,709
Funded ratio	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 5,190,927	\$ 5,439,647	\$ 5,582,428	\$ 5,369,798	\$ 5,347,204
Primary government:					
Actuarial value of assets	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	11,198,763	11,198,763	4,502,798	4,502,798	6,955,754
Unfunded actuarial accrued liability (UAAL)	\$ 11,198,763	\$ 11,198,763	\$ 4,502,798	\$ 4,502,798	\$ 6,955,754
Funded ratio	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 21,448,246	\$ 22,664,132	\$ 22,952,397	\$ 22,544,822	\$ 22,248,988
UAAL as a percentage of covered payroll	52.21%	49.41%	19.62%	19.97%	31.26%

Only five years have been presented because 2009 was the year GASB Statement 45 was implemented.

GENERAL FUND

The General Fund is used to account for resources traditionally associated with the government, which are not required legally or by sound financial management, to be accounted for in another fund.



CITY OF BANGOR, MAINE
Balance Sheet
General Fund
June 30, 2013

ASSETS	
Cash and cash equivalents	\$ 8,058,272
Investments	50,000
Receivables:	
Taxes	2,810,832
Accounts (net of allowance of \$475,341)	1,246,085
Interfund	6,415,524
Intergovernmental	2,625,755
Loans	820,615
Inventory, at cost	797,655
Prepaid items	76,059
Total assets	\$ 22,900,797
LIABILITIES	
Accounts payable	\$ 996,982
Accrued wages and benefits payable	4,013,128
Unearned revenue	45,161
Total liabilities	5,055,271
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues - property taxes	2,664,910
Total deferred inflows of resources	2,664,910
FUND BALANCES	
Nonspendable	2,774,214
Restricted	475,390
Committed	10,583
Assigned	4,193,415
Unassigned	7,727,014
Total fund balance	15,180,616
Total liabilities, deferred inflows of resources and fund balances	\$ 22,900,797

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Changes in Unassigned
Fund Balance - Budget and Actual - Budgetary Basis
General Fund
For the Fiscal Year Ended June 30, 2013

	Balances			Variance	
	Carried 7/1/2012	Budget	Actual	Surplus	Carried
Revenues					
Taxes					
Real and personal property	\$ -	\$ 49,394,950	\$ 49,626,466	\$ 231,516	\$ -
Change in unavailable property tax	-	-	(226,841)	(226,841)	-
Tax increment financing district	-	(2,432,657)	(2,432,657)	-	-
Payment in lieu of taxes	-	117,000	95,620	(21,380)	-
Excise	-	4,526,000	4,594,821	68,821	-
Interest on delinquent taxes	-	200,400	204,852	4,452	-
Total taxes	-	51,805,693	51,862,261	56,568	-
Intergovernmental					
State revenue sharing	-	3,700,000	3,513,711	(186,289)	-
School subsidy	-	16,479,974	16,208,643	-	(271,331)
Other -					
municipal	-	4,091,617	3,147,299	(944,318)	-
school	-	3,742,410	3,571,471	-	(170,939)
Total intergovernmental	-	28,014,001	26,441,124	(1,130,607)	(442,270)
Other revenue					
Licenses and permits	-	677,436	576,559	(100,877)	-
Charges for service -					
municipal	-	8,619,618	9,076,686	457,068	-
school	-	3,865,546	3,835,409	-	(30,137)
Fines, forfeits and penalties	-	33,000	32,696	(304)	-
Revenue from use of money and property -					
municipal	-	688,600	681,659	(6,941)	-
Total other	-	13,884,200	14,203,009	348,946	(30,137)
Total revenues	-	93,703,894	92,506,394	(725,093)	(472,407)

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Changes in Unassigned
Fund Balance - Budget and Actual - Budgetary Basis
General Fund
For the Fiscal Year Ended June 30, 2013

	Balances			Variance	
	Carried 7/1/2012	Budget	Actual	Surplus	Carried
Expenditures					
General government					
Council	-	30,243	29,442	801	-
Executive	-	928,829	1,274,883	(346,054)	-
Human resources	-	131,738	116,195	15,543	-
City clerk	-	406,291	379,009	27,282	-
Assessing	-	436,896	447,501	(10,605)	-
Legal	-	297,699	305,955	(8,256)	-
Finance	-	1,578,766	1,493,687	85,079	-
Insurance	-	155,282	208,178	(52,896)	-
Planning, econ dev, code enforcement	-	1,165,988	1,101,011	54,977	10,000
Total general government	-	5,131,732	5,355,861	(234,129)	10,000
Public safety					
Police	-	8,344,102	8,194,356	149,746	-
Fire	-	8,131,360	8,018,776	112,584	-
Total public safety	-	16,475,462	16,213,132	262,330	-
Health, community services and recreation					
Health and community services	-	3,975,531	3,087,307	888,224	-
Parks and recreation	-	1,698,155	1,894,302	(196,147)	-
Total health, commun. serv and rec.	-	5,673,686	4,981,609	692,077	-
Public buildings and services					
Public buildings and services	-	10,311,553	9,831,466	480,087	-

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Changes in Unassigned
Fund Balance - Budget and Actual - Budgetary Basis
General Fund
For the Fiscal Year Ended June 30, 2013

	Balances			Variance	
	Carried 7/1/2012	Budget	Actual	Surplus	Carried
Expenditures, continued					
Other agencies					
County tax	-	2,843,431	2,843,431	-	-
Downtown Development District	-	54,739	54,739	-	-
Public library	-	1,403,107	1,403,106	1	-
Other agencies	1,583	80,375	81,499	(124)	583
Total other agencies	1,583	4,381,652	4,382,775	(123)	583
Education					
Regular	3,276,779	41,418,726	40,416,630	-	4,278,875
Adult education	119,985	512,274	443,552	-	188,707
School lunch	230,802	1,353,465	1,462,337	-	121,930
Special revenue	38,608	2,593,509	2,522,372	-	109,745
Trust and agency	253,578	1,162,190	1,148,712	-	267,056
Total education	3,919,752	47,040,164	45,993,603	-	4,966,313
Other appropriations					
Pensions and other fringe benefits	-	1,872,157	2,122,901	(250,744)	-
Debt service	-	2,581,010	2,582,322	(1,312)	-
Tax increment financing payments	-	836,250	839,767	(3,517)	-
Total other appropriations	-	5,289,417	5,544,990	(255,573)	-
Total expenditures	3,921,335	94,303,666	92,303,436	944,669	4,976,896
Excess (deficiency) of revenues over/under expenditures	(3,921,335)	(599,772)	202,958	219,576	4,504,489

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Changes in Unassigned
Fund Balance - Budget and Actual - Budgetary Basis
General Fund
For the Fiscal Year Ended June 30, 2013

	Balances			Variance	
	Carried 7/1/2012	Budget	Actual	Surplus	Carried
Other financing sources (uses)					
Appropriation from restricted, committed and assigned fund balances	-	1,526,587	159,105	-	(1,367,482)
Sale of assets	-	16,000	53,162	37,162	-
Contributions	-	-	106	106	-
Insurance Settlements	-	22,900	57,493	34,593	-
Transfers to other funds	(372,170)	(740,626)	(1,223,882)	(111,086)	-
Transfers from other funds	-	27,000	23,532	(3,468)	-
Operating transfers	-	(252,089)	(252,089)	-	-
Total other financing sources (uses)	(372,170)	599,772	(1,182,573)	(42,693)	(1,367,482)
Net change in unassigned fund balance	\$ (4,293,505)	\$ -	\$ (979,615)	176,883	\$ 3,137,007
Unassigned fund balance, beginning of year				7,563,658	
Changes in amounts required to be shown as nonspendable fund balance					
Inventory and prepaids				(13,527)	
Unassigned fund balance, end of year				\$ 7,727,014	

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Other HUD Funds – This is used to account for 1) federal grants obtained and expended under the Housing and Community Development Act of 1974, as amended, for the redevelopment of the downtown commercial core of the City and 2) low interest loans to businesses within the City of Bangor for establishment, expansion or redevelopment purposes.

Grant Fund – Accounts for federal and state grants that are legally restricted to expenditures allowable by the grantor agency.

Dedicated Revenue Funds - Accounts for amounts raised or donated to benefit various governmental programs such as; the Dental Clinic, local parks, City forest and Park Woods complex.

