



In the opinion of Pierce Atwood LLP, Bond Counsel ("Bond Counsel"), under existing statutes, regulations and court decisions, and assuming compliance with certain covenants, interest on the Series A Bonds is excludable from the gross income of the owners thereof for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for the purpose of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, in adjusted current earnings of a corporation for purposes of calculation of the alternative minimum tax. Interest on the Series B Bonds is not excludable from gross income for purposes of federal income taxation. Bond Counsel is also of the opinion that pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, the interest paid on the Series A Bonds and Series B Bonds is exempt from income tax within the State of Maine (the "State") under existing statutes, regulations and judicial decisions. **The City will designate the Series A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** See "THE BONDS—TAX MATTERS" and "APPENDIX B" herein.

CITY OF BANGOR, MAINE

\$3,294,000

2016 GENERAL OBLIGATION BONDS – SERIES A

Dated: Date of Delivery

Due: September 1, as shown below

and

\$920,000

2016 GENERAL OBLIGATION BONDS – SERIES B (FEDERALLY TAXABLE)

Dated: Date of Delivery

Due: September 1, as shown below

The 2016 General Obligation Bonds—Series A (the "Series A Bonds") and 2016 General Obligation Bonds—Series B (Federally Taxable) (the "Series B Bonds") (collectively, the "Bonds") will be issued by the City of Bangor, Maine (the "City") as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof, and with one denomination of \$4,000 of Series A Bonds that will mature on September 1, 2016. Purchasers will not receive certificates representing their interest in Bonds purchased. See "THE BONDS—BOOK-ENTRY-ONLY SYSTEM" herein. Principal and interest on the Bonds will be paid to DTC by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. Interest on the Bonds will be payable on September 1, 2016 and semi-annually on each March 1 and September 1 thereafter until maturity, or redemption prior to maturity.

The legal opinion of Bond Counsel, will be provided to the original purchaser and will indicate that the Bonds are valid general obligations of the City and, unless paid from other sources, are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, are met, in which case such ad valorem taxes may then be levied without limit as to rate or amount upon all the property within the territorial limits of the City and taxable by it (see "THE BONDS—SOURCE OF PAYMENTS AND REMEDIES—Limitation on Municipal Property Tax Levy" herein), except to the extent that the City may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality and except to the extent that the City establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapters 206 and former 207 (now repealed) of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds. See "CITY FINANCES—TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein. Bonds issued for school projects included in the school budget are not subject to the property tax limit set forth in Section 5721-A of the Maine Revised Statutes, as amended. The Finance Director has certified that the City has no agreements under Chapter 223, Subchapter V, to share assessed valuation with another municipality. The City has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in the districts to pay costs of the development projects described in the development programs adopted with respect to the districts. Within the limits established by statute, the City has the right to designate additional development districts pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended. The opinion will indicate that the enforceability of the obligations of the City, including the Bonds, may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds to the original purchasers.

Bonds maturing on and before September 1, 2025 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after September 1, 2026 are subject to redemption prior to their stated dates of maturity, at the option of the City, on and after September 1, 2025 as more fully set forth herein (see "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY" herein). Series B Bonds maturing are subject to mandatory redemption, as more fully set forth herein (see "THE BONDS - MANDATORY REDEMPTION" herein).

The Bonds are offered when, as and if issued, subject to the approval of legality by Pierce Atwood LLP, of Portland, Maine, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery to DTC on or about June 6, 2016.

For the Series A Bonds: Piper Jaffray & Co. For the Series B Bonds: UMB Bank, N.A.

CITY OF BANGOR, MAINE
\$3,294,000
2016 GENERAL OBLIGATION BONDS – SERIES A

Dated: Date of Delivery

Due: September 1, as shown below:

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2016	\$119,000	3.00%	0.50	2024	\$265,000	2.00%	1.35
2017	320,000	3.00	0.60	2025	265,000	2.00	1.45
2018	315,000	3.00	0.70	2026	265,000	2.00	1.55 ^(*)
2019	265,000	3.00	0.80	2027	120,000	2.00	1.70 ^(*)
2020	265,000	2.00	0.90	2028	100,000	2.00	1.85 ^(*)
2021	265,000	2.00	1.05	2029	100,000	2.00	1.95 ^(*)
2022	265,000	2.00	1.15	2030	100,000	2.00	2.05
2023	265,000	2.00	1.25				

and

\$920,000^(†)

2016 GENERAL OBLIGATION BONDS – SERIES B (FEDERALLY TAXABLE)

Dated: Date of Delivery

Due: September 1, as shown below:

\$160,000 0.95% Bond, due September 1, 2017, @100%
 \$160,000 1.35% Bond, due September 1, 2019, @100%
 \$150,000 1.75% Bond, due September 1, 2021, @100%
 \$150,000 2.15% Bond, due September 1, 2023, @100%
 \$150,000 2.40% Bond, due September 1, 2025, @100%
 \$150,000 3.25% Bond, due September 1, 2027, Yield 2.60%^(*)

NOTE: ^(*) Priced at stated yield to the September 1, 2025 optional redemption date at a redemption price of 100% (see “THE BONDS - OPTIONAL REDEMPTION PRIOR TO MATURITY”)

^(†) Series B Bonds maturing are subject to mandatory redemption, as more fully set forth herein (see “THE BONDS - MANDATORY REDEMPTION” herein).

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, any party other than the City. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the City since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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**CERTIFICATE
CONCERNING OFFICIAL STATEMENT**

The information contained herein has been prepared by the City of Bangor, Maine with the assistance of Moors & Cabot, Inc., its Financial Advisor, from the records of the City and from various other public documents and sources which are believed to be reliable. There has been no independent investigation of such information by the Financial Advisor or by Pierce Atwood LLP, Bond Counsel, and such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Financial Advisor or Bond Counsel.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or its agencies and authorities, since the date hereof.

To the best of the knowledge and belief of the Finance Director of the City this Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the City is not guaranteed as to accuracy, completeness or fairness, she has no reason to believe that such information is materially inaccurate or misleading. A certificate to this effect, with such if any corrections, changes and additions as may be necessary, will be signed by the Finance Director and furnished at the closing.

This Official Statement is in a form “deemed final” by the issuer for purposes of Securities and Exchange Commission’s Rule 15c2-12(b) [17 C.F.R. §240.15c2-12(b)] except for the omission from the Preliminary Official Statement of such information as is permitted by such Rule.

Deborah A. Cyr
Finance Director
City of Bangor, Maine

**OFFICIAL STATEMENT
CITY OF BANGOR, MAINE
\$3,294,000
2016 GENERAL OBLIGATION BONDS – SERIES A
and
\$920,000
2016 GENERAL OBLIGATION BONDS – SERIES B (FEDERALLY TAXABLE)**

This Official Statement is provided for the purpose of presenting certain information relating to the City of Bangor, Maine (the “City” or “Bangor”) in connection with the sale of its 2016 General Obligation Bonds – Series A (the “Series A Bonds”) and of its 2016 General Obligation Bonds – Series B (Federally Taxable) (the “Series B Bonds” and, together with the Series A Bonds, the “Bonds”).

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds will be dated June 6, 2016 and will be issued only as fully-registered bonds without coupons, one certificate per maturity, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York (“DTC” or the “Securities Depository”). DTC will act as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof, and with one denomination of \$4,000 of Series A Bonds that will mature on September 1, 2016. The Bonds will bear interest (accrued on a 30 day month/360 day year), payable on September 1, 2016 and semi-annually thereafter on March 1 and September 1 of each year until maturity, or redemption prior to maturity. It is expected that the Bonds will be available for delivery at DTC on or about June 6, 2016. The Bonds will mature as follows:

Series A Bonds

<u>Amount</u>	<u>September 1,</u>	<u>CUSIP</u>	<u>Amount</u>	<u>September 1,</u>	<u>CUSIP</u>
\$119,000	2016	0600957F7	\$265,000	2024	0600957P5
320,000	2017	0600957G5	265,000	2025	0600957Q3
315,000	2018	0600957H3	265,000	2026	0600957R1
265,000	2019	0600957J9	120,000	2027	0600957S9
265,000	2020	0600957K6	100,000	2028	0600957T7
265,000	2021	0600957L4	100,000	2029	0600957U4
265,000	2022	0600957M2	100,000	2030	0600957V2
265,000	2023	0600957N0			

Series B Bonds^(f)

<u>Amount</u>	<u>September 1,</u>	<u>CUSIP</u>	<u>Amount</u>	<u>September 1,</u>	<u>CUSIP</u>
\$160,000	2017	0600957X8	\$150,000	2023	0600958D1
160,000	2019	0600957Z3	150,000	2025	0600958F6
150,000	2021	0600958B5	150,000	2027	0600958H2

NOTE: ^(f) Series B Bonds maturing are subject to mandatory redemption, as more fully set forth herein. See “THE BONDS - MANDATORY REDEMPTION” herein.

Principal of and interest on the Bonds will be payable in Clearing House Funds to DTC, or its nominee, as registered owner of the Bonds by U.S. Bank National Association, Boston, Massachusetts, as paying agent (the “Paying Agent”). Transfer of principal and interest payments to Participants of DTC will be

the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) will be the responsibility of such Participants and other nominees of Beneficial Owners. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. See “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” herein.

OPTIONAL REDEMPTION PRIOR TO MATURITY

Bonds maturing on or before September 1, 2025 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on and after September 1, 2026 are subject to redemption prior to their stated dates of maturity, at the option of the City, on and after September 1, 2025, as a whole or in part at any time, in such order of maturity as the City, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

MANDATORY REDEMPTION

Series B Bonds are subject to mandatory redemption by the City prior to maturity, in part by lot, at a redemption price equal to the amounts set forth below plus accrued interest to the date of redemption thereof, on September 1 in the following years and principal amounts:

<u>Sept. 1,</u>	<u>Amount</u>	<u>Sept. 1,</u>	<u>Amount</u>	<u>Sept. 1,</u>	<u>Amount</u>
2016	\$80,000	2020	\$75,000	2024	\$75,000
2017	80,000	2021	75,000	2025	75,000
2017 Bonds	\$160,000	2021 Bonds	\$150,000	2025 Bonds	\$150,000
<u>Sept. 1,</u>	<u>Amount</u>	<u>Sept. 1,</u>	<u>Amount</u>	<u>Sept. 1,</u>	<u>Amount</u>
2018	\$80,000	2022	\$75,000	2026	\$75,000
2019	80,000	2023	75,000	2027 ^(#)	75,000
2019 Bonds	\$160,000	2023 Bonds	\$150,000	2027 Bonds	\$150,000

NOTE: ^(#) Year of final maturity.

GENERAL PROVISIONS REGARDING REDEMPTION

Notice of Redemption

In the case of every redemption of the Bonds, the City shall cause notice of such redemption to be given to the registered owner of any Bonds designated for redemption in whole or in part, at his or her address as the same shall last appear upon the registration books kept by the Paying Agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Bondholder actually receives notice. The failure of the City to give notice to a Bondholder or any defect in such notice shall not affect the validity of the redemption of any Bond of any other owner. Each notice of redemption shall specify the date fixed for redemption, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Bonds outstanding are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof (in denominations of \$5,000 or any integral multiple thereof) to be redeemed. The City shall notify the Securities Depository (see “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” herein) in the same manner as the Bondholders, with a

request that the Securities Depository notify its Participants who in turn notify the beneficial owners of such Bonds. Any failure on the part of the Securities Depository, or failure on the part of a nominee of a Beneficial Owner (having received notice from the City, a Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the redemption of such Bond.

Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue

On any redemption date, the principal amount of each Bond to be redeemed, together with the premium, if any, and accrued interest thereon to such date, shall become due and payable. Funds shall be deposited with the Paying Agent to pay, and the Paying Agent is authorized and directed to apply such funds to the payment of the Bonds called for redemption, together with accrued interest thereon to the redemption date and redemption premium, if any. After such redemption date, notice having been given in the manner described above, then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of redemption (such notice having been given), the Bonds to be redeemed shall not be deemed to be outstanding.

Cancellation

All Bonds that have been redeemed shall be canceled by the Paying Agent and either destroyed by the Paying Agent with counterparts of a certificate of destruction evidencing such destruction furnished by the Paying Agent to the City or returned to the City at its request.

Partial Redemption of Bonds

Bonds or portions of Bonds to be redeemed in part shall be selected when held by a Securities Depository by lot and when not held by a Securities Depository by the City by lot or in such other manner as the City, in its discretion, may deem appropriate.

RECORD DATE; PAYMENT

The principal of the Bonds is payable upon surrender thereof at the principal corporate trust office of the Paying Agent. Payment of the interest on the Bonds will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof at the close of business on the 15th day of the month preceding each interest payment date for the Bonds, and if such day is not a regular business day of the Paying Agent the next day preceding that is a regular business day of the Paying Agent, by check, wire or draft mailed to each registered owner at such person's address as it appears on the registration books, or at another address as is furnished to the Paying Agent in writing by the owner.

AUTHORIZATION AND PURPOSE

Bond Referendum Requirement

Article VIII, Section 19 of the City Charter provides as follows:

- Article VIII, Section 19(a)(1) requires that, with certain exceptions, orders or resolves authorizing the issue of general obligation securities of the City in a principal amount of five one-hundredth of one percent of the last certified State Valuation of the City (the 2016 equalized State valuation currently being \$2,543,700,000 x 0.0005 = \$1,271,850) for a single capital improvement or item of capital equipment be submitted to voter referendum.

- Article VIII, Section 19(a)(2) requires that, with certain exceptions, orders or resolves directly or indirectly obligating the City to expend, over a term greater than one municipal year, municipal tax funds in excess of an amount greater than seven and one-half one-hundredths of one percent of the last certified State Valuation of the City (the 2016 equalized State valuation currently being \$2,543,700,000 x 0.00075 = \$1,907,775) for a single capital improvement or item of capital equipment be submitted to voter referendum.
- Article VIII, Section 19(b) provides that the voter referendum requirement does not apply to any order or resolve authorizing "...(i) the refunding of any securities or other obligations of the city; (ii) the issuance of general obligation securities, or other direct or indirect obligations, of the city for streets, sidewalks, or storm or sanitary sewers; or (iii) the issuance of general obligations securities, or other direct or indirect obligations, of the City for the City's self-sustaining enterprise funds...."

Each project being financed by the Bonds is either less than the threshold amount pursuant to the requirements of Article VIII, Section 19(a)(1) or is an exception to the voter referendum requirement via Article VIII, Section 19(b)(i), (ii) or (iii).

2016 CIP and Refunding Bonds⁽¹⁾ (Series A Bonds) and BIA⁽²⁾ Projects (Series B Bonds)

The Bonds are being issued pursuant to Title 30-A, Section 5772 of the Maine Revised Statutes, as amended, Article VIII, Section 13(d) - (f) and Section 19 of the City's Charter (as defined herein; see "CITY OF BANGOR – GOVERNMENT" herein) and Council orders, as displayed below, to provide funds to finance the respective project being defined herein.

<u>Project</u>	<u>Order #</u>	<u>Date of Passage</u>	<u>Amount</u>
Series A Bonds			
2016 CIP			
Total Streets & Sidewalks	15-267	8/10/2015	\$850,000
Total WWTP ⁽³⁾ Infrastructure	15-267	8/10/2015	280,000
Total Equipment	15-267	8/10/2015	359,000
Bus Replacement	15-267	8/10/2015	250,000
Refunding Bonds			
Police Station	16-106	3/28/2016	950,000
Vehicle Replacement	16-106	3/28/2016	105,000
Hammond St Parking Deck	16-106	3/28/2016	<u>500,000</u>
Total Series A Bonds			\$3,294,000
Series B Bonds			
BIA Improvements	16-105	3/28/2016	<u>920,000</u>
Total Series B Bonds			\$920,000

NOTE: ⁽¹⁾ See "THE BONDS – PLAN OF REFUNDING" herein.

⁽²⁾ "BIA" indicates Bangor International Airport. See "CITY OF BANGOR – MUNICIPAL SERVICES – Bangor International Airport, herein.

⁽³⁾ "WWTP" indicates Waste Water Treatment Plant.

Unspent Bond Proceeds

In the event that any proceeds of the Bonds remain unspent upon completion of the Project(s) or the City abandons any Project(s), the City reserves the right to reallocate unspent proceeds to the costs of other qualified projects approved, or to be approved, by the City Council, or to apply unspent proceeds to the payment of debt service on the Bonds.

PLAN OF REFUNDING

The Refunding Bonds

A portion of the City’s 2016 Bonds will be used to refund prior bonds of the City as discussed below (the “Refunding Bonds”). The Refunding Bonds are expected to pay the callable portion of the outstanding principal of the City’s 2007 General Obligation Bonds, dated May 1, 2007 (the “2007 Bonds”); the respective call premium, if any, with respect to the Refunded Bonds; and costs of issuance. Accrued interest to the Redemption date (as defined herein) will be paid by the City from budgeted funds.

The Refunded Bonds

2007 Bonds maturing on and after September 1, 2017 are subject to redemption prior to their stated dates of maturity, at the option of the City, on and after September 1, 2016, at any time, at the redemption price of 100% (the “Refunded Bonds” or “Refunded 2007 Bonds”). The City intends to use the proceeds of the Refunding Bonds, plus bond premium, if any, to refund the Refunded 2007 Bonds on a current basis on September 1, 2016 (the “Redemption Date”), approximately 87 days following the closing of the 2016 Bonds. There is no call premium on the Refunded Bonds. The Refunded Bonds are currently outstanding in the aggregate principal amount of \$1,555,000. The refunding has achieved a \$226,838.66 absolute debt service savings, \$219,501.62 present value savings (“PV”) or 14.1159% PV savings for the City. The Refunded Bonds are:

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Refunded 2007 Bonds</u>		<u>Redemption Price</u>	<u>CUSIP</u>
		<u>Interest Rate</u>	<u>Call Date</u>		
\$200,000	September 1, 2017	4.00%	September 1, 2016	100.000%	060095V94
195,000	September 1, 2018	4.00	September 1, 2016	100.000%	060095W28
145,000	September 1, 2019	4.00	September 1, 2016	100.000%	060095W36
145,000	September 1, 2020	4.00	September 1, 2016	100.000%	060095W44
145,000	September 1, 2021	4.00	September 1, 2016	100.000%	060095W51
145,000	September 1, 2022	4.00	September 1, 2016	100.000%	060095W69
145,000	September 1, 2023	4.00	September 1, 2016	100.000%	060095W77
145,000	September 1, 2024	4.00	September 1, 2016	100.000%	060095W85
145,000	September 1, 2025	4.00	September 1, 2016	100.000%	060095W93
145,000	September 1, 2026	4.00	September 1, 2016	100.000%	060095X27

AMORTIZATION OF THE BONDS

2016 Series A									Total Sr A	Sr B
Streets & Sidewalks	WWTP Infrast.	Equip	Bus	Total CIP	Police Sta	Veh	Parking	Total 2007		
\$57,000	\$19,000	\$22,000	\$21,000	\$119,000	\$0	\$0	\$0	\$0	\$119,000	\$80,000
57,000	19,000	23,000	21,000	120,000	95,000	55,000	50,000	200,000	320,000	80,000
57,000	19,000	23,000	21,000	120,000	95,000	50,000	50,000	195,000	315,000	80,000
57,000	19,000	23,000	21,000	120,000	95,000		50,000	145,000	265,000	80,000
57,000	19,000	23,000	21,000	120,000	95,000		50,000	145,000	265,000	75,000
57,000	19,000	23,000	21,000	120,000	95,000		50,000	145,000	265,000	75,000
57,000	19,000	23,000	21,000	120,000	95,000		50,000	145,000	265,000	75,000
57,000	19,000	23,000	21,000	120,000	95,000		50,000	145,000	265,000	75,000
57,000	19,000	23,000	21,000	120,000	95,000		50,000	145,000	265,000	75,000
56,000	18,000	26,000	20,000	120,000	95,000		50,000	145,000	265,000	75,000
56,000	18,000	26,000	20,000	120,000					120,000	75,000
56,000	18,000	26,000		100,000					100,000	
56,000	18,000	26,000		100,000					100,000	
56,000	18,000	26,000		100,000					100,000	
\$850,000	\$280,000	\$359,000	\$250,000	\$1,739,000	\$950,000	\$105,000	\$500,000	\$1,555,000	\$3,294,000	\$920,000

SOURCE OF PAYMENT AND REMEDIES

General

The Bonds are general obligations of the City and their payment is not limited to a particular fund or revenue source. Municipalities in the State of Maine (the “State”) have the right to tax their inhabitants to pay municipal indebtedness. The Bonds are payable as to both principal and interest from limited ad valorem taxes unless the City follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, in which case such ad valorem taxes may be levied without limit as to rate or amount upon all the taxable property within its territorial limits (see “THE BONDS – SOURCE OF PAYMENTS AND REMEDIES - Limitation on Municipal Property Tax Levy” herein), except to the extent that, with respect to the Bonds, the City may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, and except to the extent that, with respect to the Bonds, the City establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapters 206 and former 207 (now repealed) of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see “CITY FINANCES - TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS” section herein). Bonds issued for school projects included in the school budget are not subject to the property tax limit set forth in Section 5721-A of the Maine Revised Statutes, as amended. The Finance Director has certified that no tax base sharing agreement now exists. The City has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in these districts to pay costs of the development project within the districts. Within the limits established by statute, the City has the right to designate additional municipal development districts or pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended. There is no statutory provision for a lien on any portion of the tax levy to secure bonds or notes, or judgments thereon, in priority to other claims.