Other Funds – Accounts for funds held to be used in future periods such as tax financing district repayments and other community funds for capital expenditures relating to the operation of the area transportation system

Permanent Fund

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

CITY OF BANGOR, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 735,417	\$ -	\$ 735,417
Investments	-	124,570	124,570
Receivables:			
Accounts	69,079	-	69,079
Loans /Notes (net of \$170,317 allowance)	1,173,848	916,873	2,090,721
Intergovernmental	188,949	-	188,949
Total assets	\$ 2,167,293	\$ 1,041,443	\$ 3,208,736
LIABILITIES			
Accounts payable	\$ 54,968	\$ -	\$ 54,968
Interfund loans payable	227,830	-	227,830
Total liabilities	282,798	-	282,798
DEFERRED INFLOWS OF RESOURCES			
Unavailable resources - loans	160,000	-	160,000
Total deferred inflows of resources	160,000	-	160,000
FUND BALANCES			
Nonspendable	-	574,492	574,492
Restricted	1,730,231	466,951	2,197,182
Unassigned	(5,736)	-	(5,736)
Total fund balances	1,724,495	1,041,443	2,765,938
Total liabilities, deferred inflows of resources and fund balances	\$ 2,167,293	\$ 1,041,443	\$ 3,208,736

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2013

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues			
Taxes	\$ 788,503	\$ -	\$ 788,503
Intergovernmental	6,078,266	-	6,078,266
Charges for services	1,060,267	-	1,060,267
Program income	12,834	-	12,834
Revenue from use of money and property	77,800	-	77,800
Other revenue	49,381	5,115	54,496
Interest revenue	-	45,867	45,867
Total revenues	8,067,051	50,982	8,118,033
Expenditures			
Current:			
Personnel	1,057,112	-	1,057,112
Payments to beneficiaries	881,647	-	881,647
Other	3,392,451	-	3,392,451
Bus operations	2,719,136	-	2,719,136
Program expenditures	-	4,980	4,980
Total expenditures	8,050,346	4,980	8,055,326
Excess of revenues over expenditures	16,705	46,002	62,707
Other financing sources (uses)			
Transfers to other funds	(185,932)	(46,215)	(232,147)
Transfers from other funds	35,314	3,167	38,481
Total other financing sources (uses)	(150,618)	(43,048)	(193,666)
Net change in fund balances	(133,913)	2,954	(130,959)
Fund balances, beginning of year	1,858,408	1,038,489	2,896,897
Fund balances, end of year	\$ 1,724,495	\$ 1,041,443	\$ 2,765,938

CITY OF BANGOR, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2013

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals
ASSETS					
Cash and cash equivalents	\$ 348,281	\$ 32	\$ -	\$ 387,104	\$ 735,417
Receivables:					
Accounts	-	69,079	-	-	69,079
Loans/Notes (net of \$170,317 allowance)	160,000	-	700,958	312,890	1,173,848
Intergovernmental	-	188,949	-	-	188,949
Total assets	\$ 508,281	\$ 258,060	\$ 700,958	\$ 699,994	\$ 2,167,293
LIABILITIES					
Accounts payable	-	35,966	-	19,002	54,968
Interfund loans payable	-	227,830	-	-	227,830
Total liabilities	-	263,796	-	19,002	282,798
DEFERRED INFLOWS OF RESOURCES					
Unavailable resources - loans	160,000	-	-	-	160,000
Total deferred inflows of resources	160,000	-	-	-	160,000
FUND BALANCES (DEFICITS)					
Restricted	348,281	-	700,958	680,992	1,730,231
Unassigned	-	(5,736)	-	-	(5,736)
Total fund balances (deficits)	348,281	(5,736)	700,958	680,992	1,724,495
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 508,281	\$ 258,060	\$ 700,958	\$ 699,994	\$ 2,167,293

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 788,503	\$ 788,503
Intergovernmental	-	6,078,266	-	-	6,078,266
Charges for services	-	1,060,267	-	-	1,060,267
Program income	12,834	-	-	-	12,834
Revenue from use of money and property	-	-	41,806	35,994	77,800
Contributions	-	-	15,353	34,028	49,381
Total revenues	12,834	7,138,533	57,159	858,525	8,067,051
Expenditures					
Current:					
Personnel	-	1,057,112	-	-	1,057,112
Payments to beneficiaries	-	-	69,826	811,821	881,647
Other	-	3,392,451	-	-	3,392,451
Bus operations	-	2,719,136	-	-	2,719,136
Total expenditures	-	7,168,699	69,826	811,821	8,050,346
Excess (deficiency) of revenues over (under) expenditures	12,834	(30,166)	(12,667)	46,704	16,705
Other financing sources (uses)					
Transfers to other funds	-	-	(128,532)	(57,400)	(185,932)
Transfers from other funds	-	29,014	-	6,300	35,314
Total other financing sources (uses)	-	29,014	(128,532)	(51,100)	(150,618)
Net change in fund balances	12,834	(1,152)	(141,199)	(4,396)	(133,913)
Fund balances (deficits), beginning of year	335,447	(4,584)	842,157	685,388	1,858,408
Fund balances (deficits), end of year	\$ 348,281	\$ (5,736)	\$ 700,958	\$ 680,992	\$ 1,724,495

CITY OF BANGOR, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2013

	Other Funds	Revolving Loan Funds	Totals
ASSETS			
Investments	\$ -	\$ 124,570	\$ 124,570
Loans receivable	892,116	24,757	916,873
Total assets	\$ 892,116	\$ 149,327	\$ 1,041,443
LIABILITIES AND FUND BALANCES			
Liabilities	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -
Fund balances			
Nonspendable	425,165	149,327	574,492
Restricted	466,951	-	466,951
Total fund balances	892,116	149,327	1,041,443
Total liabilities and and fund balances	\$ 892,116	\$ 149,327	\$ 1,041,443

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the Fiscal Year Ended June 30, 2013

	Other Funds	Revolving Loan Funds	Totals
Revenues			
Investment income	\$ 38,271	\$ 7,596	\$ 45,867
Lot sales	5,115	-	5,115
Total revenues	43,386	7,596	50,982
Expenditures			
Current:			
Payments to beneficiaries	80	4,900	4,980
Total expenditures	80	4,900	4,980
Excess of revenues over expenditures	43,306	2,696	46,002
Other financing sources (uses)			
Transfer to other funds	(46,215)	-	(46,215)
Transfer from other funds	3,167	-	3,167
Total other financing source (uses)	(43,048)	-	(43,048)
Net change in fund balances	258	2,696	2,954
Fund balances, beginning of year	891,858	146,631	1,038,489
Fund balances, end of year	\$ 892,116	\$ 149,327	\$ 1,041,443

ENTERPRISE FUNDS

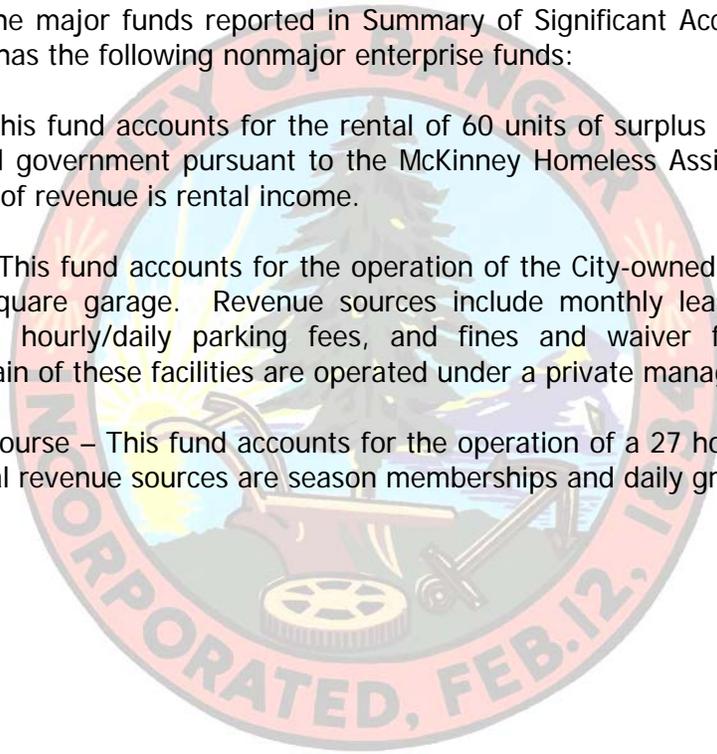
Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the government is to have the costs of providing goods or services to the general public financed or recovered primarily through user charges. The government has decided that periodic determination of net income is appropriate for accountability purposes.

In addition to the major funds reported in Summary of Significant Accounting Policies, Note C the City has the following nonmajor enterprise funds:

Park Woods – This fund accounts for the rental of 60 units of surplus housing received from the federal government pursuant to the McKinney Homeless Assistance Act. The principal source of revenue is rental income.

Parking Fund – This fund accounts for the operation of the City-owned parking lots and the Pickering Square garage. Revenue sources include monthly lease payments for parking spaces, hourly/daily parking fees, and fines and waiver fees for parking violations. Certain of these facilities are operated under a private management contract.

Municipal Golf Course – This fund accounts for the operation of a 27 hole municipal golf course. Principal revenue sources are season memberships and daily green fees.