In the opinion of Bond Counsel, the City is subject to suit on the Bonds. The Maine statutes provide that executions against a town shall be issued against the personal property of the residents of that town and real estate within its boundaries, whether or not owned by the town. Only town real estate not used for public purposes, however, is subject to such execution. In addition, the Maine statutes provide that the personal property of the residents and the real estate within the boundaries of any town may be taken to pay any debt of the town. There has been no judicial determination as to whether the statutory remedy of taking property of residents to satisfy debts of, or judgments against, a municipality is constitutional under current due process and equal protection standards and Bond Counsel expresses no opinion thereon. There has been no judicial determination as to whether statutory remedies available against towns are applicable to cities and Bond Counsel expresses no opinion thereon.

Funds to meet City expenses, including debt service, are not included in the tax levy to the extent they are expected to be met with other non-tax revenues. Amounts necessary to repay sums borrowed temporarily in anticipation of bonds or grants are similarly excluded because they would normally be expected to be paid from the anticipated bond proceeds or grants. Enforcement of a claim for payment of principal or interest on bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress or the State Legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. The Bonds are not guaranteed by the State.

Limitation on Municipal Property Tax Levy

Effective July 1, 2005, the Legislature enacted LD 1, codified in part as Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, which, subject to certain procedural overrides, establishes a limit on municipal property tax levies. This limit is referred to as the “Property Tax Levy Limit”. With certain exceptions, a municipality may not adopt a property tax levy that exceeds its Property Tax Levy Limit from one year to the next by more than a specified growth limitation factor. Therefore, in cases where the amount of the prior year’s Property Tax Levy Limit exceeds the amount of the City’s actual property tax levy, the City may carry-forward that difference in establishing its future years’ property tax levy. See “CITY FINANCES - Property Tax Levy Limit” herein.

The growth limitation factor is: (a) the 10-year average real personal income growth (but no more than 2.75%) plus a property growth factor (when, as currently is the case, the state and local tax burden ranks in the highest 1/3 of all states); or (b) the 10-year average real personal income growth plus forecasted inflation plus a property growth factor (when the state and local tax burden ranks in the middle 1/3 of all states). In addition, a municipality is required to lower its Property Tax Levy Limit in any year by an amount equal to net new funds provided by the State for existing services funded in whole or in part by the property tax levy.

The City may increase or exceed the Property Tax Levy Limit by a majority vote of the entire City Council on a separate article that specifically identifies the intent to exceed the Property Tax Levy Limit. Pursuant to Title 30-A, Section 5721-A(7)(B) of the Maine Revised Statutes, as amended, this action, however, is subject to override by initiative upon a petition signed by at least 10% of the number of voters voting in the last gubernatorial election in the municipality submitted within 30 days of the council’s vote. However, the opportunity for the voters to petition for a referendum vote on the council’s decision is not provided if the municipal charter “prohibits a petition and referendum process”.

Article V, Section 2 of the City’s Charter states “The right of initiative or referendum provided herein shall not apply to ordinances, orders or resolves providing for the appropriation of money, the municipal budget, the levy of taxes, or the wages or hours of City Employees”. Therefore, Bangor’s ability to exceed the Property Tax Levy Limit is not subject to override by voter initiative under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended.

In lieu of increasing the Property Tax Levy Limit, the City Council may vote to exceed the Property Tax Levy Limit for extraordinary circumstances. Exceeding the Property Tax Levy Limit permits the property tax levy to exceed the Property Tax Levy Limit only for the year in which the extraordinary circumstance occurs and does not increase the base for purposes of calculating the Property Tax Levy Limit for future years. Extraordinary circumstances are circumstances outside the control of the City Council and include:

- (1) Catastrophic events such as natural disaster, terrorism, fire, war or riot;
- (2) Unfunded or underfunded state or federal mandates;
- (3) Citizens’ initiatives or other referenda;
- (4) Court orders or decrees; or
- (5) Loss of state or federal funding.

Extraordinary circumstances do not include changes in economic conditions, revenue shortfalls, increases in salaries or benefits, new programs or program expansions that go beyond existing program criteria and operation.

The City does not expect that the Property Tax Levy Limit will have a material adverse effect on the City’s financial condition or on the ability of the City to pay the principal of and premiums, if any, and interest on the Bonds when due.

School Bonds

Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, does not limit the amount of taxes which may be raised by a municipality to pay items included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended. The debt service on school improvements included in the school budget is includable in the school budget and the City is therefore able to levy ad valorem property taxes without limit as to rate or amount to pay the debt service on that portion of the Bonds.

TAX MATTERS

The Bonds

In the opinion of Pierce Atwood LLP, Portland, Maine, Bond Counsel, under existing statutes, regulations and court decisions interest on the Series A Bonds is excludable from the gross income of the owners of the Series A Bonds for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest on the Series A Bonds will be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, in adjusted current earnings of a corporation for purposes of calculation of the alternative minimum tax.

Interest on the Series B Bonds is not excludable from gross income for purposes of federal income taxation.

Bond Counsel's opinion will state that the Code, establishes certain requirements regarding use, expenditure and investment of the proceeds of the Series A Bonds and the timely payment of certain investment earnings to the U.S. Treasury that must be met subsequent to the issuance and delivery of the Series A Bonds in order that interest on the Series A Bonds be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. The City's failure to comply with such requirements may cause interest on the Series A Bonds to be included in the gross income of the owner thereof retroactive to the date of issuance of the Series A Bonds, regardless of when such noncompliance occurs.

The opinion will further state that Bond Counsel has examined the Arbitrage and Use of Proceeds Certificate and the General Certificate of the Finance Director of the City and the Issuer's Certificate Regarding Qualified and Designated Status (the "Tax Certificates") delivered concurrently with Series A Bonds which will contain provisions and procedures regarding compliance with the requirements of the Code. The City, in executing the Tax Certificates, will certify to the effect that the City will comply with the provisions and procedures set forth in the Tax Certificates and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Series A Bonds shall not be included in the gross income of the owner thereof for federal income tax purposes. In rendering its opinion Bond Counsel will rely upon the representations of the City set forth in the Tax Certificates and assume that the City will comply with the provisions and procedures set forth in the Tax Certificates.

Exemption of Interest on the Bonds from Taxation Within the State of Maine

In the opinion of Bond Counsel, interest payable on the Bonds is exempt from income taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. See "PROPOSED FORM OF LEGAL OPINIONS" in APPENDIX B herein.

Designated as Qualified Tax-Exempt Obligations

The City *will designate* the Series A Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Original Issue Discount

Certain maturities of the Bonds (the “Discount Bonds”) may be sold at an initial offering price less than the principal amount payable on the Discount Bonds at maturity. The difference between the initial public offering price at which a substantial amount of each of the Discount Bonds is sold and the principal amount payable at maturity of each of the Discount Bonds constitutes original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income pursuant to Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Pursuant to Section 1288 of the Code, original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bond will be increased by the amount of such accrued discount. Prospective purchasers of the Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

Certain maturities of the Bonds (the “Premium Bonds”) may be sold at an initial offering price in excess of the amount payable at the maturity date. The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the “constant yield method” described in regulations interpreting Section 1272 of the Code. Prospective purchasers of the Premium Bonds should consult their tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

Additional Federal Income Tax Consequences

In the case of certain corporate Holders of the Series A Bonds, interest on the Series A Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Series A Bonds in “adjusted current earnings” of certain corporations.

Prospective purchasers of the Series A Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Series A Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign

corporations and certain S corporations. Prospective purchasers of the Series A Bonds should consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Internal Revenue Service (the “IRS”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the Holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Series A Bonds will be audited. If an audit is commenced, under current IRS procedures Holders of the Series A Bonds may not be permitted to participate in the audit process and the value and liquidity of the Series A Bonds may be adversely affected.

Changes in Federal Tax Law

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Series A Bonds, gain from the sale or other disposition of the Series A Bonds, the market value of the Series A Bonds or the marketability of the Series A Bonds. For example, the President of the United States has submitted proposals to Congress for legislation that would, among other things, limit the value of tax-exempt interest for higher-income taxpayers. No prediction can be made as to the ultimate outcome of these legislative proposals. If enacted into law, such proposals (or any other proposal involving a piecemeal or comprehensive review of the provisions of the Code, including provisions affecting the federal tax treatment of interest on tax-exempt Series A Bonds, that Congress might consider) could affect the exclusion from gross income of interest on, or the market price or marketability of, tax-exempt bonds (including the Series A Bonds). Prospective purchasers of the Series A Bonds should consult their tax and financial advisors regarding such matters.

Extent of Opinion

Bond Counsel expresses no opinion regarding any tax consequences of holding the Series A Bonds other than its opinion with regard to (a) the exclusion of interest on the Series A Bonds from gross income pursuant to Section 103 of the Code, (b) interest on the Series A Bonds not constituting an item of tax preference pursuant to Section 57 of the Code and (c) the exemption of interest on the Bonds from taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Bonds.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities

transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the

issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

RATINGS

The Bonds are rated "Aa2" by Moody's Investors Service ("Moody's") and "AA-" by Standard & Poor's, Public Finance Ratings ("S&P" and, collectively, with Moody's, the "Rating Agencies" and, individually, each a "Rating Agency"). The City has furnished the Rating Agencies certain information and materials, some of which may not have been included in this Official Statement. Generally, a Rating Agency bases any rating established by it on such information and materials and also on such investigations, studies and assumptions as it may undertake or establish independently. Each rating reflects only the view of the Rating Agency which published it at the time such rating is assigned and is subject to revision or withdrawal, which could affect the market price of the Bonds. A Rating Agency should be contacted directly for its rating on the Bonds and for its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Bonds and such rating should be evaluated independently.

Except as set forth in the Continuing Disclosure Certificate set forth in APPENDIX C and referred to under "THE BONDS – CONTINUING DISCLOSURE" herein, the City has not undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of any rating of the Bonds or to oppose any such change or withdrawal.

CONTINUING DISCLOSURE

In order to assist the underwriter of the Bonds in complying with the Securities Exchange Commission's Rule 15c2-12 (the "Rule"), the City will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events. The covenants will be contained in a "Continuing Disclosure Certificate" (the "Certificate"), the proposed form of which is provided in APPENDIX C. The Certificate will be executed by the Finance Director, and incorporated by reference in the Bonds. Except as discussed on the following paragraph, the City has never failed to comply in all material respects with any previous undertakings to provide financial information or notices of material events in accordance with the **Rule**.

Financial Filings

As a general rule, the City files its Annual Financial Report in January to mid-February of each year, within the applicable 270-day filing period. However, following a 2009 Rule change, the City inadvertently continued to file with the Nationally Recognized Municipal Securities Information Repository (“NRMSIR”), but not with Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (“EMMA”) for the period ended June 30, 2009. Bloomberg Municipal Repositories (a former NRMSIR) reports that the City’s 2008 filing was received on April 16, 2009 and the 2009 filing was received June 21, 2010. While the City believes that it followed its regular filing procedures, and that any delay was attributable to the NRMSIR, the City is unable to provide documentation to prove that the 2009 filing was received by a NRMSIR in a timely manner, and the City, therefore, accepts that this was a “late filing”. Such delay caused the City to make a second submission to the NRMSIR in June 2010, for the 2009 filing, and to also post on EMMA, on October 11, 2012, as a duplicate filing, when this was discovered.

City’s Recent Filing History

The following are recent filings of the City:

Financial Statements	EMMA Filings	
<u>FY ended June 30,</u>	<u>Date</u>	<u>Days after</u>
	<u>Filed</u>	<u>Fiscal Period</u>
2015	12/31/15	178
2014	02/22/15	237
2013	12/31/13	184
2012	12/31/12	184
2011	01/03/12	187
2010	01/18/11	202

NOTE: Searches using some specific series’ CUSIP numbers may not show all filings.

Assurances of Future Compliance

The City Council has adopted a post-issuance compliance policy that provides for timely filings with EMMA or its successor repository, if any, with respect to its existing and future continuing disclosure undertakings. Additionally, the City has registered with the EMMA reminder system to receive e-mail reminders to help ensure timely annual filing of required financial and operating data.

FINANCIAL ADVISOR

Moors & Cabot, Inc. has acted as Financial Advisor to the City with respect to the issuance of the Bonds pursuant to Municipal Securities Rulemaking Board Rule G-23. Moors & Cabot, Inc. does not intend to submit its bid on, or participate in an underwriting syndicate for the public distribution of, the Bonds.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the City provided, however, that the City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

STATUTORY REFERENCES

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

CONDITIONS PRECEDENT TO DELIVERY

The following, among other things, are conditions precedent to the delivery of the Bonds to the original purchasers thereof.

No Litigation

Upon delivery of the Bonds, the City shall deliver or cause to be delivered a certificate of the Finance Director, and attested to by the City Clerk, dated the date of delivery of the Bonds, to the effect that there is no litigation pending or, to the knowledge of such official, threatened, affecting the validity of the Bonds or the power of the City to levy and collect taxes to pay them, and that neither the corporate existence nor boundaries of the City, nor the title of any of said officers to their respective offices, is being contested.

Approval of Legality

The legality of the Bonds will be approved by Pierce Atwood LLP of Portland, Maine, Bond Counsel. The approving opinion of such counsel with respect to the Bonds will be delivered at the time of original delivery of the Bonds and a copy of the opinion will be provided to the original purchasers. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and make no representations that they have independently verified the same. See also "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

Certificate With Respect to Official Statement

At the time of the original delivery of and payment for the Bonds, the City will deliver a certificate of the Finance Director, to the effect that he has examined this Official Statement and the financial and other data contained therein and that, to the best of her knowledge and belief, both as of its date and as of the date of delivery of the Bonds, the Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the City is not guaranteed as to accuracy, completeness or fairness, she has no reason to believe that such information is materially inaccurate or misleading.

CITY OF BANGOR

GENERAL

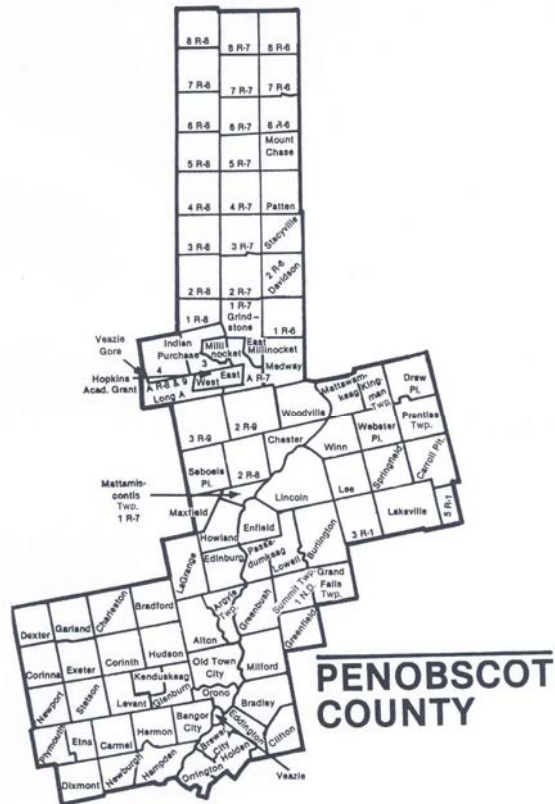
The City of Bangor is located in the south-central section of the County of Penobscot, in the eastern section of the State of Maine. The City is approximately 235 miles north-northeast of Boston, Massachusetts, 140 miles northeast of Portland, Maine, the State's largest city, and approximately 76 miles northeast of Augusta, the State's capital. The City is the hub of an 11-municipality employment and commercial center, as well as the commercial and cultural center for more than a third of the State's population. Bangor is the county seat of Penobscot County and is the third largest of Maine's 22 cities.

Bangor is situated on the western shore of the Penobscot River, which forms its southeastern border, separating it from the City of Brewer across the river. The Town of Veazie is contiguous to Bangor on its east. The Town of Orono, home of the main campus for the University of Maine System, forms the City's northeastern border. The Town of Glenburn borders Bangor on the north, the Town of Hermon on the west and the Town of Hampden forms its southern border. Convenient access to Bangor is provided with seven exits from U.S.

Interstate Route 95, which bisects the City diagonally through its center. U.S. Routes 1A, 2 and State Routes 15, 100, 221 and 222 all intersect the City from various directions. The Bangor International Airport, located in the City, provides both domestic and international air service for the entire region. See also "CITY OF BANGOR – FORMER BANGOR MSA" herein.

The City was incorporated on February 25, 1791, first as a town, and as the City on February 12, 1834, the name being derived from a hymn entitled "Bangor" conferred by Rev. Seth Noble, an early settler. The City is the major trade, distribution, service and commercial center for the eastern and northern Maine region and is the home of Husson University, Eastern Maine Technical College, the Bass Park Complex and four medical centers, including St. Joseph's Hospital and the Eastern Maine Medical Center. Bangor has four local television stations, 12 radio stations and is the home of the fourth largest morning newspaper in New England, the "Bangor Daily News". The City enjoys numerous parks, monuments, historical sites and has several hotels and numerous restaurants.

The City of Bangor is an urban, commercial, industrial and residential community with some rural characteristics. The land area of the City includes tracts of forest and farmlands, open space and riverfront areas, with a developed "downtown". Located on various parts of the City's perimeter the Bangor Mall, Airport Mall, Broadway Shopping Center and Bangor Mini Malls have established Bangor as the regional retail hub of the eight-county eastern Maine retail market. The City is comprised of residential, business, industrial, commercial and resource protection zones, totaling 34.59 square miles.



GOVERNMENT

There are two basic forms of local government in Maine: the “Direct” form, often referred to as town meeting government, in which the town meeting serves as the legislative body, passes laws and approves the spending of monies; and the “Representational” form, in which an elected council serves as the legislative body. There are five basic variations of these two forms. Three variations of the Direct form are: *Town Meeting/Selectmen* Form of Government, the most common in Maine currently used by 209 municipalities in the state; *Town Meeting/Selectmen/Manager*, the second most common form of local government in Maine currently used by 135 towns; and *Council/Town Meeting/Manager* variation of the town meeting form of government, where the legislative functions of government are shared between the town meeting and an elected council. The two variations of the Representational form are: *Council/Manager* (36 cities or towns) and *Council/Mayor/Administrator* (five cities in Maine).