CITY OF BANGOR, MAINE
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2013

Business-type Activities - Enterprise Funds				
	Park Woods	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 440	\$ 244,285	\$ 537,105	\$ 781,830
Accounts receivable	1,261	1,056	-	2,317
Total current assets	1,701	245,341	537,105	784,147
Noncurrent assets				
Capital Assets:				
Land and improvements	295,025	-	1,594,732	1,889,757
Buildings and improvements	1,933,061	-	912,607	2,845,668
Machinery and equipment	22,952	-	305,859	328,811
Parking structures	-	11,317,169	-	11,317,169
	2,251,038	11,317,169	2,813,198	16,381,405
Less accumulated depreciation	(1,632,689)	(8,358,114)	(1,759,430)	(11,750,233)
Net capital assets	618,349	2,959,055	1,053,768	4,631,172
Deposits	20,000	-	-	20,000
Total noncurrent assets	638,349	2,959,055	1,053,768	4,651,172
Total assets	640,050	3,204,396	1,590,873	5,435,319

Continued on next page

CITY OF BANGOR, MAINE
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2013

Business-type Activities - Enterprise Funds

	Park Woods	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
LIABILITIES				
Current liabilities				
Accounts payable	29,395	309	15,444	45,148
Accrued wages and benefits payable	1,787	3,898	12,051	17,736
Accrued interest	-	12,620	4,180	16,800
Workers' compensation	-	4,050	-	4,050
Interfund loans payable	371,000	-	-	371,000
General obligation debt payable	-	199,818	34,617	234,435
Total current liabilities	402,182	220,695	66,292	689,169
Long-term liabilities				
Workers' compensation	-	5,950	-	5,950
General obligation debt payable	-	1,707,457	433,545	2,141,002
Accrued compensated absences	11,631	8,676	19,316	39,623
Net OPEB obligation	7,673	10,950	19,245	37,868
Other long-term liabilities	193,061	20,228	-	213,289
Total long-term liabilities	212,365	1,753,261	472,106	2,437,732
Total liabilities	614,547	1,973,956	538,398	3,126,901
NET POSITION				
Net investment in capital assets	618,349	1,203,883	666,377	2,488,609
Unrestricted	(592,846)	26,557	386,098	(180,191)
Total net position	\$ 25,503	\$ 1,230,440	\$ 1,052,475	\$ 2,308,418

Continued from previous page

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2013

Business-type Activities - Enterprise Funds

	Park Woods	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Operating revenues				
Charges for services	\$ 417,407	\$ 960,947	\$ 592,825	\$ 1,971,179
Operating expenses				
Operating expenses other than depreciation and amortization	384,166	645,885	586,815	1,616,866
Depreciation and amortization	89,123	268,077	80,711	437,911
Total operating expenses	473,289	913,962	667,526	2,054,777
Operating income (loss)	(55,882)	46,985	(74,701)	(83,598)
Nonoperating revenue (expenses)				
Interest income	-	-	590	590
Interest expense	-	(58,365)	(19,791)	(78,156)
Total nonoperating revenue (expenses)	-	(58,365)	(19,201)	(77,566)
Net income (loss) before grants/contributions and transfers	(55,882)	(11,380)	(93,902)	(161,164)
Grants/contributions received for capital assets	-	28,281	-	28,281
Change in net position	(55,882)	16,901	(93,902)	(132,883)
Net position, beginning of year	81,385	1,213,539	1,146,377	2,441,301
Net position, end of year	\$ 25,503	\$ 1,230,440	\$ 1,052,475	\$ 2,308,418

CITY OF BANGOR, MAINE
Combining Statement of Cash Flows - Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2013

Business-type Activities - Enterprise Funds				
	Park Woods	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Cash flows from operating activities				
Cash received from customers	\$ 421,523	\$ 958,905	\$ 592,825	\$ 1,973,253
Cash paid to suppliers for goods and services	(382,557)	(483,057)	(252,281)	(1,117,895)
Cash paid to employees for services	(31,472)	(163,705)	(329,750)	(524,927)
Net cash provided by operating activities	7,494	312,143	10,794	330,431
Cash flows from noncapital financing activities				
Interfund loans (repayments)	(7,300)	-	-	(7,300)
Net cash (used in) noncapital financing activities	(7,300)	-	-	(7,300)
Cash flows from capital and related financing activities				
Proceeds from general obligation bonds	-	-	266,015	266,015
Acquisition and construction of capital assets	-	(48,903)	-	(48,903)
Payment to escrow agent	-	-	(266,015)	(266,015)
Principal paid on general obligation bonds	-	(193,763)	(32,765)	(226,528)
Interest paid on general obligation bonds	-	(60,346)	(21,768)	(82,114)
Net cash (used in) capital and related financing activities	-	(303,012)	(54,533)	(357,545)
Cash flows from investing activities				
Interest on investments	-	141	590	731
Net cash provided by investing activities	-	141	590	731
Net increase (decrease) in cash	194	9,272	(43,149)	(33,683)
Cash, beginning of year	246	235,013	580,254	815,513
Cash, end of year	\$ 440	\$ 244,285	\$ 537,105	\$ 781,830

Schedule of noncash investing, capital and financing activities:

During the year, the Parking Fund had a non cash contribution to capital assets in the amount of \$28,281.

Continued on next page

CITY OF BANGOR, MAINE
Combining Statement of Cash Flows - Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2013

Business-type Activities - Enterprise Funds

	Park Woods	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (55,882)	\$ 46,985	\$ (74,701)	\$ (83,598)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation and amortization	89,123	268,077	80,711	437,911
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	4,117	(1,056)	-	3,061
Increase (decrease) in accounts payable	(29,580)	(381)	901	(29,060)
Increase (decrease) in unearned revenue	-	(986)	-	(986)
Increase (decrease) in other liabilities	(284)	(496)	3,883	3,103
Total adjustments	63,376	265,158	85,495	414,029
Net cash provided by operating activities	\$ 7,494	\$ 312,143	\$ 10,794	\$ 330,431

Continued from previous page

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Encumbrances
Budget and Actual - Budgetary Basis
Sewer Utility Fund - Enterprise Fund
For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 7,984,590	\$ 7,794,718	\$ (189,872)
Interest and other revenue	45,000	28,818	(16,182)
Total revenues	8,029,590	7,823,536	(206,054)
Expenditures and encumbrances			
Salaries	1,277,054	1,190,734	86,320
Fringe benefits	365,005	315,721	49,284
Supplies and materials	1,342,667	1,086,546	256,121
Contractual services	1,322,744	1,386,613	(63,869)
Interfund charges	513,358	445,762	67,596
Miscellaneous	27,795	39,646	(11,851)
Debt service	3,004,467	3,000,861	3,606
Depreciation	1,681,950	1,725,442	(43,492)
Outlay	176,500	198,270	(21,770)
Total expenditures and encumbrances	9,711,540	9,389,595	321,945
Deficiency of revenues under expenditures and encumbrances	\$ (1,681,950)	\$ (1,566,059)	\$ 115,891

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Encumbrances
Budget and Actual - Budgetary Basis
Airport Fund - Enterprise Fund
For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 13,549,944	\$ 12,044,192	\$ (1,505,752)
Interest and other revenue	817,595	700,344	(117,251)
Total revenues	14,367,539	12,744,536	(1,623,003)
Expenditures and encumbrances			
Salaries	5,689,726	5,137,754	551,972
Fringe benefits	1,334,743	1,308,591	26,152
Supplies and materials	2,196,405	2,231,585	(35,180)
Contractual services	2,583,810	2,737,796	(153,986)
Interfund charges	886,132	781,067	105,065
Miscellaneous	156,953	54,778	102,175
Debt service	721,151	1,053,704	(332,553)
Depreciation	7,550,000	7,932,320	(382,320)
Outlay	695,000	185,396	509,604
Total expenditures and encumbrances	21,813,920	21,422,991	390,929
Deficiency of revenues under expenditures and encumbrances	\$ (7,446,381)	\$ (8,678,455)	\$ (1,232,074)

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Encumbrances
Budget and Actual - Budgetary Basis
Park Woods - Enterprise Fund
For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 477,200	\$ 417,406	\$ (59,794)
Total revenues	477,200	417,406	(59,794)
Expenditures and encumbrances			
Salaries	29,552	26,072	3,480
Fringe benefits	6,461	6,274	187
Supplies and materials	145,700	156,236	(10,536)
Contractual services	178,898	187,976	(9,078)
Interfund charges	245	111	134
Miscellaneous	9,100	8,654	446
Depreciation	89,123	89,123	-
Total expenditures and encumbrances	459,079	474,446	(15,367)
Excess (deficiency) of revenues over (under) expenditures and encumbrances	\$ 18,121	\$ (57,040)	\$ (75,161)

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Encumbrances
Budget and Actual - Budgetary Basis
Parking Fund - Enterprise Fund
For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 1,052,348	\$ 959,961	\$ (92,387)
Total revenues	1,052,348	959,961	(92,387)
Expenditures and encumbrances			
Salaries	194,665	132,322	62,343
Fringe benefits	33,612	31,334	2,278
Supplies and materials	8,950	2,901	6,049
Contractual services	392,902	366,993	25,909
Interfund charges	115,325	112,781	2,544
Debt service	254,108	254,108	-
Depreciation	270,670	268,077	2,593
Outlay	50,000	48,904	1,096
Total expenditures and encumbrances	1,320,232	1,217,420	102,812
Deficiency of revenues under expenditures and encumbrances	\$ (267,884)	\$ (257,459)	\$ 10,425

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Encumbrances
Budget and Actual - Budgetary Basis
Bass Park Fund - Enterprise Fund
For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 1,289,975	\$ 1,249,595	\$ (40,380)
Operating transfer	833,729	833,925	196
Total revenues	2,123,704	2,083,520	(40,184)
Expenditures and encumbrances			
Salaries	832,771	813,129	19,642
Fringe benefits	107,563	98,070	9,493
Supplies and materials	350,150	379,648	(29,498)
Contractual services	521,305	619,122	(97,817)
Interfund charges	136,350	143,752	(7,402)
Miscellaneous	50,000	47,824	2,176
Debt service	135,565	135,565	-
Depreciation	243,962	286,336	(42,374)
Credits	(10,000)	(10,000)	-
Total expenditures and encumbrances	2,367,666	2,513,446	(145,780)
Deficiency of revenues under expenditures and encumbrances	\$ (243,962)	\$ (429,926)	\$ (185,964)

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Encumbrances
Budget and Actual - Budgetary Basis
Municipal Golf Course - Enterprise Fund
For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 666,000	\$ 592,825	\$ (73,175)
Interest and other revenue	700	590	(110)
Total revenues	666,700	593,415	(73,285)
Expenditures and encumbrances			
Salaries	301,673	290,832	10,841
Fringe benefits	40,725	40,165	560
Supplies and materials	88,625	108,295	(19,670)
Contractual services	78,018	80,886	(2,868)
Interfund charges	60,125	62,905	(2,780)
Debt service	54,534	54,534	-
Depreciation	83,150	80,711	2,439
Outlay	43,000	-	43,000
Total expenditures and encumbrances	749,850	718,328	31,522
Deficiency of revenues under expenditures and encumbrances	\$ (83,150)	\$ (124,913)	\$ (41,763)

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Encumbrances
Budget and Actual - Budgetary Basis
Economic Development Fund - Enterprise Fund
For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 1,147,663	\$ 532,033	\$ (615,630)
Interest and other revenue	90,507	89,276	(1,231)
Total revenues	1,238,170	621,309	(616,861)
Expenditures and encumbrances			
Supplies and materials	81,876	84,901	(3,025)
Contractual services	196,139	161,096	35,043
Miscellaneous	2,337	3,480	(1,143)
Debt service	380,363	380,363	-
Depreciation	184,498	184,498	-
Outlay	180,000	-	180,000
Total expenditures and encumbrances	1,025,213	814,338	210,875
Excess (deficiency) of revenues over (under) expenditures and encumbrances	\$ 212,957	\$ (193,029)	\$ (405,986)

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others.

Agency Funds – Agency Funds are used to account for situations where the City's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.



CITY OF BANGOR, MAINE
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
ASSETS				
Cash:				
Bangor Area Stormwater Group	\$ 18,595	\$ 44,647	\$ 44,982	\$ 18,260
School Activity Funds	101,154	187,967	170,860	118,261
Total assets	\$ 119,749	\$ 232,614	\$ 215,842	\$ 136,521
LIABILITIES				
Funds held for others:				
Bangor Area Stormwater Group	\$ 18,595	\$ 44,647	\$ 44,982	\$ 18,260
School Activity Funds	101,154	187,967	170,860	118,261
Total liabilities	\$ 119,749	\$ 232,614	\$ 215,842	\$ 136,521

**CAPITAL ASSETS USED
IN THE OPERATION
OF GOVERNMENTAL FUNDS**



CITY OF BANGOR, MAINE
Capital Assets Used in the Operation of Governmental Funds
(net of accumulated depreciation)
Schedule of Changes by Function and Activity
For the Fiscal Year Ended June 30, 2013

Function and Activity	Balance 2012	Additions	Deletions	Balance 2013
General government				
BAT community connector	\$ 2,597,261	\$ -	\$ 281,494	\$ 2,315,767
Central service	9,615	8,206	4,256	13,565
City clerk	3,472	-	3,472	-
City hall	619,811	-	24,181	595,630
Community and economic development	9,439,735	1,315,491	409,896	10,345,330
Engineering	31,962	-	6,921	25,041
Information services	111,605	156,391	42,572	225,424
Motor pool	3,218,538	1,249,633	722,317	3,745,854
Other - unclassified	252,219	-	70,161	182,058
Total general government	16,284,218	2,729,721	1,565,270	17,448,669
Public safety				
Fire	5,496,555	69,450	494,332	5,071,673
Police	10,340,219	133,209	376,473	10,096,955
Total public safety	15,836,774	202,659	870,805	15,168,628
Health, community services and recreation				
Parks and recreation	2,070,067	94,552	102,797	2,061,822
Total health, community services and recreation	2,070,067	94,552	102,797	2,061,822
Public building and services				
Public works	12,831,745	1,449,928	1,312,332	12,969,341
Total public buildings and services	12,831,745	1,449,928	1,312,332	12,969,341
Education	28,242,484	1,799,396	1,048,371	28,993,509
Arena Fund - restated*	-	-	-	-
Total governmental fund capital assets	\$ 75,265,288	\$ 6,276,256	\$ 4,899,575	\$ 76,641,969

* - The Capital Assets for the Arena Fund were moved to the Bass Park Fund

OTHER INFORMATION



CITY OF BANGOR, MAINE
Assessed Valuation, Commitment and Collections
For the Fiscal Year Ended June 30, 2013

VALUATION

Land and buildings	\$ 2,282,480,900
Land and buildings - Homestead exemption	53,981,600
Personal property	245,768,300
Personal property - BETE exemption	<u>66,043,600</u>
Total valuation	<u><u>\$ 2,648,274,400</u></u>

COMMITMENT

Real estate, personal property (excludes Homestead and BETE exemptions)	\$ 2,528,249,200
Tax rate	<u>0.01965</u>
Total commitment	49,680,097

ADD

Supplemental taxes committed	<u>33,758</u>
	49,713,855

LESS

Collections 2013	48,276,445
Abatements	<u>134,598</u>
2013 taxes receivable at June 30, 2013	<u><u>\$ 1,302,812</u></u>

CITY OF BANGOR, MAINE
General Fund Unassigned Fund Balance Sufficiency Calculation
For the Fiscal Year Ended June 30, 2013

It is the policy of the City to maintain a General Fund unassigned fund balance approximately 8.33% of operating expenditures. The following table sets forth the calculation as to the sufficiency of the June 30, 2013 General Fund unassigned fund balance.

General Fund expenditures/uses (Schedule A-2)

General government	\$ 5,355,861
Public safety	16,213,132
Health, community services and recreation	4,981,609
Public buildings and services	9,831,466
Other agencies	4,382,775
Education	45,993,603
Other appropriations	5,544,990
Other uses, gross*	<u>1,364,885</u>
Gross expenditures and uses	93,668,321
General Fund debt service	<u>6,805,776</u>
Net expenditures and uses	<u><u>\$ 86,862,545</u></u>
Indicated unassigned fund balance @ 8.33%	\$ 7,235,650
Actual unassigned fund balance (Schedule A-2)	\$ 7,727,014
Actual unassigned fund balance as a percentage of net expenditures and uses	8.90%
Over (under) funded status	<u><u>\$ 491,364</u></u>

* excludes amounts appropriated from unassigned fund balance

STATISTICAL SECTION

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

	Page
Financial Trends	III - 1
<p>The schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</p>	
Revenue Capacity	III - 8
<p>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</p>	
Debt Capacity	III - 12
<p>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the ability to issue additional debt in the future.</p>	
Demographic and Economic Information	III - 16
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</p>	
Operating Information	III - 18
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</p>	

Table 1

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

	Fiscal Year		
	2011	2012	2013
Governmental activities:			
Net investment in capital assets	\$ 40,176,260	\$ 67,253,588	\$ 54,540,288
Restricted	1,019,806	1,039,248	1,041,443
Unrestricted	262,217	(24,620,719)	(21,336,473)
Total governmental activities net position	<u>41,458,283</u>	<u>43,672,117</u>	<u>34,245,258</u>
Business-type activities:			
Net investment in capital assets	155,344,528	152,749,709	165,548,784
Restricted	-	-	-
Unrestricted	15,549,352	12,823,198	4,879,657
Total business-type activities net position	<u>170,893,880</u>	<u>165,572,907</u>	<u>170,428,441</u>
Primary government:			
Net investment in capital assets	195,520,788	220,003,297	220,089,072
Restricted	1,019,806	1,039,248	1,041,443
Unrestricted	15,811,569	(11,797,521)	(16,456,816)
Total primary government net position	<u>\$ 212,352,163</u>	<u>\$ 209,245,024</u>	<u>\$ 204,673,699</u>

Only three years have been presented because 2011 was the year GASB Statement No. 54 was implemented.