The City operates under a charter initially adopted as Chapter 54 of the Private and Special Laws of Maine (1931), as amended and supplemented, most recently on November 6, 2012 (the “Charter”). The Charter provides for a Council-Manager form of government with a nine-member City Council whose members are elected from the registered voters of the entire City at-large for three-year staggered terms. The Charter grants to the City 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 entire Council adopts an annual budget and provides for an annual audit. The City Manager is the chief administrative officer of the City.

MUNICIPAL SERVICES

The City provides general governmental services for the territory within its boundaries, including police and fire protection, highways, streets and sidewalks, parks, recreation and riverfront areas. Public education is provided for grades Kindergarten (“K”) through 12. The City operates its own sewer system. Water service is provided by the Bangor Water District, a quasi-municipal entity whose operations and direct obligations are not part of the City.

Public Safety

The Police Department is staffed by employees who include a Chief of Police, a Deputy Police Chief, five Lieutenants, 12 Sergeants, 12 Detectives and approximately 52 Police Officers. The Police Department operates from its downtown Police Station. The Police Department operates 43 vehicles, which are in good repair.

The Fire Department is staffed by employees who include a Fire Chief, four Assistant Chiefs, six Captains, 10 Lieutenants, a Public Education Officer, a Fire Inspector and approximately 72 firefighters. The Fire Department operates from three fire stations and maintains approximately 26 vehicles or pieces of equipment, all of which are in good repair. Emergency Medical Service is provided by the Fire Department.

Public Works

The Public Works Department provides for a number of services including highway maintenance and recycling. The Department is staffed with one Public Works Director and approximately 69 full-time employees. The Department utilizes approximately 135 vehicles, which are in good repair.

On January 1, 1988 the City began transporting solid waste to the Penobscot Energy Recovery Company's ("PERC") waste-to-energy facility in Orrington. The City currently pays a base tipping fee of \$78.25/ton and gross fee of \$81.05/ton of solid waste disposed. The tipping fee is adjusted quarterly based upon a formula set forth in an agreement between PERC and the City that expires in 2018. The City's Assistant City Manager is one of the nine members of a Municipal Review Committee (the "MRC") elected from the 130 charter communities (the "Charter Communities"), included in the 187 participating communities, which send waste to PERC. The MRC oversees PERC's management in an advisory capacity to ensure that the Charter Communities' interests are protected. As a Charter Community of PERC, the City also receives a quarterly performance credit. The credits scheduled for fiscal years 2016/2017 and 2017/2018 bring the net tipping fee to \$61 and \$65, respectively. The Charter Communities currently own approximately a 23% share of the limited partnership interest in the facility. The limited partnership interests total 90% of ownership interest; the general partnership interest comprises the remaining 10% ownership interest. The MRC has voted to enter into a development agreement with Fiberight Technologies to advance a solid waste facility in Hampden. In February 2016 the Bangor City Council voted to enter into an agreement with the MRC for disposal of its municipal solid waste at a facility to be constructed by Fiberight upon the termination of the current agreement with PRC at the end of 2018.

Sewer Department

The Sewer Department is established as an Enterprise Activity with the intent that the department provides services on a continuing basis, financed entirely through user charges. As of June 30, 2015 total net assets for the Sewer Utility Fund were \$59.4 million. Sewer rates are reviewed annually to ensure that the fee structure is sufficient to cover costs. One superintendent and approximately 24 employees staff the Sewer Department. The Sewer Department maintains one plant, five pumping stations and approximately 152 miles of 8" to 72" sewer lines.

Park Woods

The City acquired a 60-unit housing complex from the federal government in 1995 ("Park Woods"). Park Woods offers safe, affordable transitional housing and case management services to homeless individuals and families. The majority of units are leased directly from the City to tenants through the City's Health and Welfare Department. The remaining units are leased to social service agencies that are responsible for remitting lease payments to the City. The City sold the Park Woods properties to the Bangor Housing Authority and therefore, effective July 1, 2016, Park Woods is no longer an obligation of the City.

Parking

The City owns various parking lots, parking decks and the 500-car capacity Pickering Square garage (the "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. The City's intent that all of its parking operations, including the Garage, provide services on a continuing basis, financed entirely through fees or user charges.

Municipal Golf Course

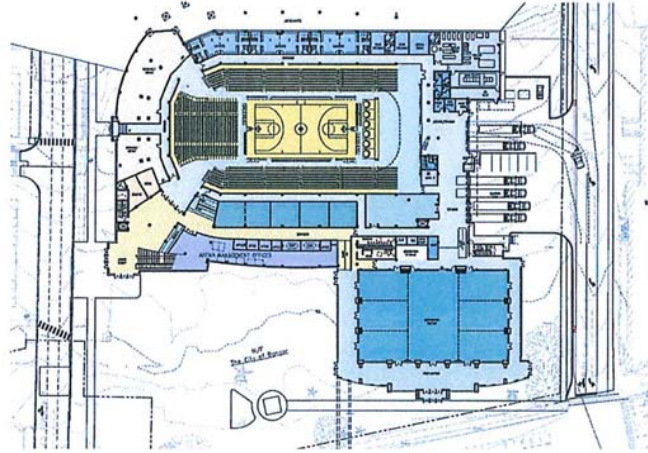
The City owns and operates the Municipal Golf Course (the "Golf Course"), a 27-hole championship course. The facility includes a clubhouse, snack bar and locker room. Two pros and three full-time employees staff the course. The Golf Course is established as an Enterprise Activity with the intent that the Golf Course provides service on a continuing basis, financed entirely through user charges.

Bass Park Complex

The Bass Park Complex (“Bass Park”) encompasses the Bangor Raceway, Bangor State Fair and the recently constructed Cross Insurance Center (the “Center”). Bass Park is established as an Enterprise activity with the intent of the City that services provided are financed primarily through user charges.

On August 15, 2012 the City issued \$53,800,000 of its 2012 General Obligation Bonds (the “Arena Project Bonds”) to provide \$56,500,000 in funds to finance a portion of a \$68,600,000 state-of-the-art 5,800-seat arena and adjoining convention center at the Cross Insurance Center. The City expects to receive sufficient revenues to pay debt service on the Arena Project Bonds from arena fund revenues and from the City’s Downtown Development Tax Increment Finance District revenues.

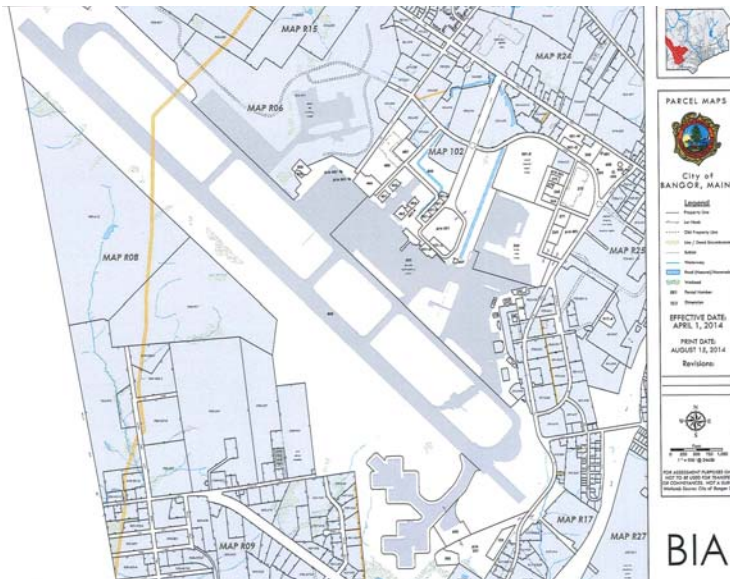
The Cross Insurance Center Floor Plan



Bangor International Airport

The City owns the land encompassing the Bangor International Airport (“BIA”), the domestic and international terminal building and several properties that are leased to various commercial/industrial concerns. Through BIA, the City serves in the capacity of a fixed-base operator, in that it provides certain operating/maintenance functions as well as serves as a fuel vendor for aircraft. The BIA is unique as a municipal facility in that the airport services domestic carriers but also caters to numerous international carriers for purchase of fuel and passenger handling, thus diversifying its revenue base to support its operations. At the fiscal year ended June 30, 2015 BIA’s net assets were \$123,503,808.

Bangor International Airport



BIA is also the home of the 101st Air National Guard Refueling Wing (the “ANG”). The relationship between BIA and the ANG is formally expressed through a contractual agreement under which the ANG provides BIA with all crash and fire rescue services at the airport and shares in the cost of snow plowing. The ANG has, in the past, shared in the cost of several capital projects at the airport on a non-contractual basis, from time to time. The City expects that this voluntary contribution will continue in the future.

PUBLIC EDUCATION

The City operates its educational program for grades K through 12 under its own supervision. Article II-A of the City’s Charter, as amended, provides that the Department of Education for the City be administered by a Superintending School Committee (the “School Committee”) comprised of seven members, who are elected by the voters of the City at-large for three-year staggered terms. The School Committee performs all duties and functions in regard to the care and management of the public schools of the City. The School Committee prepares and submits its budget to the City Manager, who includes it in the budget process. See also “CITY FINANCES - BUDGETARY PROCESS” section herein. The School’s staff consists of a Superintendent, an Assistant Superintendent, one Director of Pupil Services, nine full-time principals, approximately 590 full-time equivalent teachers and various other professional and non-professional staff. The City’s schools and enrollment trends are listed below:

School	Grade	Estimated Capacity	Enrollment
Abraham Lincoln	K - 3	280	237
Downeast	K - 3	400	363
Fourteenth Street	K - 3	176	148
Fruit Street	K - 3	376	348
Vine Street	K - 3	260	188
Fairmount	4 - 5	408	302
Mary Snow	4 - 5	410	263
James F. Doughty	6 - 8	630	391
William S. Cohen	6 - 8	628	398
Bangor High School	9 - 12	1,500	1,159

April 1,	Grades					Total Enrollment
	K-3	4-5	6-8	9-12	Other	
2015	1,284	565	779	1,098	NA	3,765
2014	1,336	506	794	1,174	NA	3,810
2013	1,262	487	750	1,316	NA	3,875
2012	1,281	568	771	1,199	NA	3,819
2011	1,292	530	780	1,228	NA	3,830
2010	1,296	480	802	1,243	NA	3,821
2009	1,024	471	748	1,246	382	3,878
2008	1,049	474	733	1,282	348	3,886
2007	999	519	691	1,339	427	3,975
2006	1,132	543	840	1,261	24	3,800

Career and Technical Education

Title 20-A, Chapter 313 of the Maine Revised Statutes, as amended, provides for “career and technical education” or a course or program of education which is designed to create or improve job-related skills that are part of a secondary school curriculum. The programs may be offered via a center (a “Center”), a satellite program (a “Satellite Program”) or a region (a “Region”). A Region is a quasi-municipal corporation established by the Legislature to provide career and technical education to secondary students that is comprised of all the School Administrative Units (“SAU”) within the geographical boundaries set forth for each career and technical education region and is governed by a cooperative board formed and operating in accordance with this chapter. Each SAU is responsible for its proportionate share of a Region’s operating expenses, including debt repayment, which is included in the respective SAU’s annual assessment to the Region.

The City is a member of the *United Technologies Center, Region #4* (“Region #4”), a Region. The City currently sends 107 students to Region #4, or 20.2% of the 529 total current student enrollment. The City is responsible for its proportionate share of Region #4’s operating expenses, including debt service, which is assessed to the City annually. The City’s share of Region #4’s 2015/2016 assessment is \$476,503 or 18% of Region #4’s total assessments of \$2,687,777. Region #4’s territory is comprised by the following 14 SAUs:

AOS 47 (Dedham, Orrington)	Maine Indian Education
AOS 81 (SAD 63 – Clifton, Eddington, Holden; Airline CSD – Amherst, Aurora, Great Pond, Osborn)	Milford School Department
Bangor School Department	RSU 22 (Hampden)
Brewer School Department	RSU 34 (Alton, Bradley, Old Town)
Glenburn School Department	RSU 64 (Corinth)
Greenbush School Department	RSU 87 (Carmel)
Hermon School Department	Veazie School Department.

Other Education

The *Southern Penobscot Regional Program for Children with Exceptionalities* (“SPRPCE”) was established to comply with United States Public Law 94-142 that “guaranteed a free appropriate public education to each child with a disability”. As of July 1, 2014, all of the SPRPCE programs are housed under the Bangor School Department. The SPRPCE sending SAU’s are:

Bangor School Department	RSU 22 (Hampden, Newburgh, Winterport & Frankfort)
Brewer School Department	RSU 26 (Orono)
Glenburn School Department	RSU 64 (Corinth, Bradford, Hudson, Kenduskeag, Stetson)
Greenbush School Department	RSU 87 (Carmel, Levant)
Hermon School Department	AOS 47 (Dedham, Orrington)
Indian Island (MIE)	AOS 81 (Amherst, Aurora, Clifton, Eddington, Great Pond, Holden, Osborn)
Milford School Department	
Veazie School Department	

BANGOR PUBLIC LIBRARY

The Bangor Public Library (the “Library”) was established in 1883 as a union between the Bangor Mechanic Association and the Trustees of the Samuel F. Hersey Fund (administered by the City). The Library is a non-profit corporation governed by a Board of Managers and a Board of Trustees consisting of nine members. Four of the board’s members are the officers of the Bangor Mechanic Association, four are appointed as Trustees of the Hersey Fund by the Bangor City Council and the ninth member is the chief financial officer of the City.

The Library occupies a 67,000 square foot building with a Greco-Roman façade, which opened in 1913, and was designed by Peabody and Stearns of Boston with a 27,000 square foot addition to the facility, in 1998. The Library houses over 500,000 volumes of books, periodicals, government documents and other materials, has over 44,000 registered borrowers and lends over 22,000 volumes per year. The Library is staffed by a director and approximately 20 full-time and ten part-time employees. Approximately 55% of its funding is derived from the City, 35% from endowment funds and 10% from the State Library.

The Library recently completed a \$9 million campaign to provide funds to renovate its interior, replacing its century-old copper roof and to grow its endowment. The copper roof project was completed in 2014 and the interior renovations are currently underway.

LABOR RELATIONS

The City employs approximately 1,100 full-time equivalent employees, approximately 590 of whom are employed by the School Department. The following lists the various bargaining units that are represented by a union, and the status of its current contract. City employees not included in the below table are not represented by unions. The various contracts for employees represented by unions are effective and expire as follows:

Union ⁽¹⁾	Approximate # Employees	Bargaining Unit	Date of Contract	
			Effective	Expiration
MAP	13	Police Command Staff	7/1/15	6/30/18
MAP	64	Police Officers	7/1/12	6/30/15 ⁽²⁾
Teamsters	13	Police Support Staff	7/1/12	6/30/15 ⁽²⁾
IAFF	87	Firefighters	7/1/12	6/30/15 ⁽²⁾
BFPE-AFT	12	Motor Pool	7/1/15	6/30/18
AFSCME	2	Airport Aircraft Mechanics	7/1/15	6/30/17
AFSCME	6	Aircraft Weather Dispatchers	7/1/15	6/30/17
AFSCME	15	Ramp Supervisors & Attendants	7/1/15	6/30/17
AFSCME	16	Airfield & Building Maintenance	7/1/15	6/30/18
AFSCME	53	Public Works	7/1/15	6/30/18
ATU (Local 714)	32	Community Connector Bus Drivers	7/1/15	6/30/17
MEA	233	School Teachers	9/1/15	8/31/18
MEA	32	School Instructional Assistants	7/1/15	6/30/18
AFL/CIO	18	School Administrators	7/1/15	6/30/18
MEA	31	School Support Staff	7/1/15	6/30/18

NOTE: ⁽¹⁾ “AFSCME” indicates the American Federation of State, County and Municipal Employees; “IAFF” indicates the International Association of Firefighters. All AFSCME and IAFF units are affiliated with the American Federation of Labor & Congress of Industrial Organizations (“AFL-CIO”), as separate bargaining units. “ATU” indicates Amalgamated Transit Union, affiliated the AFL-CIO, as a separate bargaining unit. “BFPE” indicates the Bangor Federation of Public Employees, division of the American Federation of Teachers (“AFT”), affiliated with the AFL-CIO. “MAP” indicates Maine Association of Police, affiliated as separate bargaining units. “MEA” indicates the Maine Education Association of which the various components of the Bangor Education Association (“BEA”) are affiliated, as separate bargaining units.

⁽²⁾ The City is currently in the process of negotiating a collective bargaining agreement for the respective unit. The City has provided in its budget amounts that it expects that the City would incur in the contracts.

ECONOMIC CHARACTERISTICS

Population	City of Bangor	-----% Change-----		
		City	State	USA
1970	33,168	(14.8)	2.4	13.4
1980	31,643	(4.6)	13.4	11.4
1990	33,181	4.9	9.2	9.8
2000	31,473	(5.1)	3.8	13.2
2010	33,039	5.0	4.2	8.9

SOURCE: Respective census, U.S. Department of Commerce, Bureau of the Census.

Population Characteristics	City of Bangor	Penobscot County	State of Maine	USA
Median age (years)	36.7	39.9	42.7	37.2
% school age	16.9%	18.6%	18.2%	20.4%
% working age	67.8%	65.8%	63.4%	62.9%
% 65 and over	14.4%	14.5%	15.9%	13.0%
Persons/household	2.10	2.33	2.32	2.58

Income	City of Bangor	Penobscot County	State of Maine	USA
Median family income	\$56,955	\$54,271	\$58,185	\$62,982
% below poverty level	18.7%	15.7%	12.6%	13.8%
Per capita income	\$24,179	\$22,977	\$25,385	\$27,334

Housing	City of Bangor	Penobscot County	State of Maine	USA
% owner occupied	50.0%	70.5%	73.1%	66.6%
% Built before 1939	40.6%	25.3%	28.1%	14.1%
% Built since 2000	5.6%	9.7%	8.9%	12.8%
Owner occupied med. value	\$146,400	\$133,600	\$176,200	\$188,400
Median gross rent	\$694	\$669	\$707	\$841
Occupied housing units	14,342	62,282	551,125	-

SOURCE: 2010 Census, U.S. Department of Commerce, Bureau of the Census.

Unemployment	City of Bangor	Penobscot County	State of Maine	USA
2015	4.0%	4.8%	4.4%	5.3%
2014	5.3	5.2	5.7	6.2
2013	6.2	7.0	6.7	7.4
2012	6.9	7.8	7.3	8.1
2011	7.2	8.1	7.5	8.9
2010	7.5	8.3	7.9	9.6
2009	7.2	8.1	8.0	9.3
2008	5.0	5.6	5.4	5.8
2007	4.7	5.2	4.6	4.7
2006	4.3	5.0	4.6	4.6

SOURCE: State of Maine, Department of Labor, Division of Economic Analysis and Research.

FORMER BANGOR METROPOLITAN STATISTICAL AREA

The U.S. Department of Commerce, Bureau of the Census formerly defined a metropolitan statistical area (“MSA”) as an area that includes at least one city with 50,000 or more inhabitants, or a Census Bureau-defined urbanized area (of at least 50,000 inhabitants) and a total metropolitan population of at least 75,000 (in New England). Additional cities and towns were included in the MSA if they met specified requirements of commuting to the central area and other selected requirements of metropolitan character (such as population density and percent urban). An MSA was also considered a labor market area. The map displays the 14 cities or towns and one reservation that comprised the former Bangor MSA.



Transportation Center

The City of Bangor is the major transportation and distribution center for the eight northeastern counties of the State of Maine.

The Bangor International Airport has scheduled domestic air service offered by three airlines, Allegiant, Delta Connection and USAirways Express, with approximately 26 scheduled daily flights during peak season. In addition, the Airport serves as a transit and diversion Airport for numerous domestic and international carriers. The Montreal, Maine & Atlantic, Ltd (formerly Bangor and Aroostook) and PanAm (formerly Maine Central) railroads offer rail freight connections from Bangor. U.S. Interstate Route 95 facilitates the shipment of freight by truck. Greyhound Travel Services and Concord Trailways offer nationwide bus transportation and package delivery from their Bangor terminals.

Commuter Patterns

Residents of Bangor who work in:	Number of Workers	% Bangor's Workers	Commuters to Bangor who live in:	Number of Workers	% Bangor's Workforce
Bangor	11,878	71.46%	Bangor	11,878	31.99%
Brewer	1,028	6.18	Brewer	2,262	6.09
Orono	1,006	6.05	Hampden	2,028	5.46
Hampden	434	2.61	Old Town	1,538	4.14
Hermon	368	2.21	Hermon	1,446	3.89
Old Town	215	1.29	Glenburn	1,440	3.88
Lincoln	124	0.75	Orono	1,349	3.63
Ellsworth	110	0.66	Orrington	994	2.68
Augusta	78	0.47	Levant	816	2.20
Eddington	76	0.46	Carmel	730	1.97
Orrington	76	0.46	Winterport	724	1.95
Bucksport	65	0.39	Milford	665	1.79
Belfast	63	0.38	Holden	652	1.76
Glenburn	62	0.37	Veazie	608	1.64
Machias	62	0.37	Corinth	531	1.43
All other	978	5.88	All other	9,468	25.50
	16,623	100.00%		37,129	100.00%

SOURCE: State of Maine, Department of Labor, Labor Market Information Services; U.S. Department of Commerce, Bureau of Census, 2010 Census.

Employment Center

The City, a center for retail, wholesale, distribution, transportation, banking, legal, medical, recreational, and other major services for its own base market, plus a large area of the State. The area includes 11 contiguous communities surrounding the City, and major employers in the former Bangor MSA are:

Employees	Major Employers	City or Town	Business
1,000 to 4,000	Eastern Maine Medical Center	Bangor	Health Care Center
	Bangor Mall	Bangor	Shopping Complex
	University of Maine	Orono	University
	City of Bangor	Bangor	Municipal Government
	Hannaford Supermarkets	Throughout	Grocery Chain
	Cianbro Corporation	Throughout	Construction
	WalMart	Throughout	Retail Sales
500 - 999	Bangor Savings Bank	Bangor	Bank
	L.L. Bean	Bangor	Sporting Goods
	Microdyne	Orono	Telephone Call Center
	Acadia Hospital	Bangor	Mental Health Center
	St. Joseph Hospital	Bangor	Health Care Center
	Community Health & Counseling	Bangor	Health Care

SOURCE: City of Bangor Community and Economic Development Department – Bangor, Maine Community and Economic Profile Report.

Commercial Center

The City's *Primary Market* is an area within 20 miles of the City center, comprised of 28 communities, over 100,000 people, approximately 38,000 households, and includes the 11 communities of the *Greater Bangor Area*. Residents of the Primary Market Area utilize the Bangor Center for their regular shopping and services on a daily or weekly basis and as an employment center. The Bangor *Secondary Market* is a region covering more than six counties in eastern and northern Maine, comprised of approximately 387,000 people and over 120,000 households which use the Bangor Center for major shopping and services many times annually. The Bangor *Tertiary Market* encompasses the Canadian Maritime Provinces and eastern Quebec Province, with approximately 2.96 million people, over 870,000 households, which utilize the Bangor region as a distribution and transportation point, and for selected shopping and services on a special-trip basis, such as during holidays, vacations and other occasions.

Encompassing the State's eight eastern and northern counties, Bangor has the second largest retail market in Maine, following the Portland area. With less than 3% of the State's population, the City's share of the State's retail sales is proportionally higher. In 2015, Bangor realized 8.7% of the State's retail sales.

The following table displays the growth in certain sectors of the City's economy, as measured by retail sales, by product group and by consumer sales:

Retail Sales by Product Group and Consumer Sales (\$/000) for the City of Bangor

	Business/ Operating	Building Supply	Food Store	General Mdse.	Other Retail	Auto/ Transp.	Rest. & Lodging	Group Total	Consumer Sales
2015	86,979	161,295	62,897	326,238	110,186	387,091	193,793	1,328,480	1,241,501
2014	83,179	163,520	59,988	333,362	111,434	349,008	192,915	1,293,405	1,210,226
2013	72,951	145,323	56,673	345,160	111,955	329,796	185,541	1,247,399	1,174,448
2012	75,404	135,242	55,498	350,465	108,596	304,660	178,906	1,208,772	1,133,368
2011	81,695	135,459	54,776	354,738	107,018	306,949	170,994	1,211,628	1,129,933
2010	80,563	118,552	54,081	353,260	106,308	288,042	165,083	1,165,889	1,085,326
2009	81,442	119,879	57,043	334,884	102,791	281,097	158,112	1,135,248	1,053,806
2008	103,073	146,425	56,174	339,196	109,475	301,917	153,231	1,209,492	1,106,419
2007	110,803	162,274	54,968	341,365	110,740	311,844	151,890	1,243,884	1,133,081
2006	111,732	167,502	53,845	332,446	127,291	322,285	146,400	1,261,500	1,149,769

SOURCE: State of Maine, Department of Taxation, Sales Tax Section.

Building Permits

Calendar Year	Permits			Est. Cost of Construction
	Residential	Non-Resid't'l	Total	
2015	283	243	527	\$27,853,344
2014	226	202	428	43,660,878
2013	143	136	279	132,227,792 ⁽¹⁾
2012	137	178	315	24,795,673
2011	130	145	275	102,434,811 ⁽²⁾
2010	156	205	361	39,936,826
2009	145	196	241	39,730,383
2008	105	169	274	67,284,359
2007	136	169	205	114,805,564 ⁽³⁾
2006	167	206	373	47,717,741

NOTE: ⁽¹⁾ Major component comprised of Eastern Maine Medical Center Modernization Project.

⁽²⁾ Major component comprised of Cross Insurance Center Project

⁽³⁾ Major component comprised of Hollywood Casino & Hotel Project

Post-secondary School Education

Post-secondary schools located in the Greater Bangor Area by location and approximate enrollment:

Location	School	Enrollment	Faculty
Orono	University of Maine	9,297	845
Bangor	Eastern Maine Community College	1,923	142
Bangor	Husson University	2,691	349
Bangor	University of Maine at Augusta, Bangor Campus	1,000	73
Bangor	New England School of Communication	499	73
Bangor	Beal College	464	40

NOTE: Source: 2016 Peterson's[®], a part of The Thompson Corporation; except University of Maine at Augusta, Bangor Campus: <https://learn.maine.edu/blog/university-college-bangor/>.

CITY FINANCES

BUDGETARY PROCESS

Article VIII, Section 7 of the City’s Charter provides for a budget process. The fiscal year (or “budget year”) of the City begins on the first day of July and ends on the thirtieth day of June of the following year. The Charter provides that the City Manager submit a budget to the Council not later than the second Monday in April before the end of the fiscal year. The budget contains (1) an estimate of all revenue cash receipts anticipated from sources other than the tax levy for the budget year; (2) the estimated expenditures necessary for the operation of the City; (3) debt service requirements for the budget year; (4) estimated tax levy for the budget year; and (5) a balanced relationship between total estimated expenditures and revenues (including tax levy, without overlay). The Council may modify the expenditures of the proposed budget. If the Council fails to adopt a budget by the beginning date of the fiscal year, the Charter directs that the City Manager’s proposed budget shall automatically become the budget for the next fiscal year. If the Appropriation Resolve establishes a property tax levy that exceeds the Property Tax Levy Limit (as defined herein), then the excess of the appropriation must be approved in a separate article by a majority of the elected members of the City. The Property Tax Levy Limit of one year may not exceed the Property Tax Levy Limit from the prior year by more than a specified Growth Limitation Factor (see “THE BONDS - SOURCE OF PAYMENT AND REMEDIES - Limitation on Municipal Property Tax Levy” herein). The school budget is voted on by the School Board, the City Council and is then subject to referendum by the voters of the City through a Budget Validation process. Upon adoption of the budget, a property tax levy is then established and filed with the City Assessor. The following table sets forth the trends in the General Fund’s budgets for the City for the last four fiscal years and the current fiscal year.

General Fund Budgets
Fiscal Year Ending June 30,
(000)

	2012	2013	2014	2015	2016
Revenues					
Taxes	\$50,630	\$51,751	\$55,013	\$58,099	\$59,382
Intergovernmental	25,245	25,447	24,185	22,783	23,796
Licenses and Permits	656	677	677	702	708
Charges for Services	11,550	11,827	11,436	11,439	11,182
Fines, Forfeits and Penalties	33	33	32	32	33
Use of Property	709	689	721	697	660
Other Sources	1,348	1,475	1,482	1,452	1,472
Total Revenues	\$90,171	91,899	93,546	95,204	97,233
Expenditures					
General Government	7,549	7,469	7,567	7,780	7,818
Public Safety	16,078	16,436	16,767	17,298	17,884
Health, Welfare and Recreation	4,949	5,670	4,992	4,939	4,966
Public Services	10,287	10,296	10,284	10,319	10,701
Other Agencies	4,341	4,327	4,493	4,593	4,663
Education	40,917	41,419	42,803	43,328	44,067
Other	2,641	2,865	2,987	2,846	2,865
Debt Service	3,409	3,417	3,653	4,101	4,269
Total Expenditures	\$90,171	\$91,899	\$93,546	\$95,204	\$97,233

CAPITAL IMPROVEMENT PLAN

The City’s Capital Improvement Program (“CIP”) is an integral part of the annual budget process. A complete list of near term improvements is included as part of the City Manager’s budget submission for all City functions, as required by Article VIII, Section 7 of the City’s Charter. The plan includes projects anticipated within the ensuing one-to-two year period with an indication of how the City anticipates funding the improvement(s). Certain CIP items are longer term in nature, and while the near-term projects are specified within the budget submission, the longer term goals are updated, reviewed and approved via the City’s Committee structure on a regular basis. The issuance of debt, however, is subject to the review and approval of the City Council.

PROPERTY TAX LEVY LIMIT

Unless the City follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, the City is limited to an increase in the City’s property tax levy from one year to the next to an amount not more than its Municipal Property Tax Levy Limit (see “THE BONDS - SOURCE OF PAYMENT AND REMEDIES - Limitation on Municipal Property Tax Levy” herein). The City’s Municipal Property Tax Limit for subsequent fiscal years is the Municipal Property Tax Levy Limit for the preceding year multiplied by the Growth Limitation Factor. Therefore, in cases where the amount of the prior year’s Municipal Property Tax Levy Limit exceeds the amount of the City’s actual property tax levy (“Property Tax Levy”), the City may carry-forward that difference in establishing its future years’ property tax levy. The following table displays the City’s limitation on Municipal Property Tax Levy:

Fiscal year:	<u>2011/2012</u>	<u>2012/2013</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>
State Personal Income Factor:	1.66%	1.43%	1.05%	1.09%	0.86%
City Property Growth Factor:	<u>3.14%</u>	<u>3.44%</u>	<u>3.42%</u>	<u>3.43%</u>	<u>2.32%</u>
Growth Limitation Factor:	4.80%	4.87%	4.47%	4.52%	3.18%
Property Tax Levy Limit:	\$25,320,961	\$26,554,981	\$27,741,178	\$28,996,160	\$29,919,669
Property Tax Levy:	<u>21,143,656</u>	<u>21,794,144</u>	<u>23,666,134</u>	<u>24,854,280</u>	<u>25,865,420</u>
Over/(under) Property Tax Levy Limit:	(\$4,177,035)	(\$4,760,837)	(\$4,075,044)	(\$4,141,880)	(\$4,054,249)

FUND BALANCE POLICY

Pursuant to Governmental Accounting Standards Board (“GASB”) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB 54”), the City Council adopted a new Fund Balance Policy which supersedes all prior council adopted policies related to fund balances. The purpose of the policy is to provide guidance related to the City’s various fund balances as part of the City Council’s and management’s fiduciary responsibility to ensure the long-term sound financial management of the City. The policy provides definitions, background information, limitations on use or balances (if any), target levels, funding mechanisms and identifies the responsible City official by fund balance. This policy applies to the fund balances of the City’s Government funds only.

Article VIII, Section 16 of the City’s Charter was amended by the City’s voters at a referendum election held on November 6, 2012. The amendment revised the target for undesignated fund balance of no more than 10% and no less than 5% of prior year’s expenditures (less debt service), to no more than 16.66% and no less than 8.33% of prior year expenditures.

The following table displays the last five audited fiscal years' compliance with the provision:

	Fiscal Year Ended June 30,				
	2011	2012	2013	2014	2015
Assigned and Unassigned General Fund Balance	\$12,522,640	\$12,352,764	\$11,920,429	\$13,016,263	\$14,637,832
Prior Years' Expenses (less Debt Service)	88,013,947	86,633,312	86,862,545	88,206,129	92,008,967
Fund Bal as % Prior Years' Expenses	14.23%	14.26%	13.72%	14.76%	15.91%
Unassigned General Fund Balance	\$8,017,940	\$7,563,658	\$7,727,014	\$9,598,472	\$9,995,105
Prior Years' Expenses (less Debt Service)	88,013,947	86,633,312	86,862,545	88,206,129	92,008,967
Fund Bal as % Prior Years' Expenses	9.11%	8.73%	8.90%	10.88%	10.86%

INVESTMENT POLICY

The City adopted and has followed a formal Investment Policy since 2002. Pursuant to its Investment Policy and Title 30-A, Section 5706 *et seq.* of the Maine Revised Statutes, as amended, all investments of the City must be made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment considering (i) safety of principal and maintenance of capital, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements with which a fund is charged, that is reasonably expected, and (iii) return of income commensurate with avoidance of unreasonable risk. Under its policy, the City's investment practice is to maintain a cash and investment pool that is available for use by all funds and consists of short-term investments. The City is invested principally in direct obligations of the United States government and its agencies. The City is not invested in any obligations typically referred to as derivatives, meaning obligations created from, or whose value depends on or is derived from the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest.

FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter VIII of the Maine Revised Statutes, as amended, and Article VIII, Section 2 of the City's Charter provide for independent annual audits of the City's accounts and establishes procedures for such audits. The City, in conformance with this statute and its Charter currently engages the services of Runyon Kersteen Ouellette, Certified Public Accountants ("RKO"). The City's fiscal year 2015 Financial Statements, audited by RKO, are presented as APPENDIX A to this Official Statement. The City has not requested the consent of RKO for the incorporation of the Financial Statements included in APPENDIX A, nor has it been received.

The Government Finance Officers Association (the "GFOA") awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2014. This is the 18th year that the City has received this prestigious award. In order to be awarded the certificate, the City published an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles ("GAAP") and applicable legal requirements.

FUNDS

The accounts of the City are organized and operated on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The City has the following fund types:

Governmental Funds are used to account for most governmental functions of the City. Governmental Funds include the following fund types:

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds account for revenue sources (not including expendable trusts or major capital projects) that are legally restricted to expenditure for specific purposes.

Capital Projects Fund is used to account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or non-expendable trust funds.

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

Proprietary Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

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

CITY OF BANGOR
COMPARATIVE BALANCE SHEET
GENERAL FUND
(As of June 30,)

	2015	2014	2013	2012	2011
ASSETS					
Cash	\$11,711,326	\$12,701,394	\$8,058,272	\$13,164,922	\$13,518,284
Investments	50,000	50,000	50,000	50,000	50,000
Receivables:					
Taxes	3,333,089	2,765,960	2,810,832	2,674,944	2,555,470
Accounts (net of allowances)	1,825,765	751,691	1,246,085	725,537	1,425,307
Inter-fund loans	5,768,579	3,455,129	6,415,524	4,528,785	3,251,585
Intergovernmental	1,862,538	3,438,342	2,625,755	2,116,745	2,823,413
Loan	684,336	753,992	820,615	884,339	945,289
Inventory, at cost	542,476	748,711	797,655	819,345	912,743
Prepaid items	129,772	104,554	76,059	40,842	51,027
TOTAL ASSETS	25,907,881	24,769,773	22,900,797	25,005,459	25,533,118
LIABILITIES					
Accounts payable	1,026,306	1,138,907	996,982	1,740,176	1,111,343
Accrued wages and benefits	4,091,659	4,000,984	4,013,128	3,993,853	5,091,810
Unearned revenues	0	36,919	45,161	0	0
TOTAL LIABILITIES	5,117,965	5,176,810	5,055,271	5,734,029	6,203,153
DEFERRED RESOURCES	2,559,119	2,557,443	2,664,910	2,498,706	2,305,395
FUND BALANCE					
Non-spendable	2,572,748	2,753,765	2,774,214	2,760,687	2,864,270
Restricted	909,284	1,262,869	475,390	1,285,520	1,618,627
Committed	110,933	2,623	10,583	373,753	19,033
Assigned	4,642,727	3,417,791	4,193,415	4,789,106	4,504,700
Unassigned	9,995,105	9,598,472	7,727,014	7,563,658	8,017,940
TOTAL FUND BALANCE	18,230,797	17,035,520	15,180,616	16,772,724	17,024,570
TOTAL LIABILITIES AND FUND BALANCE	\$25,907,881	\$24,769,773	\$22,900,797	\$25,005,459	\$25,533,118

Prepared from Audited Financial Statements

CITY OF BANGOR
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND
(For the Years Ended June 30,)

	2015	2014	2013	2012	2011
REVENUES					
Taxes	\$59,468,512	\$56,005,218	\$51,862,260	\$50,707,941	\$50,578,542
Intergovernmental	29,323,747	30,285,356	30,157,317	32,916,799	34,312,276
Licenses and permits	831,968	1,389,717	576,559	948,267	601,202
Charges for services	14,045,126	11,970,430	13,019,247	12,548,967	14,141,121
Revenue from use of property	739,052	769,067	833,643	947,722	810,705
Other	27,119	27,263	32,696	41,628	39,090
TOTAL REVENUES	104,435,524	100,447,051	96,481,722	98,111,324	100,482,936
EXPENDITURES					
General government	5,391,279	5,172,972	5,612,408	5,390,049	4,858,721
Public safety	16,994,567	16,409,651	16,209,402	16,028,180	15,800,938
Health, com. serv. and recreation	5,041,486	4,826,149	4,945,994	5,383,295	5,584,184
Public buildings and services	10,704,017	10,052,683	9,835,549	9,842,829	10,196,576
Other agencies	4,684,697	4,566,380	4,382,776	4,409,545	4,347,617
Education	53,037,177	50,771,925	49,880,770	50,159,407	51,391,657
TIF	724,347	632,364	550,308	524,013	165,133
Unclassified	48,043	90,061	122,772	33,100	56,882
Capital outlay	570,654	64,768	1,027,506	366,021	529,990
Debt service	5,537,031	5,102,600	4,871,912	4,822,905	4,813,592
TOTAL EXPENDITURES	102,733,298	97,689,553	97,439,397	96,959,344	97,745,290
EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER EXPENDITURES	1,702,226	2,757,498	(957,675)	1,151,980	2,737,646
OTHER FINANCING SOURCES (USES)	(506,949)	(902,594)	(634,433)	(1,403,826)	(1,635,347)
EXCESS (DEFICIENCY) REVENUES/EARNINGS OVER EXPENDITURES/OTHER USES	1,195,277	1,854,904	(1,592,108)	(251,846)	1,102,299
BEGINNING FUND BALANCE	17,035,520	15,180,616	16,772,724	17,024,570	15,922,271
ENDING FUND BALANCE	\$18,230,797	\$17,035,520	\$15,180,616	\$16,772,724	\$17,024,570

Prepared from Audited Financial Statements

PROPERTY TAXATION

The principal tax of the City is the tax on real and personal property. A single tax applies for each fiscal year to the assessed value of the taxable real or personal property. The City's Tax Collector receives the tax commitment from the City Assessor, with assessed values as of April 1 of each year, after which time the tax bills are due. For fiscal 2015/2016 the tax due dates are September 15, 2015 and March 15, 2016. All taxes paid after the due dates are subject to interest established under Title 39, Section 186 of the Maine Revised Statutes, as amended, currently at the rate of 7.0% per annum.