Table 2

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 6,487,572	\$ 6,435,386	\$ 6,947,106	\$ 7,052,860	\$ 8,744,549	\$ 7,868,247	\$ 8,279,943	\$ 9,223,718	\$ 4,490,599	\$ 4,733,021
Public safety	12,066,567	12,478,326	12,890,750	13,756,962	14,945,855	15,671,645	16,898,374	17,018,427	18,016,430	17,864,294
Health, community services and recreation	3,606,827	4,000,249	7,301,546	7,348,875	8,413,205	9,168,870	9,331,784	9,523,225	8,455,977	9,298,196
Public services**	7,360,360	7,609,989	11,167,397	11,544,128	10,501,253	11,812,548	16,380,337	12,413,601	15,399,933	14,408,500
Other agencies	3,273,003	3,514,658	3,610,935	3,787,970	4,829,547	4,580,661	4,658,904	4,479,888	4,209,428	4,630,915
Education	40,279,055	42,659,395	45,522,795	46,106,647	47,537,197	54,294,824	52,763,860	50,986,350	51,223,806	50,145,937
Unclassified	389,598	65,639	947,025	1,136	-	-	-	-	-	-
Restricted grants*	6,857,039	7,326,307	-	-	-	-	-	-	-	-
Arena development	-	-	-	417,030	41,091	51,332	39,075	61,334	536,251	2,201,200
Community development	-	-	2,419,594	1,865,026	2,156,241	912,992	1,506,038	1,542,975	1,152,289	1,356,184
Waterfront	-	-	990,961	399,015	1,754,281	9,252,263	79,911	1,439,065	606,249	381,437
Public transportation	-	-	1,798,968	1,841,516	2,118,374	3,042,434	2,792,904	1,701,112	3,276,780	3,250,752
Economic development (tif)	-	-	1,092,770	1,101,078	1,066,192	1,114,112	1,630,081	1,383,662	1,502,503	1,334,470
Interest on debt	3,083,447	3,166,250	3,098,248	1,952,612	3,206,764	2,651,599	2,555,839	2,151,172	2,710,135	3,343,590
Capital maintenance expenses*	2,666,118	1,674,034	-	-	-	-	-	-	-	-
Total governmental activities expenses	86,069,586	88,930,233	97,788,095	97,174,855	105,314,549	120,421,527	116,917,050	111,924,529	111,580,380	112,948,496
Business-type activities:										
Sewer Utility	5,751,710	5,859,588	5,818,127	6,052,420	6,052,419	6,197,277	6,253,436	6,202,202	6,758,495	6,827,790
Airport	15,060,963	16,368,681	16,947,056	18,645,140	19,641,953	19,934,243	20,532,553	20,458,552	20,752,350	20,722,960
Park Woods	531,986	598,854	540,207	678,867	678,867	590,250	529,610	496,478	533,671	473,289
Parking	1,431,983	1,425,508	1,322,138	1,438,125	1,438,125	1,374,909	1,402,922	1,206,989	995,631	972,327
Bass Park	1,935,653	1,889,215	1,918,111	1,993,205	1,993,205	1,851,914	1,923,073	2,075,644	1,919,301	3,314,865
Municipal Golf Course	626,739	592,323	647,499	695,969	695,969	745,339	733,380	664,311	671,113	687,317
Economic Development	338,795	397,881	484,264	695,851	695,851	712,195	634,764	618,980	615,816	586,140
Total business-type activities expenses	25,677,829	27,132,050	27,677,402	30,199,577	31,196,389	31,406,127	32,009,738	31,723,156	32,246,377	33,584,688
Total primary government expenses	\$ 111,747,415	\$ 116,062,283	\$ 125,465,497	\$ 127,374,432	\$ 136,510,938	\$ 151,827,654	\$ 148,926,788	\$ 143,647,685	\$ 143,826,757	\$ 146,533,184

* - Amounts previously reported as restricted grants and capital maintenance expenses have been classified into new functions beginning in 2006.

** - Amounts previously reported as infrastructure have been reclassified as public services to conform with current year presentation.

Continued on next page

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 1,103,382	\$ 1,447,058	\$ 1,672,854	\$ 2,334,040	\$ 2,282,374	\$ 1,869,711	\$ 2,386,637	\$ 2,070,189	\$ 2,501,326	\$ 2,214,675
Public safety	1,923,804	1,908,000	2,471,220	2,182,680	2,439,831	3,010,167	2,401,930	3,289,153	2,681,152	3,418,686
Health, community services and recreation	624,778	674,364	756,207	681,583	771,254	768,450	836,689	928,307	1,048,707	1,139,382
Public services	3,537,702	3,766,334	4,076,981	3,871,412	4,127,341	3,807,886	3,954,116	3,922,847	4,002,973	3,520,517
Other agencies	-	-	-	-	22,243	22,068	-	20,248	103,560	-
Education	3,857,798	4,549,286	4,561,352	4,408,431	4,539,787	4,386,457	4,533,041	5,165,261	3,806,614	3,835,409
Unclassified	19,719	20,036	859,682	61,128	-	-	-	-	-	-
Restricted grants*	1,368,366	1,079,690	-	-	-	-	-	-	-	-
Arena Development	-	-	-	1,630,360	1,689,657	2,205,771	2,380,158	2,331,584	2,434,915	2,079,869
Community development	-	-	672,459	658,141	297,394	301,019	332,295	323,494	588,587	474,013
Public transportation	-	-	536,491	659,960	809,531	944,804	923,433	1,025,080	1,023,717	1,045,793
Tax increment financing	-	-	-	-	-	1,711	-	-	-	-
Operating grants and contributions	24,743,028	25,986,614	29,577,430	30,534,706	41,370,518	34,155,649	35,683,710	35,604,940	33,137,275	31,901,386
Capital grants and contributions	2,098,577	4,117,072	3,788,485	2,604,652	2,119,150	2,068,478	6,578,917	4,935,614	3,725,432	2,345,794
Total governmental activities program revenues	39,277,154	43,548,454	48,973,161	49,627,093	60,469,080	53,542,171	60,010,926	59,616,717	55,054,258	51,975,524
Business-type activities:										
Charges for services										
Sewer Utility	6,281,870	5,970,615	6,206,605	6,663,408	6,745,112	7,537,879	7,288,499	7,340,935	7,320,469	7,708,101
Airport	11,398,518	11,527,061	12,074,504	13,555,003	14,475,879	13,953,287	13,767,394	13,080,217	12,540,347	12,069,935
Park Woods	279,588	310,389	287,452	340,494	340,494	369,478	371,832	372,715	397,426	417,407
Parking	892,820	943,990	963,697	1,001,697	1,001,697	997,111	1,050,579	1,057,710	1,012,109	960,947
Bass Park	1,253,421	1,238,707	1,460,931	1,426,599	1,426,599	1,253,236	1,382,947	1,276,869	1,304,384	1,249,595
Municipal Golf Course	595,852	586,956	604,365	655,834	655,834	608,930	658,053	643,501	628,869	592,825
Economic Development	316,062	433,694	391,658	422,716	422,716	569,549	507,867	585,785	409,486	462,033
Capital grants and contributions	3,376,637	7,749,367	2,581,874	4,377,242	3,426,732	4,113,557	8,684,860	3,717,755	2,351,779	6,121,523
Total business-type activities program revenues	24,394,768	28,760,779	24,571,086	28,442,993	28,495,063	29,403,027	33,712,031	28,075,487	25,964,869	29,582,366
Total primary government program revenues	\$ 63,671,922	\$ 72,309,233	\$ 73,544,247	\$ 78,070,086	\$ 88,964,143	\$ 82,945,198	\$ 93,722,957	\$ 87,692,204	\$ 81,019,127	\$ 81,557,890

* - Amounts previously reported as restricted grants have been classified into new functions beginning in 2006.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (expense)/revenue										
Governmental activities	\$ (46,792,432)	\$ (45,381,779)	\$ (48,814,934)	\$ (47,547,762)	\$ (44,845,469)	\$ (66,879,356)	\$ (56,906,124)	\$ (52,307,812)	\$ (56,526,122)	\$ (60,972,972)
Business-type activities	(1,283,061)	1,628,729	(3,106,316)	(1,756,584)	(2,701,326)	(2,003,100)	1,702,293	(3,647,669)	(6,281,508)	(4,002,322)
Total primary government expense	(48,075,493)	(43,753,050)	(51,921,250)	(49,304,346)	(47,546,795)	(68,882,456)	(55,203,831)	(55,955,481)	(62,807,630)	(64,975,294)
General revenues and other changes in net position										
Governmental activities:										
Property taxes	39,936,976	40,302,810	40,666,758	41,702,775	43,775,938	46,977,792	48,182,455	48,027,330	48,520,390	49,930,989
Payment in lieu of taxes	135,000	186,500	160,457	145,000	122,510	141,595	117,770	161,879	156,629	95,620
Excise taxes	4,306,055	4,358,409	4,752,852	4,668,614	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947	4,594,821
Franchise taxes	225,224	265,598	274,986	296,566	300,768	322,526	348,163	367,672	372,542	362,088
Unrestricted grants and contributions	4,512,720	4,487,931	4,773,082	4,968,217	5,520,774	5,260,439	4,999,567	4,859,811	4,963,161	4,857,030
Unrestricted investment earnings	296,857	519,225	699,417	1,183,796	1,274,939	874,824	673,295	565,326	530,631	57,620
Indirect cost charges	483,439	472,056	-	-	-	-	-	-	-	-
Miscellaneous	131,733	8,353	32,550	260,733	161,439	93,967	135,849	92,379	16,698	112,060
Transfers	(948,416)	(837,806)	(861,290)	(871,864)	(539,088)	(739,179)	761,103	(637,898)	(417,042)	(8,772,781)
Total governmental activities	49,079,588	49,763,076	50,498,812	52,353,837	55,258,600	57,683,969	59,913,138	57,952,251	58,739,956	51,237,447
Business-type activities:										
Unrestricted investment earnings	206,665	895,064	635,454	1,346,799	1,326,787	1,025,098	1,035,753	752,891	543,493	345,932
Gain/loss on sale of asset	-	-	-	-	-	-	-	-	-	(260,857)
Transfers	948,416	837,806	861,290	539,088	539,088	739,179	(761,103)	637,898	417,042	8,772,781
Total business-type activities	1,155,081	1,732,870	1,496,744	1,885,887	1,865,875	1,764,277	274,650	1,390,789	960,535	8,857,856
Total primary government	50,234,669	51,495,946	51,995,556	54,239,724	57,124,475	59,448,246	60,187,788	59,343,040	59,700,491	60,095,303
Change in net position										
Governmental activities	2,287,156	4,381,297	1,683,878	4,806,075	10,413,131	(9,195,387)	3,007,014	5,644,439	2,213,834	(9,735,525)
Business-type activities	(127,980)	3,361,599	(1,609,572)	129,303	(835,451)	(238,823)	1,976,943	(2,256,880)	(5,320,973)	4,855,534
Total primary government	\$ 2,159,176	\$ 7,742,896	\$ 74,306	\$ 4,935,378	\$ 9,577,680	\$ (9,434,210)	\$ 4,983,957	\$ 3,387,559	\$ (3,107,139)	\$ (4,879,991)

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CITY OF BANGOR, MAINE
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Tax Revenues										
Property taxes	\$ 39,936,976	\$ 40,302,810	\$ 40,666,758	\$ 41,702,775	\$ 43,775,938	\$ 46,977,792	\$ 48,182,455	\$ 48,027,330	\$ 48,520,390	\$ 49,930,989
Excise taxes	4,306,055	4,358,409	4,752,852	4,668,614	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947	4,594,821
Franchise taxes	225,224	265,598	274,986	296,566	300,768	322,526	348,163	367,672	372,542	362,088
Total tax revenues	\$ 44,468,255	\$ 44,926,817	\$ 45,694,596	\$ 46,667,955	\$ 48,718,026	\$ 52,052,323	\$ 53,225,554	\$ 52,910,754	\$ 53,489,879	\$ 54,887,898

Table 4

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

	Fiscal Year		
	2011	2012	2013
General Fund:			
Nonspendable			
Advances to other funds	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500
Inventory and prepaid items	963,770	860,187	873,714
Restricted			
Education purposes	1,213,508	936,158	186,871
Municipal purposes	405,119	349,362	288,519
Committed - municipal purposes	19,033	373,753	10,583
Assigned			
Encumbrances - education and municipal	1,389,501	1,548,268	777,788
Municipal purposes	3,115,199	3,240,838	3,415,627
Unassigned	8,017,940	7,563,658	7,727,014
Total general fund	<u>\$ 17,024,570</u>	<u>\$ 16,772,724</u>	<u>\$ 15,180,616</u>
All other governmental funds:			
Nonspendable			
Permanent Fund Principal	\$ 608,710	\$ 588,515	\$ 574,492
Restricted			
Community Development Block Grant	346,605	415,956	252,479
Penobscot River	759	759	-
Nonmajor Special Revenue Funds	1,637,362	1,862,992	1,730,231
Nonmajor Permanent Funds	410,337	449,974	466,951
Committed			
Arena Fund	6,690,287	-	2,761,541
Assigned			
Capital Project Fund	826,179	-	4,426,655
Capital Project Fund Encumbrances	-	1,853,043	127,712
Unassigned			
Arena Fund	-	(4,603,950)	-
Capital Project Fund	(537)	-	-
Nonmajor Special Revenue Funds	(12,257)	(4,584)	(5,736)
Total all other governmental funds	<u>\$ 10,507,445</u>	<u>\$ 562,705</u>	<u>\$ 10,334,325</u>

Only three years have been reported because 2011 was the year GASB 54 was implemented.

Table 5

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes:										
Property taxes	\$ 39,774,952	\$ 40,586,129	\$ 41,101,785	\$ 42,145,912	\$ 43,767,914	\$ 47,113,576	\$ 48,284,733	\$ 48,371,202	\$ 48,688,270	\$ 50,004,619
Excise taxes	4,306,055	4,358,409	4,752,852	4,668,614	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947	4,594,821
Total tax revenues	44,081,007	44,944,538	45,854,637	46,814,526	48,409,234	51,865,581	52,979,669	52,886,954	53,285,217	54,599,440
Intergovernmental	31,617,135	34,484,238	37,714,682	37,774,922	41,345,956	41,123,520	46,211,718	45,304,160	40,536,525	39,029,824
Licenses and permits	374,499	655,745	538,534	982,879	956,965	644,621	633,339	601,202	948,267	576,559
Charges for services	11,035,587	12,160,573	12,927,989	12,598,776	13,283,275	13,449,587	13,655,764	15,226,575	13,594,482	14,079,514
Program income	463,066	409,153	663,269	657,987	296,325	288,677	329,800	314,203	575,460	462,380
Revenue from money and property	1,162,796	1,255,959	2,349,812	3,621,988	3,812,356	3,836,654	3,864,984	3,473,975	4,042,881	3,067,949
Other	142,311	168,452	526,360	279,261	7,691,463	428,220	1,108,213	279,426	561,118	165,686
Total revenues	88,876,401	94,078,658	100,575,283	102,730,339	115,795,574	111,636,860	118,783,487	118,086,495	113,543,950	111,981,352
Expenditures:										
General government	4,619,401	4,732,331	4,642,935	4,736,885	5,122,152	5,103,378	5,422,805	4,858,721	5,390,049	5,612,408
Public safety	12,001,813	12,352,418	12,852,119	13,476,656	14,162,638	14,400,420	15,287,575	15,800,938	16,028,180	16,209,402
Health, community services and recreation	3,480,885	3,865,578	4,084,948	4,086,513	4,305,709	4,414,673	4,720,477	5,584,184	5,383,295	4,945,994
Public buildings and services	8,180,067	8,301,848	8,991,673	9,363,365	9,906,759	10,048,539	10,055,161	10,196,576	9,842,829	9,835,549
Other agencies	3,273,003	3,514,658	3,610,935	3,783,720	4,227,552	4,294,283	4,291,329	4,747,617	4,409,545	4,382,776
Education	40,341,426	42,228,691	44,817,879	45,224,974	48,293,846	50,380,309	51,590,324	51,391,657	50,159,407	49,880,770
Tax increment financing	-	-	-	-	-	215,483	432,033.00	165,133.00	524,013.00	550,308
Unclassified	389,598	65,639	263,702	597,262	166,994	63,115	54,451	118,216	260,685	2,323,972
Restricted grants	6,822,298	7,282,380	8,248,872	7,787,297	9,098,706	8,360,660	8,479,740	8,232,148	7,414,001	9,202,815
Capital outlay*	10,675,201	8,681,772	11,762,832	9,100,357	8,038,242	16,118,777	20,818,168	12,799,978	45,478,235	10,213,552
Debt service										
Principal	2,232,944	4,110,250	2,748,866	4,237,096	2,044,428	2,136,415	12,423,331	3,862,188	6,996,892	22,907,595
Interest	3,080,468	3,120,028	3,098,248	3,095,434	2,436,120	2,373,922	2,472,643	2,375,397	2,180,013	2,923,060
Other charges	5,570	37,467	5,070	4,850	299	6,000	61,952	45,988	-	-
Total expenditures	95,102,674	98,293,060	105,128,079	105,494,409	107,803,445	117,915,974	136,109,989	120,178,741	154,067,144	138,988,201
Excess (deficiency) of revenues over (under) expenditures	(6,226,273)	(4,214,402)	(4,552,796)	(2,764,070)	7,992,129	(6,279,114)	(17,326,502)	(2,092,246)	(40,523,194)	(27,006,849)
Other financing sources/(uses)										
Issuance of debt	5,443,400	2,650,000	4,333,000	3,555,000	-	3,100,000	3,100,000	2,086,100	30,659,143	10,378,985
Capital leases	-	-	-	-	-	-	-	-	-	456,581
Payment to escrow agent	-	-	-	-	-	-	-	-	-	(4,233,486)
Premium on debt issuance	-	-	-	-	-	-	-	-	-	748,121
Financing proceeds	-	-	-	-	-	7,091,928	9,596,640	-	-	-
Sale of assets	131,773	106,895	120,479	320,034	161,439	104,620	135,849	117,558	84,507	186,709
Transfers to other funds	(5,369,448)	(3,131,050)	(3,099,137)	(3,300,247)	(2,690,305)	(2,865,418)	(1,789,024)	(2,015,003)	(1,861,301)	(9,783,007)
Transfers from other funds	4,421,032	2,293,244	2,237,847	2,428,383	2,151,217	2,126,239	2,550,127	1,377,105	1,444,259	1,010,226
Total other financing sources	4,626,757	1,919,089	3,592,189	3,003,170	(377,649)	9,557,369	13,593,592	1,565,760	30,326,608	(1,235,871)
Net change in fund balances	\$ (1,599,516)	\$ (2,295,313)	\$ (960,607)	\$ 239,100	\$ 7,614,480	\$ 3,278,255	\$ (3,732,910)	\$ (526,486)	\$ (10,196,586)	\$ (28,242,720)
Debt service as a percentage of noncapital expenditures	6.29%	8.22%	6.08%	7.74%	4.26%	4.00%	11.14%	5.52%	7.97%	19.35%