Real Estate Tax

Collection of real estate taxes is ordinarily enforced in the City by the "tax lien" procedure as provided in the Maine Revised Statutes, as amended, to the collection of delinquent real estate taxes. Real estate tax liens are recorded against the individual property at the County Registry of Deeds. This lien has priority over all mortgages, liens, attachments and encumbrances of any nature, subject to any paramount federal tax lien and subject to bankruptcy and insolvency laws. If the account is not satisfied within 18 months, the property becomes tax acquired and may be disposed of by the City.

Business Personal Property Tax

Title 36, Chapter 105, Subchapter 4-C of the Maine Revised Statutes, as amended (the "BETE Act"), provides for an eligible business equipment tax exemption for certain types of tangible business personal property subject to an allowance for depreciation and some specialty types of real property improvements. The exemption does not apply to: office furniture; lamps and lighting fixtures used to provide general purpose office or worker lighting; property owned or used by public utilities and persons providing certain television/telecommunications services; telecommunications personal property subject to the tax imposed by section 457 of Title 36; gambling machines or devices and associated equipment; property located at a retail sales facility unless such facility is more than 100,000 square feet in size and owned by a business whose Maine-based operations derive less than 30% of their total annual revenue from sales in the State; and certain energy and pollution control facilities.

Pursuant to the BETE Act, the State reimburses municipalities with respect to the lost property taxes associated with this exemption through one of two formulas, whichever is most beneficial to the municipality, as follows:

1. Basic reimbursement formula - For all municipalities in the first year after the exemption, and for a majority of the municipalities thereafter, the reimbursement would be 100% for the lost property taxes in the first tax year after the exemption takes effect (i.e., FY 2009), 90% in the second year after the exemption takes effect (i.e., FY 2010), 80% in FY 2011, 70% in 2012, 60% in 2013, and 50% in 2014 and every subsequent year. The State Constitution requires a minimum reimbursement of at least 50%.
2. Enhanced formula - Municipalities that have a total property tax base that is made up of at least 5% personal property will be eligible for an alternative reimbursement formula any year in which the alternative reimbursement formula provides a higher level of reimbursement than the basic reimbursement formula. Those municipalities will be eligible to receive the 50% minimum reimbursement plus 50% of their tax base percentage that is made up of personal property. For example, if a town's tax base is 64% personal property, it would be eligible for a reimbursement rate of 82%, which is a combination of the minimum 50% reimbursement *plus* one-half of that municipality's 64% "personal property factor".

For the purposes of identifying the municipality's valuation for determining the local property tax rate, the value of all property made exempt by the BETE Act in the municipality must be considered part of

that municipality's local valuation to the extent the municipality is being reimbursed for its lost property taxes by the State other than property located in, and the assessed value of which is retained in, a tax increment financing district. The following table identifies the value of the property subject to BETE reimbursement:

<u>Fiscal Year ended June 30,</u>	<u>BETE Exempt Value</u>
2016	\$101,258,300
2015	86,984,900
2014	72,600,700
2013	66,043,600
2012	57,635,300

The value of all property made exempt by the BETE Act in the City is also considered part of that municipality's equalized State Valuation to the extent the City is being reimbursed for its lost property taxes by the State with an additional adjustment for property in a tax increment financing district. The BETE Act provides some additional security for the municipal reimbursement system by funding the reimbursements described above directly from State Income Tax receipts before those receipts are deposited into the State's General Fund, rather than as an annual General Fund appropriation.

Tax Levy and Collections

Fiscal Yr. End June 30,	Equalized State Valuation (000)	Assessed Valuation (000)	Tax Rate (per 000)	Gross Tax Levy (000)	Collections (after Supplements and Abatements)		
					Year End (000)	% of Levy	% of Levy A/O 08/31/15
2016	\$2,543,700	\$2,650,961	\$21.95	\$58,189	----- In Process -----		
2015	2,481,850	2,613,028	21.80	55,903	53,709	96.56%	96.56%
2014	2,464,250	2,603,586	20.80	53,078	51,692	97.47	98.92
2013	2,462,650	2,582,242	19.65	49,714	48,276	97.37	99.59
2012	2,456,450	2,576,995	19.20	48,530	47,026	97.25	99.62
2011	2,466,650	2,578,274	19.20	48,363	46,858	97.23	99.65
2010	2,436,000	2,626,791	19.05	48,720	46,205	96.00	100.00
2009	2,377,800	2,544,916	19.05	47,235	45,689	97.29	100.00
2008	2,358,250	2,406,089	18.80	44,082	42,848	97.96	100.00
2007	2,213,950	2,224,049	19.40	41,991	40,820	97.84	100.00

LARGEST TAXPAYERS

Taxpayer	Business	As of April 1, 2015 (\$ in thousands)				
		Real Estate	Personal Property	Assessed Total	Property Tax	% Total Levy
GLP Capital LP	Gaming	\$92,061,400	\$0	\$92,061,400	\$2,020,748	3.47%
General Electric	Steam Turbine Mfg	31,877,200	27,755,900	61,727,400	1,308,947	2.25
Bangor Mall LLC	Shopping Mall	61,727,400	0	59,633,100	1,354,916	2.33
Emera Maine	Utility	36,187,500	5,632,500	41,820,000	917,949	1.58
HC Bangor LLC	Gaming	0	20,439,300	21,828,300	448,643	0.77
WalMart	Retailer	19,097,600	2,730,700	20,439,300	479,131	0.82
Bangor Gas	Utility	19,524,100	814,300	20,338,400	446,428	0.77
GM Realty of Bangor	Real Estate	17,017,900	0	17,017,900	373,543	0.64
QV Realty Trust	Shopping Mall	16,569,400	0	16,569,400	363,698	0.63
Winterfell Sunbury	Retirement	15,094,400	231,700	<u>15,326,100</u>	<u>336,408</u>	<u>0.58</u>
Top Ten Taxpayers				\$366,761,300	\$8,050,411	14.04%

TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE DEVELOPMENT HOUSING DISTRICTS

Chapter 206 and former 207 (now repealed) of Title 30-A of the Maine Revised Statutes, as amended, enables a municipality to finance qualified development by borrowing against the future increased property tax receipts attributable to that development. Under the statutory framework, the municipality designates a tax increment financing (“TIF”) district or an affordable housing development district (a “housing district”) for a period of up to 30 years and adopts a development program (the “Development Program”) stating the means and objectives for the development of that district. The municipality may designate, or “capture”, all or a portion of the increase in assessed value resulting from development within the district and dedicates the increased property taxes it receives in future years generated by the “captured” assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs. Such districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single district may not exceed 2% of the total acreage of the municipality, (b) the total area of all TIF districts or housing districts within a municipality each may not exceed 5% of the total acreage of the municipality, and (c) the aggregate original assessed value of all TIF districts and the aggregate original assessed value of all housing districts within the municipality as of the April 1st preceding the date the Commissioner of the Department of Economic and Community Development, with respect to TIF Districts, or the Director of the Maine State Housing Authority, with respect to housing development districts, approves the designation of any such district each cannot exceed 5% of the municipality’s total value of taxable property. Excluded from this limit as applicable to TIF districts is any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer with an assessed value in excess of 10% of the municipality’s total assessed value. In addition, the foregoing limitations do not apply to approved downtown TIF districts, TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, Section, 3403, subsection 3 of the Maine Revised Statutes, as amended or transit oriented development districts.

The increase in assessed value captured by the municipality is excluded from the municipality’s equalized just value for each year’s State valuation filed with the Secretary of State in accordance with Title 36, Sections 208 and 305 of Maine Revised Statutes, as amended, and is therefore not included in calculating that municipality’s share of State educational aid, State municipal revenue sharing, the county tax or the 15% debt limitation for the municipality pursuant to Title 30-A, Section 5702 of the Maine Revised Statutes, as amended.

On June 14, 2011 the Maine Legislature enacted Private & Special Law, Chapter 15, First Regular Session, 125th Maine Legislature (LD 895) *An Act to Allow the City of Bangor to Replace the Bangor Auditorium and Civic Center at the Bass Park Complex* (“P&SL 15”). P&SL 15 authorized the City to use tax increment financing revenue to fund debt service for the Arena Project for up to 30 years and excluded such indebtedness from both the City's statutory debt limit under Title 30-A, Section 5702 of Maine Revised Statutes, as amended, and the aggregate value of municipal general obligation indebtedness that could be financed with tax increment financing revenue within Penobscot County under Title 30-A, Section 5223(3)(D) of Maine Revised Statutes, as amended P&SL 15 also removed the Arena Project from a provision of State law that imposes a five-year deadline for completion of projects financed with tax increment financing revenue.

The City has designated various tax increment financing districts and may consider proposals for other districts on an ongoing basis. All districts will be evaluated based upon the City’s comprehensive plan for economic development, which includes tax increment financing as one of its aspects.

REVENUES FROM THE STATE

The State provides revenue to the City in a number of areas including aid to the City in the areas of education and road maintenance, reimbursement for general assistance, homestead exemption and BETE and revenue sharing. The amount of revenue in each category is based upon a number of formulas, many of which contain variables that change annually. Further, most categories of State disbursements are governed by laws that may be changed by the State Legislature and are subject to appropriation by the State Legislature in its budgetary process.

The State subsidizes most local school administrative units (“SAU”) through the Essential Programs and Services (“EPS”) model of calculating and distributing state education aid. EPS utilizes a number of factors that are subject to change each year. In addition, the EPS model itself is subject to change by the Legislature. Furthermore, subsidies for SAUs are an annual item in the State’s budgetary process and are subject to legislative appropriation in that process.

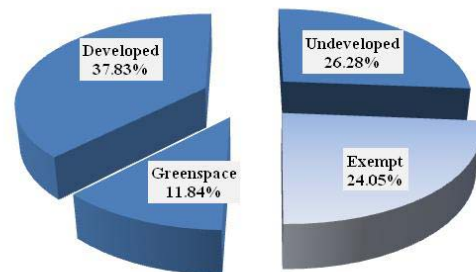
The Homestead Exemption Program is administered locally. Since the beginning of the program, the State has frequently modified both the exemption amount and the amount it reimburses municipalities. Originally the exemption amount was \$7,000 in value of the primary residence of a Maine resident property taxpayer was exempt from property taxation. Further, the State reimbursed each municipality 100% of the property tax exempted under the program and a portion of the municipality’s administrative costs. Beginning April 1, 2016, the maximum amount of the exemption is \$15,000, with the State reimbursing 50% of the property tax reduction due to the exemption. The State annually estimates state aid but actual payments may vary from the estimate. The following table displays revenues received by the City from the State for the last five audited fiscal periods:

Fiscal Yr. End June 30,	State Revenue Sharing	State School Subsidy	Other School	Reimbursement		Other State	Total From State
				BETE	Homestead Exemption		
2015	\$2,129,659	\$15,823,247	\$4,369,969	\$1,074,021	\$564,108	\$1,730,684	\$25,524,768
2014	2,305,725	16,970,557	4,020,167	906,627	548,761	2,006,608	26,758,445
2013	3,513,711	16,208,643	3,571,471	787,746	530,369	1,648,274 ⁽¹⁾	26,260,214
2012	3,637,838	16,812,421	4,599,927	777,196	521,123	2,325,675	28,674,180
2011	3,670,723	18,517,665	3,456,485	645,033	518,306	2,787,262	29,595,474

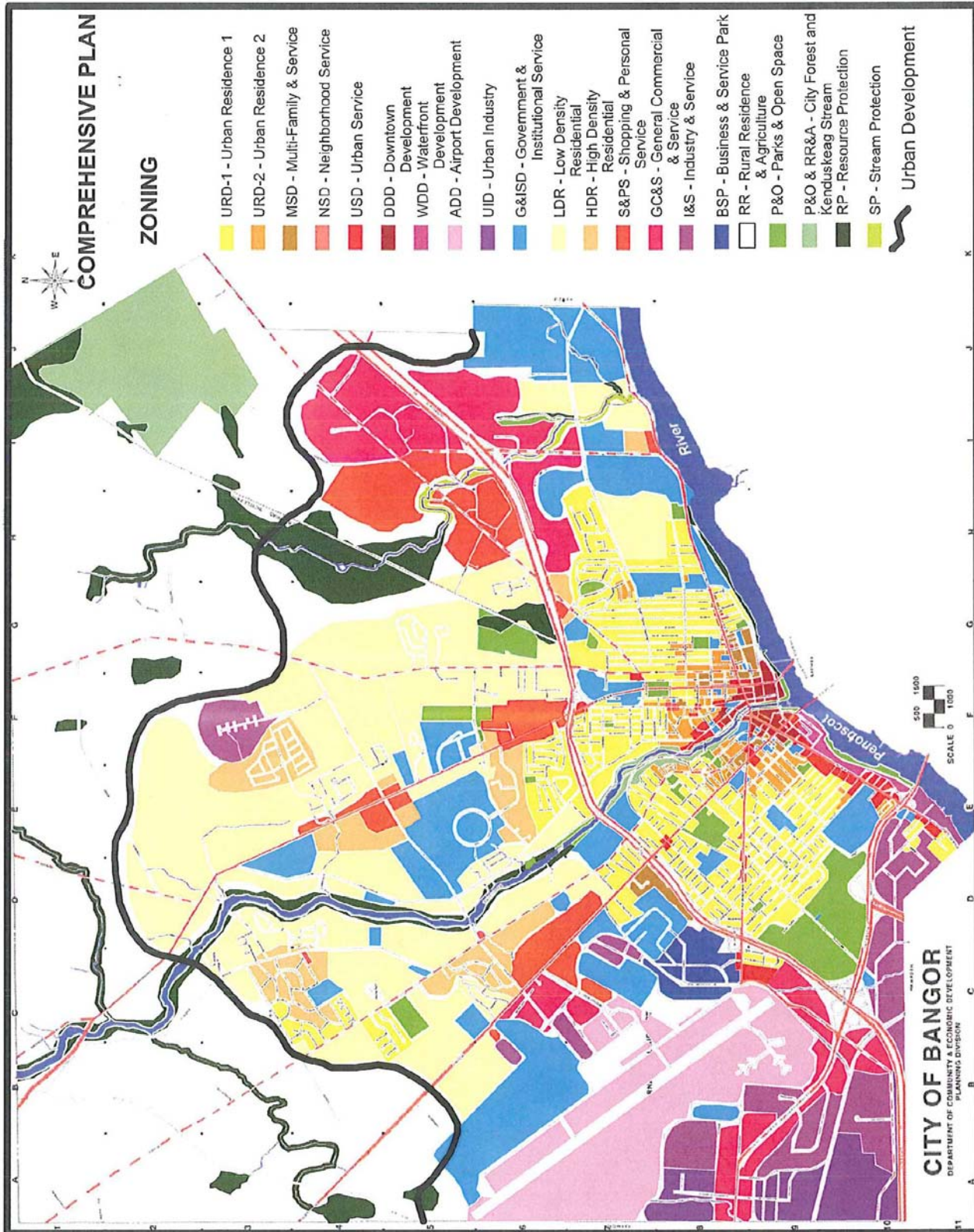
NOTE: ⁽¹⁾ The significant reduction in “Other State Aid” is related to a decrease in the amount paid for General Assistance claims by the State establishing certain caps paid to recipients, which in turn results lower benefits paid by the City and a lower respective reimbursement from the State.

TAX BASE AND TAX BASE GROWTH

<u>By Land Area (acres)</u>		<u>% Total</u>
Greenspace	2,608	11.84%
Exempt	<u>5,298</u>	<u>24.05%</u>
Sub-total	7,906	35.89%
Undeveloped	5,791	26.28%
Developed	<u>8,335</u>	<u>37.83%</u>
Sub-total	15,126	64.11%
Total City	22,032	100.00%



ZONING



INDEBTEDNESS

LIMITATIONS AND EXCLUSIONS

In accordance with Title 30-A, Section 5702 of the Maine Revised Statutes, as amended, “No municipality shall incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary sewer purposes, for energy facility purposes or for municipal airport purposes to exceed 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full state valuation, or any lower percentage or amount that a municipality may set, for storm and sewer purposes to an amount outstanding at any time not exceeding 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set, and for municipal airport and special district purposes to an amount outstanding at any time not exceeding 3% of its last full state valuation, or any lower percentage or amount that a municipality may set; provided, however, that in no event shall any municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full state valuation, or any lower percentage or amount that a municipality may set.”

Title 30-A, Section 5703 of the Maine Revised Statutes, as amended, provides that the limitations on municipal debt contained in Section 5702 do not apply “... to any funds received in trust by any municipality, any loan which has been funded or refunded, notes issued in anticipation of federal or state aid or revenue sharing money, tax anticipation loans, notes maturing in the current municipal year, indebtedness of entities other than municipalities, indebtedness of any municipality to the Maine School Building Authority, debt issued under Chapter 235 and Title 10, Chapter 110, Subchapter IV, obligations payable from revenues of the current municipal year or from other revenues previously appropriated by or committed to the municipality, and the state reimbursable portion of school debt.” In addition, pursuant to P&SL 15, the City’s \$53,800,000 Arena Project Bonds are excluded from the debt limit established pursuant to Title 30-A, Section 5702 of the Maine Revised Statutes, as amended. See “CITY FINANCES - TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE DEVELOPMENT HOUSING DISTRICTS” herein.

The City’s 2016 equalized state valuation (“equalized State Valuation”) is listed at \$2,543,700,000. The 15% debt limit is \$381,555,000. As of June 30, 2015 the City’s long term general obligation debt outstanding was \$145,681,059, or 5.73% of the equalized State Valuation.

The City will certify on the date of issue of the Bonds that the City has not exceeded the foregoing debt limits and that issuance of the Bonds will not cause the City to exceed the debt limit.