* Capital outlays under the modified accrual basis differ from capital outlays on the statement of activities due to capitalization thresholds and budgetary requirements.

Table 6

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

Fiscal Year	Real Property		Personal Property ¹	Total Taxable Assessed Value	Total Direct Tax Rate
	Estimated Residential	Estimated Commercial			
2004	922,374,500	549,399,100	268,555,600	1,740,329,200	22.27
2005	990,170,000	618,388,000	259,687,300	1,868,245,300	20.97
2006	1,091,628,800	713,822,300	254,225,800	2,059,676,900	19.31
2007	1,178,745,758	785,599,342	259,703,500	2,224,048,600	18.33
2008	1,275,227,064	875,870,136	254,991,600	2,406,088,800	17.74
2009	1,219,093,120	1,081,082,580	244,740,100	2,544,915,800	17.99
2010	1,255,964,001	1,113,779,399	257,018,100	2,626,761,500	17.98
2011	1,227,148,219	1,088,225,781	256,321,000	2,571,695,000	18.09
2012	1,234,270,253	1,094,541,547	248,183,200	2,576,995,000	18.00
2013	1,238,325,124	1,098,137,376	245,768,300	2,582,230,800	18.47

* It is City policy to assess at 100% of estimated actual value.

¹ Personal Property consists of machinery and equipment.

Table 7

CITY OF BANGOR, MAINE
Property Tax Rate - Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	General City Government	General Fund Debt Service	Education	Total Direct Tax Rate	Penobscot County	Total Tax/ (Mill) Rate
2004	9.26	0.79	12.22	22.27	1.08	23.35
2005	8.20	1.18	11.59	20.97	1.08	22.05
2006	7.97	1.14	10.20	19.31	1.09	20.40
2007	7.79	1.18	9.36	18.33	1.07	19.40
2008	7.69	1.18	8.87	17.74	1.06	18.80
2009	8.12	1.16	8.71	17.99	1.06	19.05
2010	8.01	1.27	8.70	17.98	1.07	19.05
2011	7.94	1.40	8.75	18.09	1.11	19.20
2012	7.75	1.42	8.83	18.00	1.20	19.20
2013	8.08	1.41	8.98	18.47	1.18	19.65

Table 8

CITY OF BANGOR, MAINE
Principal Property Taxpayers *
Current Year and Nine Years Ago

Taxpayer	Business	2013			2004		
		Assessed Value	Rank	% of Total Tax Base	Assessed Value	Rank	% of Total Tax Base
Bangor Historic Track	Racino	\$ 112,372,000	1	4.36%	-	-	-
General Electric	Manufacturer	64,318,500	2	2.50%	\$ 45,663,800	2	2.62%
Bangor Mall LLC	Shopping mall	57,809,500	3	2.24%	-	-	-
Bangor Hydro Electric	Utility	38,377,400	4	1.49%	28,447,200	3	1.63%
Inland Western Parkade	Shopping mall	28,358,500	5	1.10%	-	-	-
Wal Mart Stores	Retailer	21,249,800	6	0.82%	-	-	-
QV Realty Trust	Real estate interests	15,859,900	7	0.62%	11,930,300	6	0.69%
Grant Trailer Sales Inc	Real estate interests	15,354,400	8	0.60%	-	-	-
Harvest Sunbury Village	Retirement Living	14,106,400	9	0.55%	-	-	-
Airport Mall Associates	Shopping mall	13,667,200	10	0.53%	10,244,600	9	0.60%
BANMAK Associates	Shopping mall	-	-	-	49,103,600	1	2.82%
Bangor Savings Bank	Commercial bank	-	-	-	16,593,500	4	0.95%
Eastern Maine Healthcare	Medical institution	-	-	-	16,027,900	5	0.92%
May Department Stores	Retailer	-	-	-	10,783,200	7	0.62%
Cabrel Company	Real estate interests	-	-	-	10,702,700	8	0.61%
Sams Real Estate Trust	Retailer	-	-	-	9,622,100	10	0.55%
Totals		<u>\$ 381,473,600</u>		<u>14.80%</u>	<u>\$ 209,118,900</u>		<u>12.01%</u>

* Source - City of Bangor Tax Commitment.

Table 9

**CITY OF BANGOR, MAINE
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Gross Tax Levy	Abate-ments	Net Tax Levy	Collected within the Fiscal Year of the Levy		Subsequent Year Collections	Total Tax Collections	% of Total Tax Collection to Net Levy
				Amount	% of Net Levy			
2004	39,866,850	172,868	39,693,982	38,589,047	97.22%	1,047,923	39,636,970	99.86%
2005	40,474,184	160,117	40,314,067	39,206,172	97.25%	1,061,976	40,268,148	99.89%
2006	41,099,990	632,397	40,467,593	39,716,755	98.14%	674,450	40,391,205	99.81%
2007	41,990,985	269,636	41,721,349	40,819,923	97.84%	871,555	41,691,478	99.93%
2008	44,082,476	341,521	43,740,955	42,847,656	97.96%	808,193	43,655,849	99.81%
2009	47,235,370	275,489	46,959,881	45,688,356	97.29%	1,154,312	46,842,668	99.75%
2010	48,719,847	588,817	48,131,030	46,205,428	96.00%	1,727,673	47,933,101	99.59%
2011	48,362,646	168,932	48,193,714	46,857,606	97.23%	1,111,237	47,968,843	99.53%
2012	48,529,834	175,844	48,353,990	47,025,587	97.25%	710,783	47,736,370	98.72%
2013	49,713,855	134,598	49,579,257	48,276,445	97.37%	-	48,276,445	97.37%

Table 10

CITY OF BANGOR, MAINE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Ratio of Net Bonded Debt		
	General Obligation Bonds/Notes	Capital Leases	General Obligation Bonds			Per Capita*	Assessed Value	Per Personal Income*
2004	\$ 60,879,479	3,491	47,994,390		108,877,360	3,430.18	6.26%	11.53%
2005	\$ 59,419,229	-	46,774,080		106,193,309	3,412.49	5.68%	11.47%
2006	\$ 61,003,363	-	45,781,229		106,784,592	3,438.67	5.18%	11.56%
2007	\$ 60,321,264	-	43,809,953		104,131,217	3,279.83	4.68%	11.03%
2008	\$ 56,998,022	-	41,722,545		98,720,567	3,157.85	4.10%	10.62%
2009	\$ 56,687,684	7,091,928	37,623,522		101,403,134	3,236.72	3.98%	10.88%
2010	\$ 61,689,447	-	34,956,548		96,645,995	3,073.00	3.68%	10.33%
2011	\$ 58,455,666	-	31,985,337		90,441,003	2,737.40	3.52%	7.06%
2012	\$ 80,674,158	-	28,707,990		109,382,148	3,314.61	4.24%	9.47%
2013	\$ 62,727,567	361,009	82,492,223		145,580,799	4,416.49	5.64%	11.71%

* Source: U.S. Census Bureau.

CITY OF BANGOR, MAINE
Ratio of Net General Obligation Debt to Assessed Value and
Net General Obligation Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population*	Assessed Value	Net Bonded GO Debt**	Ratio of Net Bonded Debt	
				Assessed Value	Per Capita
2004	31,741	1,740,329,200	69,638,974	4.00%	2,193.98
2005	31,119	1,868,245,300	65,988,998	3.53%	2,120.54
2006	31,054	2,059,676,900	66,990,510	3.25%	2,157.23
2007	31,749	2,224,048,600	65,725,523	2.96%	2,070.16
2008	31,262	2,406,088,800	61,824,071	2.57%	1,977.61
2009	31,329	2,544,915,800	60,937,500	2.39%	1,945.08
2010	31,450	2,626,761,500	65,369,337	2.49%	2,078.52
2011	33,039	2,571,695,000	59,310,719	2.31%	1,795.17
2012	33,000	2,576,995,000	81,392,299	3.16%	2,466.43
2013	32,963	2,582,230,800	62,727,567	2.43%	1,902.97

* Source: U.S. Census Bureau.

** Net Bonded General Obligation Debt Consists of all non-self supporting general obligation debt.

CITY OF BANGOR, MAINE
Computation of Direct and Overlapping Debt
June 30, 2013

	Total Debt Outstanding	Percentage Applicable to Bangor	Amount Applicable to Bangor
Direct Debt			
City of Bangor			
General Obligation Bonds	\$ 145,219,790	100.00%	\$ 145,219,790
Overlapping Debt			
Penobscot County	\$ 2,750,000	23.68%	\$ 651,200
Total Debt	<u>\$ 147,969,790</u>		<u>\$ 145,870,990</u>

Table 13

CITY OF BANGOR, MAINE
Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Net Debt to Debt Limit
2004	\$ 261,240,000	108,873,869	152,366,131	41.68%
2005	\$ 279,202,500	106,193,307	173,009,193	38.03%
2006	\$ 309,495,000	106,784,592	202,710,408	34.50%
2007	\$ 332,092,500	104,131,217	227,961,283	31.36%
2008	\$ 353,737,500	98,720,567	255,016,933	27.91%
2009	\$ 356,670,000	94,311,206	262,358,794	26.44%
2010	\$ 365,400,000	96,645,995	268,754,005	26.45%
2011	\$ 369,997,500	90,441,003	279,556,497	24.44%
2012	\$ 368,467,500	109,382,148	259,085,352	29.69%
2013	\$ 369,300,000	145,219,790	224,080,210	39.32%

Legal Debt Margin Calculation for Fiscal Year 2013

Total State Valuation	\$ 2,462,000,000
Debt Limitation: 15 % of State Valuation	369,300,000
Debt Applicable to Debt Limitation:	
General Obligation Bonds:	
Municipal	114,066,749
School	17,687,965
Sewer	13,465,076
Total debt applicable to limit	<u>145,219,790</u>
Legal Debt margin	<u>\$ 224,080,210</u>

Table 14

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

Fiscal Year	Population *	Median Household Income*	Per Capita Income*	Median Age*	Public School Enrollment**	Unemployment Rate ***
2004	31,741	29,740	19,295	36.1	4,006	4.30%
2005	31,119	29,740	19,295	36.1	3,989	4.50%
2006	31,054	29,740	19,295	36.1	3,962	4.40%
2007	31,749	29,740	19,295	36.1	3,913	4.40%
2008	31,262	29,740	19,295	36.1	3,886	5.10%
2009	31,329	29,740	19,295	36.1	3,878	7.80%
2010	31,450	29,740	19,295	36.1	3,821	8.10%
2011	33,039	38,775	25,344	36.7	3,830	7.50%
2012	33,000	34,993	25,344	37.5	3,819	7.10%
2013	32,963	37,707	24,945	36.8	3,875	6.70%

* Source: U.S. Census.

** Source: Bangor School Department.

*** Source: Maine Bureau of Labor Statistics.

Table 15

CITY OF BANGOR, MAINE
Principal Employers *
Calendar Year and Nine Years Ago

2012			2003		
Employees	Employer	Location	Employees	Employer	Location
1000-4000	Eastern Maine Medical Center	Bangor	1000-4000	Eastern Maine Medical Center	Bangor
	Bangor Mall	Bangor		Bangor Mall	Bangor
	University of Maine	Orono		University of Maine	Orono
	City of Bangor	Bangor		City of Bangor	Bangor
	Hannaford Supermarkets	Throughout			
	Cianbro Corporation	Throughout			
	WalMart	Throughout			
500-999	Bangor Savings Bank	Bangor	500-999	St. Joseph Hospital	Bangor
	LL Bean	Bangor		Webber Energy Co	Bangor
	Microdyne	Orono		Microdyne	Orono
	Acadia Hospital	Bangor		General Electric Corp	Bangor
	Verso Corp Paper Mill	Bucksport		Shop & Save Supermarkets	Throughout
	St. Joseph Hospital	Bangor			
	Community Health & Counseling	Bangor			

* Source - Bangor, Maine Community & Economic Profile Report.
 Published by City of Bangor Community and Economic Development Department.

Table 16

CITY OF BANGOR, MAINE
Full-time Equivalent City Government Employees by Function*
Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	90	87	88	94	85	80	78	78	80	86
Public safety										
Police	86	87	89	90	87	92	94	92	88	88
Fire	97	96	97	94	97	94	93	95	95	91
Health, community services and recreation	31	31	32	39	41	37	41	30	29	43
Public building and services	67	64	68	71	67	69	68	64	66	73
Education	561	571	573	562	618	618	621	621	610	580
Sewer Utility	23	23	23	23	23	23	23	24	23	27
Airport	73	75	76	81	87	88	81	82	83	90
Park Woods	3	3	3	3	3	3	2	2	2	1
Parking	2	2	2	2	2	2	2	2	2	2
Bass Park	8	9	9	9	7	8	8	7	6	5
Municipal Golf Course	3	3	3	9	3	3	3	3	3	3
Economic Development	3	3	3	3	3	2	3	4	4	4
Totals	1,047	1,054	1,066	1,080	1,123	1,119	1,117	1,104	1,091	1,093

* Source - City of Bangor Human Resource Department.

Table 17

CITY OF BANGOR, MAINE
Operating Indicators by Function*
Last Ten Calendar Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Code enforcement										
Building permits	522	514	537	550	485	501	427	518	405	453
Certificates of occupancy	342	341	432	446	430	440	341	448	350	361
Sign permits	98	107	115	116	118	103	90	96	70	69
Police										
Calls for service	24,407	23,945	27,052	28,157	32,392	34,329	32,351	30,167	31,640	33,740
Fire										
Calls for service	7,470	7,805	7,492	7,992	7,477	7,990	7,357	8,000	9,020	9,044
Sewer										
Treated flow (billions of gallons)	3.42	2.75	4.23	3.62	3.21	3.89	3.55	2.81	3.10	2.68
Biosolids (cubic yards)	9,379	9,280	9,348	9,775	10,043	10,561	10,509	9,046	9,422	8,095

* Source - City of Bangor Departmental records.

Table 18

CITY OF BANGOR, MAINE
Capital Asset Statistics by Function*
Last Ten Fiscal Years

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	56	57	51	52	47	50	54	54	50	50
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	20	20	24	27	28	31	32	35	36	36
Public works										
Streets (miles)	422	422	422	422	427	429	429	429	431	431
Sidewalks (miles)	99.6	99.6	99.6	99.6	99.6	99.6	99.6	101.4	101.7	101.7
Parks and recreation										
Parks	29	29	29	29	29	29	29	29	29	29
Parks acreage	950	950	950	950	950	950	950	950	950	950
Public swimming pools	2	2	2	2	2	2	2	2	2	2
Public golf courses	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Indoor ice arena	1	1	1	1	1	1	1	1	1	1
Semi-pro baseball stadium	1	1	1	1	1	1	1	1	1	1
Sewer										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Pump stations	5	5	5	5	5	5	5	5	5	5
Miles of sanitary sewers	103	103	103	103	103	103	103	103	103	103
Miles of combined sewers	44	44	44	44	44	44	44	44	44	47

* Source - City of Bangor Departmental records.