DEBT SUMMARY

Year Issued	Issued (\$/000)	Final Date	Balance as of June 30, 2015			Projected, June 30, 2016			
			General Fund City	School	Enterprise Funds	Total Debt	Payments	Refunded	Balance Due
1996	2,942.9	10/1/2016			376,142	376,142	(184,938)	191,204	
1996 ⁽¹⁾	975.0	5/1/2016	102,246			102,246	(102,246)	0	
1997A	2,452.4	10/1/2017			446,023	446,023	(144,620)	301,403	
1998 ⁽¹⁾	280.0	11/1/2017	59,006			59,006	(22,819)	36,187	
1999A ⁽²⁾	259.8	7/17/2017			56,781	56,781	(18,011)	38,770	
2001 ⁽¹⁾	699.9	9/1/2021	334,874			334,874	(41,760)	293,114	
2003(SRF) ⁽³⁾	3,000.0	10/1/2022			130,471	1,304,471	(154,011)	1,150,460	
2003 ⁽⁴⁾	1,300.0	3/1/2023			684,336	684,336	(72,825)	611,511	
2005(SRF) ⁽³⁾	2,650.0	10/1/2024			1,451,904	1,451,904	(132,961)	1,318,943	
2006 ⁽²⁾	2,250.0	12/1/2025			1,499,687	1,499,687	(105,561)	1,394,126	
2006	4,933.0	9/1/2025	584,313		60,687	645,000	(335,000)	310,000	
2006(SRF) ⁽³⁾	2,000.0	4/1/2027			1,277,072	1,277,072	(97,161)	1,179,911	
2007	3,555.0	9/1/2026	1,955,000			1,955,000	(200,000)	200,000	
2007(SRF) ⁽³⁾	2,000.0	4/1/2028			1,379,961	1,379,961	(95,105)	1,284,856	
2009A	3,100.0	9/1/2028	2,170,000			2,170,000	(155,000)	2,015,000	
2009ARRA ⁽⁵⁾	1,960.0	4/1/2029			678,236	678,236	(48,445)	629,791	
2009ARRA ⁽⁵⁾	1,040.0	4/1/2030			385,320	385,320	(25,688)	359,632	
2009B	14,425.0	9/1/2019	2,190,407	4,010,692	603,901	6,805,000	(1,625,000)	5,180,000	
2011	6,391.0	4/1/2021	1,212,141		2,722,859	3,935,000	(650,000)	3,285,000	
2011 QSCB	5,610.0	7/15/2028		5,610,000		5,610,000	0	5,610,000	
2012	6,525.0	4/1/2022	1,745,782	1,568,316	1,020,902	4,335,000	(655,000)	3,680,000	
2012B	53,800.0	7/15/2042			52,820,000	52,820,000	(1,025,000)	51,795,000	
2012 QSCB	2,800.0	7/15/2035		2,800,000		2,800,000	0	2,800,000	
2013A	9,030.0	11/1/2032	6,999,955		1,390,045	8,390,000	(735,000)	7,655,000	
2013B	4,300.0	11/1/2033			4,150,000	4,150,000	(260,000)	3,890,000	
2014A	8,669.0	3/1/2034	6,755,000	1,140,000	285,000	8,180,000	(490,000)	7,690,000	
2014(SRF) ⁽³⁾	2,500.0	11/1/2034			2,500,000	2,500,000	(123,817)	2,376,183	
2015A	3,120.0	4/1/2030	2,720,000	400,000		3,120,000	(225,000)	2,895,000	
2015B	1,600.0	4/1/2035			1,600,000	1,600,000	(80,000)	1,520,000	
Sub-totals			26,828,724	15,529,008	76,693,327	119,051,059	(7,804,968)	(1,555,000)	109,691,091
2016A	3,294.0	9/1/2030						3,294,000	
2016B	920.0	9/1/2027						920,000	
Sub-totals								113,905,091	
2002(POB) ⁽⁶⁾	34,030.0	6/1/2026	20,827,464	1,332,819	4,469,717	26,630,000	(1,345,000)	25,285,000	
Total Projected Debt			47,656,188	16,861,827	81,163,044	145,681,059	(9,149,968)	(1,555,000)	139,190,091

NOTE: ⁽¹⁾ Indicates series of general obligation notes held as investments by the City's Airport Fund at fixed, taxable market rates of interest. The notes are structured with a put feature, which, upon certain precedent conditions, allows the Airport to present the notes for redemption to the City's General Fund. It is the City's intention, should a put occur, to fund the put by issuing a note to its Sewer Fund, converted to a three to five year note with level debt service, without put option.

⁽²⁾ Privately placed note, with specific terms of repayment and no put option.

⁽³⁾ Indicates State Revolving Loan Fund Program (the "SRF") administered jointly by the Maine Municipal Bond Bank (the "MMBB") and the State of Maine, acting by and through its Department of Environmental Protection.

⁽⁴⁾ The Briggs Building Note is a 20-year obligation funded by the City's Workers Compensation Reserve.

⁽⁵⁾ "ARRA" indicates American Recovery and Reinvestment Act of 2009 loans administered through the Maine Municipal Bond Bank. Portions of principal are forgiven; the loan is at 0%.

⁽⁶⁾ "POB" indicates Pension Obligation Bonds.

Shaded rows indicate Bonds to be refunded with a portion of the 2016 Series A Bonds, preliminary, subject to change.

**CITY OF BANGOR, MAINE
GENERAL OBLIGATION BONDS
PROJECTED PRINCIPAL PAYMENTS BY ISSUE
(\$/000)**

FY End June 30,	1996 B	1997 A	2002 POB	2003 SRF	2005 SRF	2006	2007 SRF	2007	2008 SRF	2009 A	2009 B	2009 ARRA	2009 ARRA	2011	2011 QSCB	2012	2012 Sr B	2012 QSCB	2013 Sr A	2013 Sr B	2014 Sr A	2014 SRF	2015 Sr A	2015 Sr B	Sub- total Debt	(less Ref'd'd)	2016 Sr A	2016 Sr B	Total Debt	
2016	185	145	1,345	154	133	335	97	200	95	155	1,625	48	26	650	0	655	1,025	0	735	260	490	124	225	80	8,787		0	0	8,787	
2017	191	149	1,520	156	136	310	99	200	97	155	1,635	48	26	655	5	645	1,080	0	675	255	490	124	225	80	8,955		119	80	9,154	
2018		153	1,665	159	138		100	200	99	155	1,645	48	26	675	5	630	1,135	5	820	255	490	124	225	80	8,832	(200)	320	80	9,032	
2019			1,865	161	141		102	195	100	155	985	48	26	700	5	620	1,190	5	750	250	490	124	225	80	8,218	(195)	315	80	8,418	
2020			2,085	164	144		104	145	102	155	915	48	26	730	5	605	1,255	5	740	250	485	124	220	80	8,387	(145)	265	80	8,587	
2021			2,320	167	146		105	145	104	155		48	26	525	5	595	1,315	5	735	250	485	124	220	80	7,556	(145)	265	75	7,751	
2022			2,575	170	149		107	145	106	155		48	26		5	585	1,385	5	730	250	480	125	220	80	7,346	(145)	265	75	7,541	
2023			2,850	173	152		109	145	108	155		48	26		5		1,455	5	725	250	480	125	220	80	7,111	(145)	265	75	7,306	
2024			3,145		155		111	145	110	155		48	26		5		1,520	5	720	250	480	125	220	80	7,299	(145)	265	75	7,494	
2025			3,460		158		112	145	112	155		48	26		5		1,585	5	560	255	480	125	220	80	7,531	(145)	265	75	7,726	
2026			3,800				114	145	114	155		48	26		5		1,650	5	415	150	480	125	180	80	7,492	(145)	265	75	7,687	
2027							116	145	116	155		48	26		5		1,715	5	285	160	450	125	180	80	3,611	(145)	265	75	3,806	
2028									118	155		48	26		5		1,780	5	285	165	450	125	180	80	3,422		120	75	3,617	
2029										155		48	26	5,550			1,830	5	40	170	450	125	180	80	8,660		100		8,760	
2030													26				1,890	5	40	180	300	126	180	80	2,826		100		2,926	
2031																	1,945	5	45	185	300	126		80	2,686		100		2,786	
2032																	2,005	5	45	195	300	126		80	2,756				2,756	
2033																	2,065	5	45	205	300	126		80	2,826				2,826	
2034																	2,135	5		215	300	126		80	2,861				2,861	
2035																	2,205	5				126		80	2,416				2,416	
2036																	2,275	2,710							4,985				4,985	
2037																	2,350								2,350				2,350	
2038																	2,435								2,435				2,435	
2039																	2,520								2,520				2,520	
2040																	2,610								2,610				2,610	
2041																	2,710								2,710				2,710	
2042																	2,820								2,820				2,820	
2043																	2,935								2,935				2,935	
	376	446	26,630	1,304	1,452	645	1,277	1,955	1,380	2,170	6,805	678	385	3,935	5,610	4,335	52,820	2,800	8,390	4,150	8,180	2,500	3,120	1,600	142,944	(1,555)	3,294	920	145,603	
																								Airport Fund:	496					
																								Private Loans:	1,556					
																								Briggs Bldg:	684					
																										145,681				

PROJECTED DEBT SERVICE REQUIREMENTS

Fiscal Yr. End June 30,	Prior Debt					The 2016 Bonds		Projected Total Debt Service
	Principal	Interest (and fees)	(less Ref'd'd)	POBs (Total D/S)	Total Prior Debt	Series A Total D/S	Series B Total D/S	
2016	\$7,804,968	\$3,470,323	\$0	\$3,062,635	\$14,337,926	\$0	\$0	\$14,337,926
2017	7,708,767	3,272,307	(45,786)	3,150,882	14,086,170	173,211	92,874	14,352,254
2018	7,440,745	3,044,921	(258,200)	3,197,842	13,425,308	387,700	96,865	13,909,873
2019	6,606,065	2,831,717	(245,300)	3,290,450	12,482,932	373,175	95,945	12,952,052
2020	6,567,145	2,628,840	(188,500)	3,390,158	12,397,643	314,475	94,865	12,806,983
2021	5,514,025	2,435,295	(182,700)	3,490,675	11,257,294	307,850	88,669	11,653,813
2022	5,061,928	2,255,815	(176,900)	3,596,035	10,736,878	302,550	87,356	11,126,784
2023	4,508,519	2,084,904	(171,100)	3,704,948	10,127,271	297,250	85,894	10,510,415
2024	4,310,406	1,933,351	(165,300)	3,816,122	9,894,580	291,950	84,281	10,270,811
2025	4,235,139	1,794,648	(159,500)	3,928,270	9,798,557	286,650	82,575	10,167,782
2026	3,864,258	1,661,816	(153,700)	4,045,100	9,417,475	281,350	80,775	9,779,600
2027	3,611,369	1,536,012	(147,900)		4,999,482	276,050	78,656	5,354,188
2028	3,422,391	1,427,607			4,849,998	127,200	76,219	5,053,417
2029	8,659,569	1,328,743			9,988,312	105,000		10,093,312
2030	2,826,249	1,235,119			4,061,368	103,000		4,164,368
2031	2,685,687	1,149,642			3,835,329	101,000		3,936,329
2032	2,755,813	1,066,971			3,822,784			3,822,784
2033	2,825,938	980,035			3,805,973			3,805,973
2034	2,861,065	888,954			3,750,019			3,750,019
2035	2,416,190	798,815			3,215,005			3,215,005
2036	4,985,000	716,719			5,701,719			5,701,719
2037	2,350,000	641,563			2,991,563			2,991,563
2038	2,435,000	560,763			2,995,763			2,995,763
2039	2,520,000	474,050			2,994,050			2,994,050
2040	2,610,000	384,275			2,994,275			2,994,275
2041	2,710,000	284,400			2,994,400			2,994,400
2042	2,820,000	173,800			2,993,800			2,993,800
2043	2,935,000	58,700			2,993,700			2,993,700
TOTAL	\$119,051,237	\$41,120,104	(\$1,894,886)	\$38,673,117	\$196,949,573	\$3,728,411	\$1,044,974	\$201,722,957

DEBT SERVICE COMPONENT OF OPERATING EXPENSES

(\$ in thousands)	Audited					Budgeted
	2011	2012	2013	2014	2015	2016
Gross Current Debt Service:	\$14,694	\$16,994	\$11,779	\$12,242	\$13,839	\$14,332
(less Self Support Enterprise):	(4,130)	(4,272)	(4,279)	(4,804)	(6,234)	(6,492)
(less State Qual. School):	(375)	(357)	(311)	(0)	(0)	(0)
(less POB):	(2,646)	(2,723)	(2,803)	(2,885)	(2,974)	(3,063)
(less Refunded Debt):	(5,075)	(5,230)	0	(0)	(0)	(0)
Tax Backed Current Debt Service:	\$2,468	\$4,412	\$4,386	\$4,553	\$4,631	\$4,777
Budgeted Operating Expense:	\$90,691	\$90,171	91,899	93,546	95,204	97,233
Debt Service as % Oper. Expense:	2.72%	4.89%	4.77%	4.87%	4.86%	4.91%

DEBT RATIOS

Bonded Debt to Equalized State Valuation and Per Capita Debt Ratios

Fiscal Yr. End June 30,	Pop	Equal. State Val. (000)	Assessed Valuation (000)	Total Debt (000)	Gross Debt		Net of POB	
					as % Eq. Val.	Per Capita	as % Eq. Val.	Per Capita
2015	32,568	\$2,481,850	\$2,613,028	\$145,681	5.87%	\$4,473	4.80%	\$3,655
2014	32,673	2,464,250	2,603,586	146,954	5.96%	4,498	4.83%	3,647
2013	32,963	2,462,650	2,582,242	145,219	5.90%	4,406	4.73%	3,531
2012	33,000	2,456,450	2,576,995	89,382	3.64%	2,705	2.43%	1,808
2011	33,039	2,466,650	2,578,274	90,441	3.67%	2,737	2.43%	1,815
2010	31,450	2,436,000	2,626,791	96,645	3.97%	2,925	2.69%	2,083
2009	31,329	2,377,800	2,544,916	94,311	3.87%	3,035	2.63%	1,999
2008	31,262	2,358,250	2,406,089	98,721	4.19%	3,177	2.82%	2,125
2007	31,749	2,213,950	2,224,049	104,132	4.70%	3,351	3.22%	2,247
2006	31,054	2,063,300	2,060,055	106,785	5.18%	3,436	3.57%	2,369

Bonded Debt to Equalized State Valuation and Per Capita Debt Ratios by Fund Type

Fiscal Yr. End June 30,	Debt, by Fund Type (\$/000)				As % Valuation, by Fund Type				Per Capita, by Fund Type (\$)			
	General Fund		Ent'p Fund	Total Debt	General Fund		Ent'p Fund	Total Debt	General Fund		Ent'p Fund	Total Debt
	City	School			City	School			City	School		
2015	47,656	16,862	81,163	145,681	1.9%	0.7%	3.3%	5.9%	1,463	518	2,492	4,473
2014	48,808	17,711	80,436	146,954	2.0%	0.7%	3.3%	6.0%	1,494	542	2,462	4,498
2013	45,039	17,688	82,492	145,219	1.8%	0.7%	3.4%	5.9%	1,366	537	2,503	4,406
2012	44,434	16,240	28,708	89,382	1.8%	0.7%	1.2%	3.6%	1,346	492	870	2,709
2011	46,585	11,870	31,985	90,441	1.9%	0.5%	1.3%	3.7%	1,410	359	968	2,737
2010	48,509	13,181	34,957	96,645	1.9%	0.5%	1.4%	3.9%	1,542	419	1,112	3,073
2009	48,390	8,298	37,623	94,311	2.0%	0.3%	1.6%	3.9%	1,545	265	1,201	3,010
2008	47,552	9,446	41,723	98,721	2.0%	0.4%	1.8%	4.2%	1,521	302	1,335	3,158
2007	49,711	10,610	43,810	104,131	2.2%	0.5%	2.0%	4.7%	1,566	334	1,380	3,280
2006	49,231	11,772	45,781	106,785	2.4%	0.6%	2.2%	5.2%	1,585	379	1,474	3,439

OVERLAPPING DEBT

The City is subject to an annual assessment of its proportional share of the County of Penobscot's expenses, including debt repayment, as determined by the percentage of the City's to the County's equalized State Valuation. On January 1, 2016 the City's equalized State Valuation of \$2,543,700,000 was 24.13% of the County's 2016 equalized State Valuation of \$10,539,800,000 (excluding Unorganized Territories). The County has \$0 long-term debt outstanding as of June 30, 2015.

The City is a member of the United Technologies Center, Region #4 (see "CITY OF BANGOR – PUBLIC EDUCATION – Other Education" herein) and is responsible for its proportionate share of Region #4's long-term debt, which is included in Region #4's annual assessment to the City. As of June 30, 2015, Region #4 had \$0 long-term debt outstanding.

CONTINGENT DEBT

The City has no debt or obligations for which it is responsible for on a contingent basis.

TOTAL GENERAL OBLIGATION, OVERLAPPING AND CONTINGENT DEBT

	General Fund	Enterprise	Overlapping	Total Debt
C/O Bangor-School	\$15,529,008			\$15,529,008
C/O Bangor-School (POB)	1,332,819			1,332,819
C/O Bangor-Other Gen'l Fund	26,828,724			26,828,724
C/O Bangor-Other Gen'l Fund (POB)	20,827,464			20,827,464
C/O Bangor- Enterprise		\$76,693,327		76,693,327
C/O Bangor- Enterprise (POB)		4,469,717		4,469,717
County of Penobscot			\$0	0
Region #4			0	0
Total A/O June 30, 2015	\$64,518,015	\$81,163,044	\$0	\$145,681,059

FUTURE FINANCING

The City’s CIP includes an inventory of possible capital projects that may be financed through the issuance of indebtedness. The issuance of debt, however, is subject to the prior review and approval of the City Council. The following are projects for which authorization is outstanding but the respective debt is authorized but has not been issued; or projects that, while the City Council has not yet taken formal action for authorization of the issuance of debt, the City expects that such action will be taken imminently and that debt will be issued.

Bangor Nursing & Rehabilitation Center

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 the Bangor Nursing & Rehabilitation Center, a wholly-separate, not-for-profit 501(c)(3) organization formerly owned and operated by the City, located at 103 Texas Avenue. As of June 30, 2015, \$155,000 remains authorized and unissued. The City expects to issue the debt within the next 36 months.

Penobscot River Remediation

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, 2015, \$1,590,000 remains authorized but unissued. The City will continue to monitor when and if further debt will be issued.

Clean Water State Revolving Fund

By Order #15-268, on August 10, 2015 and Order # 16-089, on February 22, 2016, the City Council approved a borrowing, not to exceed \$3,870,000 and \$2,145,000, respectively, (or a consolidated \$6,015,000) from the Clean Water State Revolving Fund (“CWSRF”) administered jointly by the Maine Municipal Bond Bank and the State Department of Environmental Protection (“DEP”). The City contemplates that this financing will occur within the next 12 months.

RETIREMENT

The City provides retirement pensions for its employees through a number of vehicles, including a defined contribution plan, defined benefit pension plan and social security. Effective April 1, 2001, all new eligible employees are covered by the City’s defined contribution plan. Prior to that date, the City’s

primary retirement vehicle was the Maine State Retirement System's ("MSRS") predecessor to Maine Public Employees Retirement System ("MainePERS") defined benefit plan (as discussed below). Existing employees were given the choice of remaining in the defined benefit plan or entering the new defined contribution plan.

A. DEFINED CONTRIBUTION PLAN

Description of the Plan - The City provides pension benefits for certain employees through a 401(a) defined contribution plan administered by the International City Managers Association Retirement Corporation ("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.

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 2015 covered payroll was \$17,569,991 and City contributions were \$1,515,539. For those plan members that have employment contracts, the City contributes at various rates from 10% to 15% of annual earnings. The covered payroll and City contributions for those employees with employment contracts were \$475,631 and \$55,053, respectively, in fiscal year 2015.

B. DEFINED BENEFIT PENSION PLAN

Description of the Plan - For certain employees the City contributes to the Maine Public Employees Retirement System ("MainePERS") Consolidated Plan for Local Participating Districts ("PLD Plan") and MainePERS State Employee and Teacher Plan ("SET Plan"). MainePERS is successor to the Maine State Retirement System ("MSRS"), a cost-sharing multiple-employer defined benefit pension plan. The MSRS was established in 1942, and effective September 20, 2007, by virtue of Chapter 58 of the Public Laws of 2007, MSRS was renamed MainePERS. MainePERS was established and is administered under the Maine State Retirement System Laws, Title 5, Chapters 421, 423 and 425 of the Maine Revised Statutes, as amended. The CPPLD 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. MainePERS issues a publicly available financial report that includes financial statements and required supplementary information for the CPPLD. 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.

In June 2012, the GASB issued GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* an amendment of GASB Statement No. 27. This statement improves accounting and financial reporting by state and local governments for pensions. The new statement is effective for periods beginning after June 15, 2014.

Benefits Provided – The PLD and SET Plans provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of credit service. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 20 or 25 years of service for certain public safety employees; for SETP members, normal retirement age is 60, 62 or 65. The normal retirement age is determined by whether a member had certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed

factor for each year of age that a member is below his/her normal age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

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

PLD Plan – Employees are required to contribute 7% of their annual pay. The City’s contractually requirement contribution rate for the year June 30, 2015 ranged from 7.80% - 13.40% depending on the applicable benefit structure. The City’s contributions to the pension plan were \$807,117 for the year ended June 30, 2015.

SET Plan – Maine statute requires the State to contribute a portion of the City’s contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City’s contractually required contribution rate for the year ended June 30, 2015 was 15.68% of annual payroll of which 2.65% of payroll was required from the City and 13.03% was required from the State. Contributions to the pension plan from the City were \$668,126 for the year ended June 30, 2015.

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

PLD Plan – At June 30, 2015, the City’s reported liability of its proportionate share of the net pension liability was \$3,475,288. At June 30, 2014, the City’s proportion of the PLD plan was 2.2584%.

SET Plan – At June 30, 2015, the City’s reported liability of its proportionate share of the net pension liability was reduced to reflect the State support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability associated with the City were as follows:

City’s proportionate share of the net pension liability:	\$1,011,232
State’s proportionate share of the net pension liability:	<u>22,516,392</u>
Total:	\$23,527,624

At June 30, 2014, the City’s proportion of the SET Plan was 0.0936%.

For the year ended June 30, 2015, the City recognized pension expense of (\$554,014) for the PLD Plan and \$3,401,227 and revenue of \$3,285,152 for support provided by the State for the SET Plan. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:	\$327,292	\$3,371
Changes of Assumptions:	46,428	-
Net difference between projected and actual earnings on pension investments:	-	3,298,975
Changes in proportion and differences between contributions and proportionate share of contributions:	273,483	678,805
The City's contributions subsequent to the measurement date:	<u>21,475,243</u>	<u>-</u>
Total:	\$2,122,446	\$3,981,151

\$1,475,243 is reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>PLD Plan</u>
2016	(\$794,799)
2017	(794,799)
2018	(919,604)
2019	(824,746)

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2014 and 2013, methodology and assumptions are detailed in "APPENDIX A - CITY OF BANGOR, MAINE, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2015" pages II - 55 et seq, herein.

C. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, 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.

D. SOCIAL SECURITY

The City does not have an IRS 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 POST EMPLOYMENT BENEFITS

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.

An OPEB liability actuarial valuation report was completed on October 19, 2011 by consultants retained by the City with an Actuarial Valuation Date of June 30, 2015. GASB 45 advises that valuations should be conducted at least bi-annually for plans with a total membership of greater than 200 plan members. The City expects to receive a new valuation in two years accordingly.

Plan Descriptions - 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 30 years. The following table represents the OPEB costs for the year and the annual required contribution:

Annual required contribution (“ARC”):	\$604,811
Amortization adjustment to ARC:	(185,593)
Interest:	<u>128,372</u>
Annual OPEB cost:	\$547,590

Net OPEB Obligation - The City’s net OPEB obligation was calculated as follows:

	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Annual OPEB cost:	\$557,850	\$550,729	\$547,590
City contributions:	<u>(274,117)</u>	<u>(235,369)</u>	<u>(253,004)</u>
Increase in OPEB	283,733	315,360	294,586
Net OPEB, beginning year:	<u>2,610,196</u>	<u>2,893,929</u>	<u>3,209,289</u>
Net OPEB, end year:	\$2,893,929	\$3,209,289	\$3,503,875
% contributed:	49.14%	42.74%	46.20%

Funding Status and Funding Progress - The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2013 is as follows:

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u> <u>June 30, 2015</u>
Actuarial accrued liability (“AAL”):	\$5,310,515	\$1,525,576	\$6,836,090
Actuarial value of plan assets:	<u>-</u>	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability (“UAAL”):	5,310,515	1,525,476	6,836,091
Covered payroll:	\$16,550,206	\$4,754,453	21,304,659
UAAL as a percentage of covered payroll:			32.09%

The City does not believe that its OPEB liabilities, as determined pursuant to GASB Statement 45, have a material impact on its current financial condition or operations. The City has monitored and will continue

to monitor its OPEB liabilities as determined pursuant to GASB Statement 45. The City does not, however, offer any assurance as to the impact, if any, of future OPEB liabilities, as determined pursuant to GASB Statement 45, on the City's future financial condition or operations. For additional information about the City's OPEB liabilities, see "Other Post Employment Benefits" in Notes to Basic Financial Statements in APPENDIX A hereto.

ENVIRONMENTAL MATTERS

Securities and Exchange Commission Regulation 229.103 (the "Regulation") requires that issuers subject to the disclosure requirements of the Securities Exchange Act of 1934 disclose, among other things, any material pending legal proceedings, including without limitation, legal proceedings involving environmental issues. The Regulation states that no information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed ten percent (10%) of the current assets of the issuer, and, if a governmental authority is a party to such proceeding and such proceeding involves potential monetary sanctions, unless the issuer reasonably believes that such proceeding will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than \$100,000. Although the City, as an issuer of municipal securities, is not subject to the provisions of the Regulation or the Securities Exchange Act of 1934, the City is voluntarily making the following disclosure with respect to environmental liabilities described below.

Penobscot River Cleanup

In 2002, the City filed suit against Citizens Communications 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 the River bottom remediation. A Consent Decree has been negotiated with the State Department of Environmental Protection ("DEP") for the River bottom 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.

Wastewater Discharge Consent Decree Compliance

In November 2015, the City entered into a consent decree with the Environmental Protection Agency ("EPA") pursuant to which the City is required to (1) implement a capacity management operations and maintenance program for the sewer collection system, (2) implement a municipal separate storm sewer system illicit discharge detection and elimination program, (3) develop and implement a Phase II long-term control plan for the combined sewer overflow program, and (4) otherwise take such measures as are necessary to achieve and maintain compliance with the Clean Water Act and permits required of the City thereunder.

LITIGATION

In the opinion of City officials there is no litigation pending or threatened against the City which, either individually or in the aggregate, would result in judgments that would have a materially adverse effect on the City's financial position or its ability to meet its debt service obligations.

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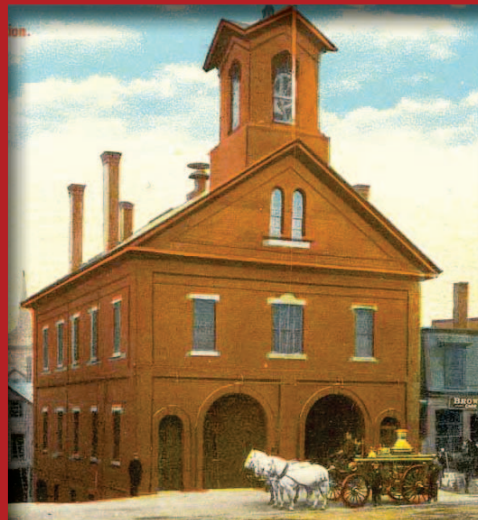
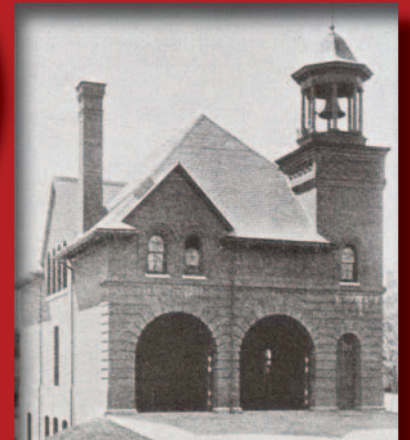
APPENDIX A

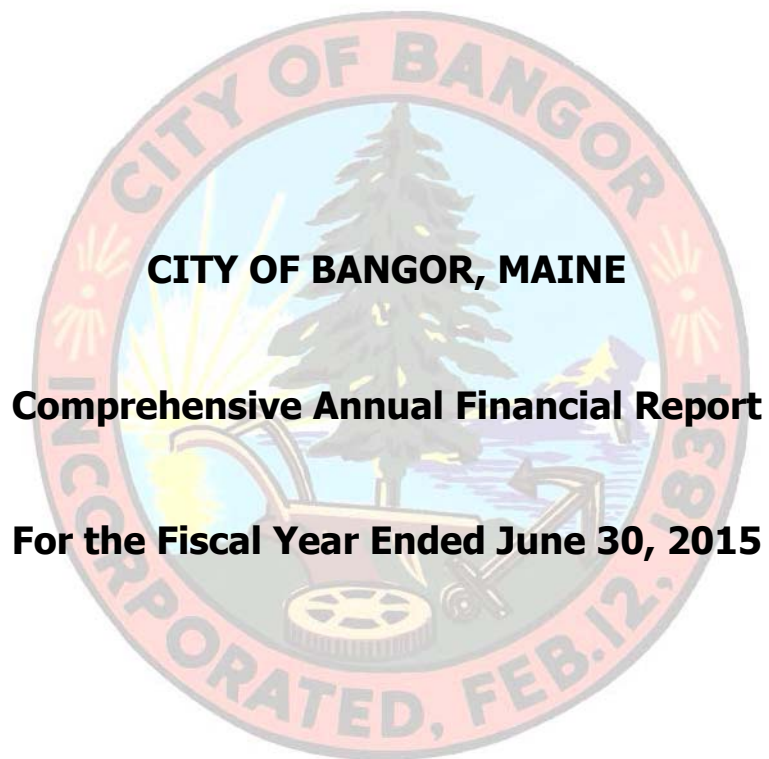
**CITY OF BANGOR, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE
YEAR ENDED JUNE 30, 2015**

(With Report of Independent Auditors' Thereon)

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CITY OF BANGOR, MAINE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR JUNE 30, 2015





CITY OF BANGOR, MAINE
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

Prepared by:

Debbie Cyr, Finance Director

David Little, Tax Collector/Deputy Treasurer

CITY OF BANGOR, MAINE
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INTRODUCTORY SECTION



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FINANCE DEPARTMENT
Deborah A. Cyr, Finance Director

December 23, 2015

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, 2015 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.

During 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions, to account for the addition of the City's proportionate share of the Maine Public Employees Retirement System's net pension liabilities and associated deferred inflows and outflows.

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 Amendments of 1996 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, is 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, which occupies approximately 35 square miles on the western shore of the Penobscot River, was first settled in 1656, incorporated as a town on February 25, 1791 and as a city on February 12, 1834. The City of Bangor is the third largest City in Maine, and serves as the County Seat for Penobscot County. As a result, Bangor serves as the major trade, distribution, service, and commercial center for the central, eastern, and northern portions of the State.

Bangor has operated under a Council-Manager Charter, since 1931. 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 which are accounted for in the City's General Fund. Additionally, the City of Bangor owns and operates the Bangor International Airport, sanitary sewer services, storm water utility, the Bass Park Complex (Cross Insurance Center), parking, golf course, economic development, and a transitional housing complex (the housing complex operation was disposed of June 30, 2015) which 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 eight 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 of Bangor is recognized as the major service center in northern and eastern Maine for communications, banking, commercial, industrial, healthcare, and governmental sectors of the State. In addition, Bangor serves as northern New England's economic link to the Canadian Maritimes and eastern Quebec.

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 2015 unemployment rate of 4.6% continues to be on par with or below both country and state rates of 5.3% and 4.7%, respectively.

Bangor serves as one of the largest retail markets in Maine. 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 FY 2015, Bangor's retail taxable sales were \$1.63 billion and represent 8.68% of total State retail taxable sales.

Further evidence of continuing sustained growth is the change can be measured by 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. Although assessed valuations have remained relatively flat since the FY 2011 economic downturn, the City has experienced a total increase in assessed valuations over the past decade of 3.76%, which is comparatively moderate. Although the City experienced moderate increases in assessed valuations, the City also realized significant reductions in State funded Revenue Sharing and Aid to Education, which resulted in reductions of 14.95% in non-tax revenues. As a result, the City implemented a number of cost control measures, including work force reductions. Despite the cost control measures, the reductions in revenues resulted in an overall increase of 6.42% in the tax rate from 2006 to 2015. The City has estimated that reductions of state funding caused the City tax rate to increase by \$3.26.

The City is committed to preserving its viable economic base while creating new opportunities for future residential and commercial growth. To achieve these objectives, the City is proactive in supporting economic activity through planned capital improvements, innovative financing, and aggressive marketing as well as enhancing our citizens' quality of life.

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.

The City has made significant investments in its operating and capital infrastructure to support its economic base. Major areas of investment include:

- Construction of the Cross Insurance Center, a 5,800 seat state of the art arena and adjoining conference center;
- \$14 million reconstruction of Bangor International Airport's domestic air service terminal;
- Expansion of C&L Aerospace, which provides worldwide operators with aircraft parts, service, maintenance, sales and leasing services, which created over 120 jobs in Bangor;
- Revitalization of the City's core downtown to encourage mixed use development, including residential, commercial and cultural opportunities;
- Improvements to our local environment and protection of natural resources, the major emphasis being storm water management with the implementation of a storm water utility in order to fund the associated costs.

The City is proactively addressing quality of life issues and housing opportunities. Key initiatives to date include:

- Implementation of the west side neighborhood revitalization plan;
- Enactment of disruptive property ordinance and foreclosed property registration program;
- Provided assistance to homeowners through CDBG funding including expansion of two programs;
- Sustained commitment to academic excellence for all;
- Continued support of arts and culture.

Finally, the City has taken measures to implement significant technology improvements that will improve overall efficiency including the implementation of a new financial system; upgrades to GIS mapping; implementation of a new website, a mobile app and expanded presence on social media.

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, 2015 was 10.86% 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, 2014. 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

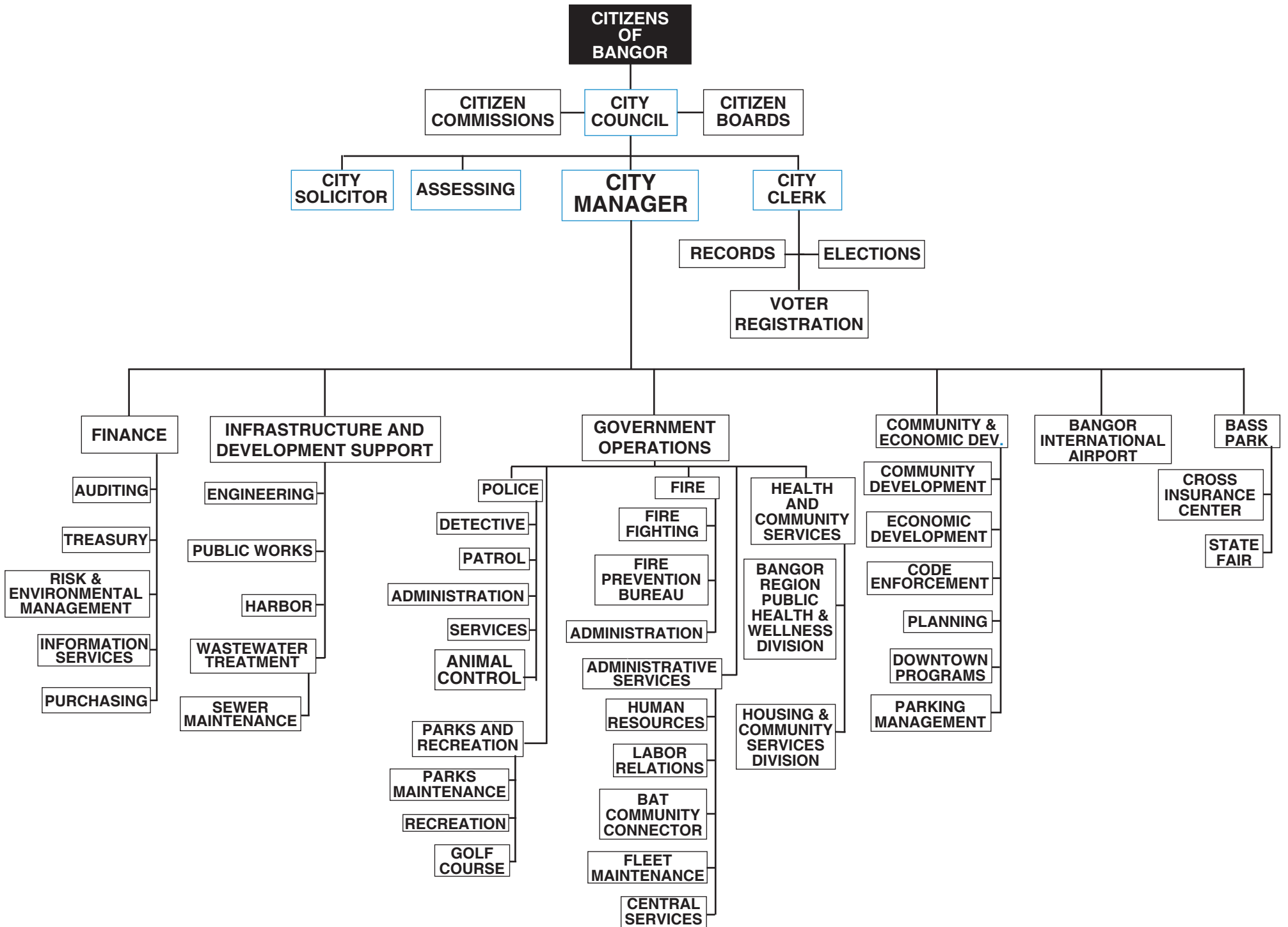
**City of Bangor
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

CITY OF BANGOR ORGANIZATIONAL CHART Revised (09-13)



**City of Bangor, Maine
Elected Officials and Principal Administrative Officers
June 30, 2015**

City Council

Nelson Durgin, Chair

Joseph Baldacci
Pauline Civiello
Gibran Graham
Joshua Plourde

Patricia Blanchette
Sean Faircloth
David Nealley
Benjamin Sprague

City Staff

Catherine M. Conlow, City Manager
Philip Drew, City Assessor
Lisa Goodwin, City Clerk
Norman Heitmann, City Solicitor

School Committee

Warren Caruso, Chair

Marc Eastman
Sarah Smiley
Marlene Susi

Susan Hawes
Susan Sorg
Jay Ye, Vice Chair

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 discretely 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bangor, Maine's basic financial statements. The introductory section, combining and individual fund financial statements, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also not a required part of the basic financial statements.

City Council
City of Bangor, Maine

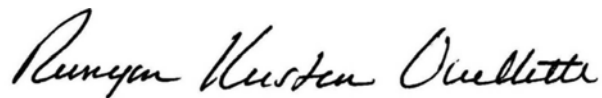
The combining and individual fund financial statements, the detailed budgetary comparison schedule, the schedule of expenditures of federal awards, the other schedules and statistical section are the responsibility of management and were derived from and relate directly to the underlying accounting and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

In our opinion, the combining and individual fund financial statements and 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 21, 2015, 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 21, 2015
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, 2015. 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 and deferred outflows of the City of Bangor exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$194.0 million (net position).
- At the close of fiscal year 2015, the City of Bangor's governmental funds reported combined ending fund balances of \$26.8 million, an increase of \$.8 million over the prior year balance of \$26.0 million. The increase is due wholly to excise tax receipts exceeding estimates within the General Fund. All other governmental fund balances remained relatively unchanged from prior year amounts. Approximately 76% of the total amount, or \$20.3 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 \$10.0 million, or 10.86% 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 activities decreased \$3.4 million over the restated prior year balance. The decrease is primarily due to a reduction in accounts payable, which can vary significantly due to the timing of invoices received and/or the projects being undertaken and a reduction in general obligation debt. Enterprise fund liabilities and deferred inflows of resources remained relatively unchanged increasing \$116 thousand over the restated prior year balances.

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 and outflows, 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, Stormwater Utility, 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 eight individual proprietary funds, of which the Sewer Utility, Airport, and Bass Park Funds are considered to be major. Data from five 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 – C11).

- 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 can be found on pages II-30 through II-59 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			
	2015	2014*	2015	2014*	2015	2014*
Current & other assets	40,071,698	40,224,214	26,939,311	25,355,267	67,011,009	65,579,481
Capital assets, net of						
accumulated depreciation	78,323,398	77,801,071	230,272,012	232,829,008	308,595,410	310,630,079
Total assets	118,395,096	118,025,285	257,211,323	258,184,275	375,606,419	376,209,560
Deferred outflows of resources	1,872,874	1,265,932	249,572	163,996	2,122,446	1,429,928
Total deferred outflows	1,872,874	1,265,932	249,572	163,996	2,122,446	1,429,928
Long-term debt outstanding	76,883,732	82,430,912	86,022,899	86,907,493	162,906,631	169,338,405
Other liabilities	6,106,273	6,941,010	5,733,542	5,463,473	11,839,815	12,404,483
Total liabilities	82,990,005	89,371,922	91,756,441	92,370,966	174,746,446	181,742,888
Deferred inflows of resources	8,213,055	5,200,850	730,549	-	8,943,604	5,200,850
Total deferred inflows	8,213,055	5,200,850	730,549	-	8,943,604	5,200,850
Net position:						
Net investment in capital assets	50,030,025	49,674,874	156,544,970	159,116,820	206,574,995	208,791,694
Restricted	1,028,381	1,027,484	-	-	1,028,381	1,027,484
Unrestricted, as restated	(21,993,496)	(25,983,913)	8,428,935	6,860,485	(13,564,561)	(19,123,428)
Total net position	29,064,910	24,718,445	164,973,905	165,977,305	194,038,815	190,695,750

* Restated - Refer to 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 refers to 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 \$13.6 million, the governmental activities deficit of \$22.0 million is partially offset by the business type activities balance of \$8.4 million. The governmental activities deficit is primarily due to \$22.2 million in outstanding pension obligation bonds.

Governmental activities net position increased \$4.3 million. The major components associated with the increase in governmental activities net position is a reduction of the net pension liability and related deferred inflows of \$915 thousand, excise tax receipts exceeding estimates by \$445 thousand, and \$3.1 million in additional property tax revenue. During FY 15, the City implemented GASB 68, Accounting and Financial Reporting for Pensions, to account for the addition of the City's proportionate share of the Maine Public Employees Retirement System's net pension liabilities and associated deferred inflows and outflows.

Business-type net position decreased \$1 million over FY 2014 restated net position. The decrease in net position is largely due to the fact that user fees cannot absorb annual depreciation expense, due to the significant costs of infrastructure, specifically within the Airport Fund and Bass Park Fund. This impact was dampened by increased sewer user fees. Sewer user fees have been adjusted annually to ensure adequate resources to fund improvements required under a recently completed consent decree with the EPA (Refer to Note C).

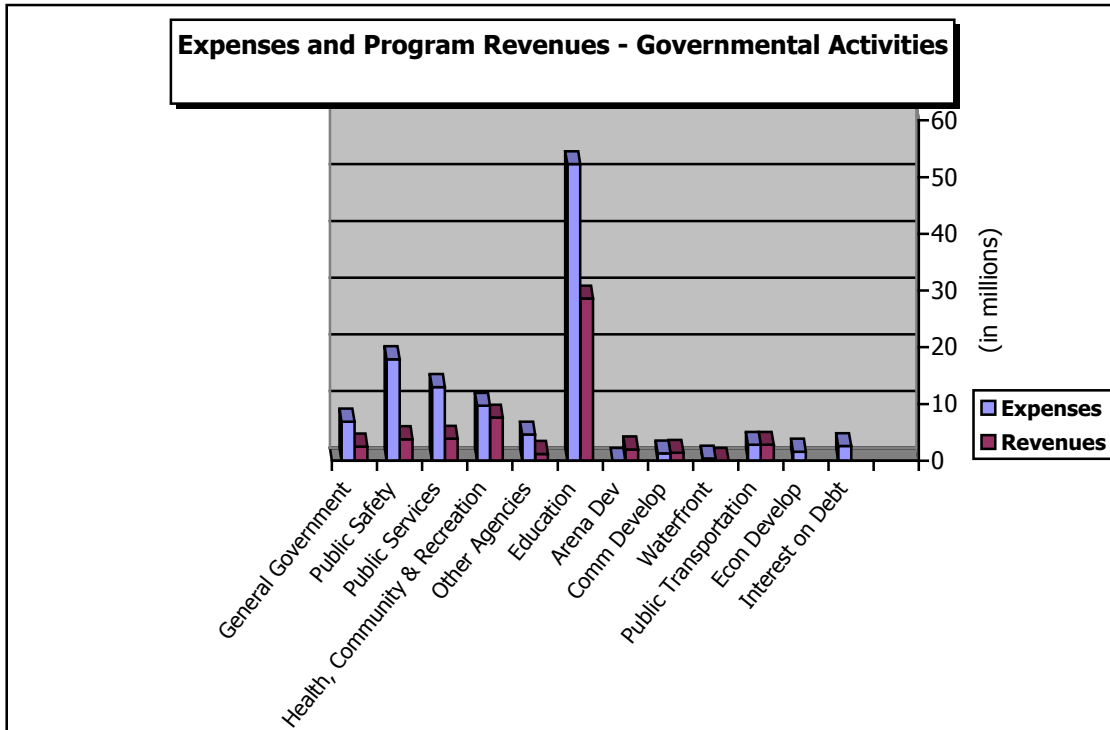
Changes in Net Position

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

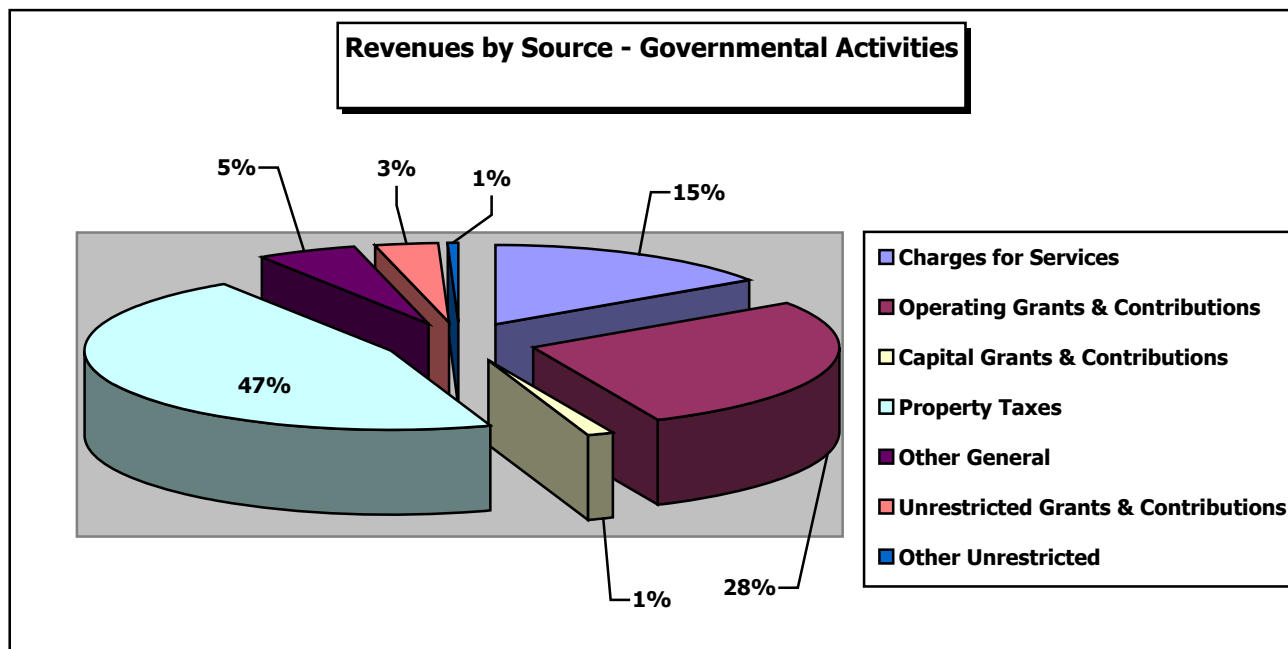
	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for services	18,492,398	17,634,792	27,236,139	26,221,323	45,728,537	43,856,115
Operating grants & contributions	33,541,085	34,600,320	193,061	-	33,734,146	34,600,320
Capital grants & contributions	1,540,614	1,720,879	6,947,799	4,039,968	8,488,413	5,760,847
General Revenues						
Property and other taxes	61,646,435	58,155,135	800,000	750,000	62,446,435	58,905,135
Grants and contributions not restricted to specific programs	3,794,664	3,787,128	-	-	3,794,664	3,787,128
Other	824,914	512,292	462,069	504,584	1,286,983	1,016,876
Total Revenues	119,840,110	116,410,546	35,639,068	31,515,875	155,479,178	147,926,421
Expenses						
General government	6,871,396	7,110,075	-	-	6,871,396	7,110,075
Public safety	17,933,525	18,050,107	-	-	17,933,525	18,050,107
Health, community and recreation	9,692,379	9,586,571	-	-	9,692,379	9,586,571
Public services	12,956,599	14,249,015	-	-	12,956,599	14,249,015
Other agencies	4,638,805	6,799,934	-	-	4,638,805	6,799,934
Education	52,297,774	50,594,050	-	-	52,297,774	50,594,050
Arena development	-	500,566	-	-	-	500,566
Community development	1,316,591	2,178,972	-	-	1,316,591	2,178,972
Waterfront	360,004	272,857	-	-	360,004	272,857
Public transportation	2,784,081	2,782,968	-	-	2,784,081	2,782,968
Interest on debt	2,604,030	2,464,804	-	-	2,604,030	2,464,804
Economic development (tif)	1,568,811	1,440,452	-	-	1,568,811	1,440,452
Sewer Utility	-	-	6,603,195	6,843,975	6,603,195	6,843,975
Airport	-	-	20,893,894	20,855,066	20,893,894	20,855,066
Park Woods	-	-	507,210	497,833	507,210	497,833
Stormwater Utility	-	-	241,082	149,590	241,082	149,590
Parking	-	-	978,658	925,595	978,658	925,595
Bass Park	-	-	7,855,957	6,317,039	7,855,957	6,317,039
Municipal Golf Course	-	-	849,164	643,323	849,164	643,323
Economic Development	-	-	698,294	628,252	698,294	628,252
Total Expenses	113,023,995	116,030,371	38,627,454	36,860,673	151,651,449	152,891,044
Excess (deficiency) before special items and transfers	6,816,115	380,175	(2,988,386)	(5,344,798)	3,827,729	(4,964,623)
Special Item	-	-	(484,664)	-	(484,664)	-
Transfers	(2,469,650)	(3,170,717)	2,469,650	3,170,717	-	-
Change in net position	4,346,465	(2,790,542)	(1,003,400)	(2,174,081)	3,343,065	(4,964,623)

Governmental Activities

The cost of all governmental activities was \$113.0 million. As shown on the Statement of Activities, the total amount financed by the property tax was \$55.3 million, or 49% of expenses. Those who directly benefit from an activity provided \$18.5 million in payments. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$33.5 million. Capital grants and contributions accounted for \$1.5 million. The City also received \$11 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 decreased \$3.0 million over the prior year. During FY 2014, the Community Development Block Grant program spent down a significant amount of prior years accumulated program income, therefore FY 2015 expenses decreased by \$862 thousand. FY 2014 other agencies expenses included one-time contributions to the Bangor Public Library's capital campaign, as a result FY 2015 expenses have decreased by \$2.2 million. Public services expenses decreased as resources were invested in capital assets additions such as; Main Street, West Market Square and Court Street reconstructions, in lieu of street and sidewalk maintenance. Lastly, as of July 1, 2014, the Southern Penobscot Regional Program for Children with Exceptionalities (SPRPCE) transitioned to the Bangor School Department, which accounts for the increase in education expenses. The SPRPCE was established by fourteen school units to comply with US Public Law 94-142 that "guaranteed a free appropriate education to each child with a disability". During FY 2015, City employees did receive a cost of living adjustment of 2% and realized health insurance increases of 6% which resulted in approximately \$208 thousand of increased expenses.

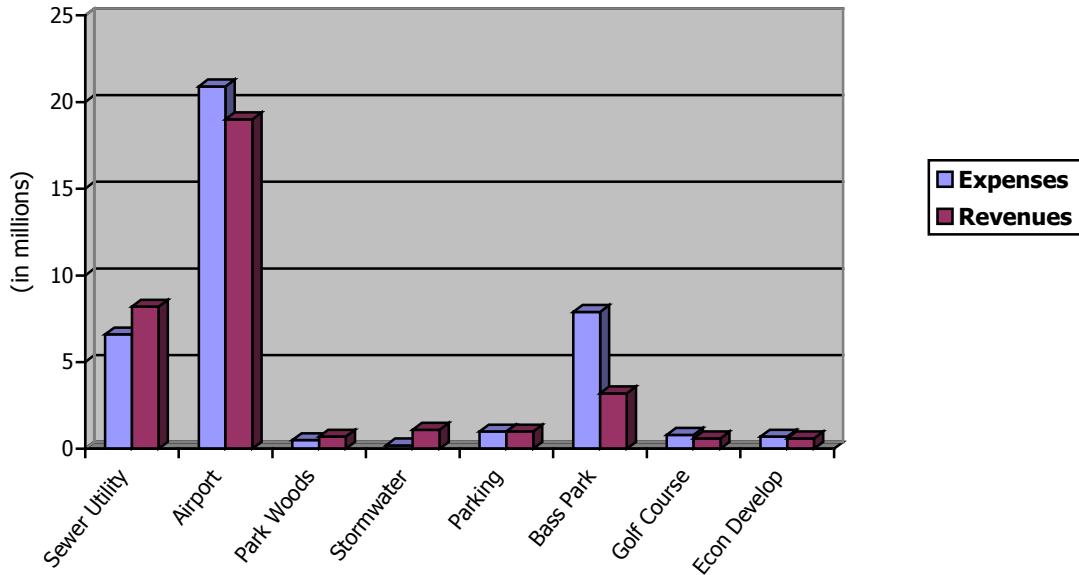


Total governmental activities' revenues increased \$3.4 million, or 2.9%. The largest single source of revenue continues to be the property tax, which increased \$3.1 million. In addition, the City realized one time increases in excise taxes of \$445 thousand. Capital grants and contributions decreased \$180 thousand due to less Homeland Security Grant funds utilized for public safety purposes. Operating grants and contributions decreased \$1.1 million due to lower State and Federal funding of education. In total, charges for services increased \$858 thousand. Education charges for services increased \$1.25 million, primarily due to the inclusion of the SPRPCE program fees from sending school units. Building permits decreased \$681 thousand as FY 2014 included permit fees for a significant healthcare facility expansion.

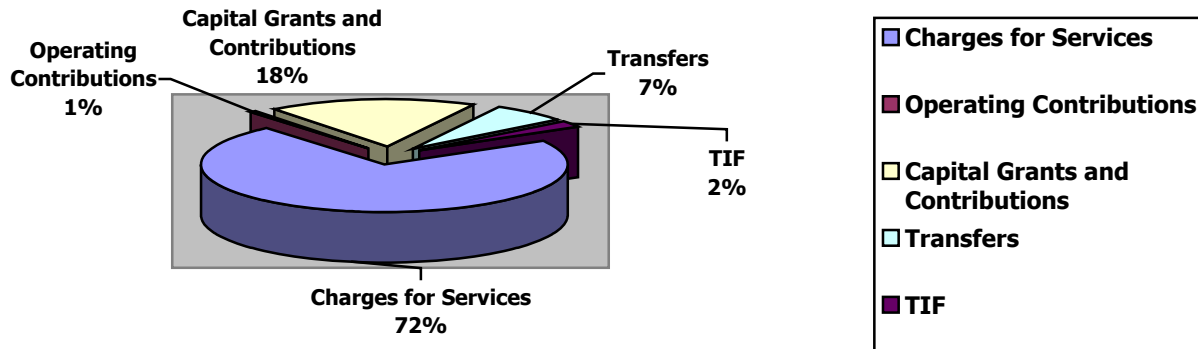
Business-type Activities

Total business-type activities expenses increased \$1.8 million compared to prior year levels. For FY 2015, the City employees working in business-type activities did receive a cost of living adjustment of 2% and realized health insurance increases of 6%. Lastly, the most significant increase in business-type activities expenses of \$1.5 million is related to the operation of the City's new arena and conferences center, the Cross Insurance Center, which was open for the entirety of FY 2015 and is reported within the Bass Park Fund.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



In total, business-type activities revenue increased \$4.1 million or 13.1%, the \$2.9 million increase in capital grants and contribution was related to the Airport capital grants associated with the domestic terminal renovation project. Charges for services increased \$1 million due to both the Cross Insurance Center and the Stormwater Utility Fund being in operation for all of FY 2015.

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 \$26.8 million, an increase of \$888 thousand over the prior year balance. The increase is due wholly to excise tax receipts exceeding estimates by \$1.2 million within the General Fund. The majority of this increase was due to certain rental car agencies registering significantly more vehicles in the City during FY 15. All other governmental fund fund balances remained relatively unchanged from prior year amounts. Of the ending balance of \$26.8 million, approximately 76% of this total (\$20.3 million) is either committed, assigned or unassigned and is available for spending by formal action of the City Council and \$3.5 million, or 13.1%, 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 \$18.2 million, a \$1.2 million increase from the prior year's balance of \$17.0 million. The overall increase in fund balance is related to additional automobile excise tax receipts.

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 2015 were significantly lower compared to the prior year, which was as expected as in FY 2014 the City had set aside funding for specific targeted areas including the west side neighborhood revitalization, enhanced residential rehabilitation programs and specific economic development projects, which were completed during the prior year. While the FY 2015 federal funding amount remained relatively flat, it does represent a nearly 35% reduction since FY 2012.

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 \$2.1 million towards the annual debt service costs of the Cross Insurance Center.

The Capital Projects Fund varies significantly from year to year depending upon City Council priorities and available funding opportunities. Total expenditures decreased \$4.8 million over the prior year. Significant project costs incurred in FY 2014 included \$2.5 to replace the Bangor

Public Library dome, \$1.1 million to renovate Cameron Stadium, a multi-sport school based facility and \$1 million of general school facilities improvements.

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 eight enterprise funds by decreased \$1 million to \$165.0 million versus the restated net FY 2014 net position of \$166.0 million (See Note H – Restatement). The overall decrease in net position is driven by the fact that depreciation expense within the Airport and Bass Park Funds significantly exceeds capital acquisitions. The overall decrease is partially offset by increased capital grants received by the Airport Fund and increased revenues resulted from an entire year of operations for the Cross Insurance Center and sewer user fee increases, all other operating revenues and expenses remained relatively flat. Of note, is the fact that the City sold the operation and assets for the Park Woods Fund on June 30, 2015 (Refer to Note G).

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 \$2.8 million. There were minimal additional amendments to the originally adopted budget. The City's commitment to budgetary integrity continues, actual operating revenues ended the year over budget estimates 3.46%, or \$3.4 million, municipal expenditures were over budget by 0.60%, or \$300 thousand. Education expenditures were under budget by \$2.8 million or 5.4% and by statute, education balances must be segregated from municipal balances.

Capital Asset and Debt Administration

Capital assets. As of June 30, 2015, the City of Bangor's investment in capital assets for its governmental and business-type activities amounted to \$308.6 million (net of accumulated depreciation), a decrease of \$2.0 million over the prior year. This investment includes land, buildings, machinery and equipment, roads, runways, and sewer lines. Depreciation expense of \$17.7 million exceeded the City's investment in capital assets for the current fiscal year of \$16.2 million. Governmental activities invested \$4.7 million, and business-type activities invested \$11.5 million and depreciation expense was \$4.1 million and \$13.6 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 and operating funds to capitalize \$845 thousand in rehabilitating and upgrading the City's various school facilities.
- The School Department invested \$400 thousand to upgrade its aging multi-sport facility, Cameron stadium.
- 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 and open space infrastructure upgrades, which amounted to \$2.3 million and spent \$1.1 million to replace vehicles.
- The Airport Fund invested \$8.7 million in operational assets at Bangor International Airport. The Airport is in the midst of a \$13.5 million dollar renovation of its domestic terminal building. The project entails the reconfiguration of the entire first floor to better serve passengers such as; new airline and rental car counters, a behind the wall in-line baggage

screening, restrooms and overall aesthetic improvements. The project includes federal and passenger facility charge funds and a \$1.6 million local share. During FY 2015, \$5.8 million was invested in this project. In addition to the terminal project, the Airport invested nearly \$2.6 million in runway system upgrades which are funded through the Federal Department of Transportation’s Airport Improvement Plan.

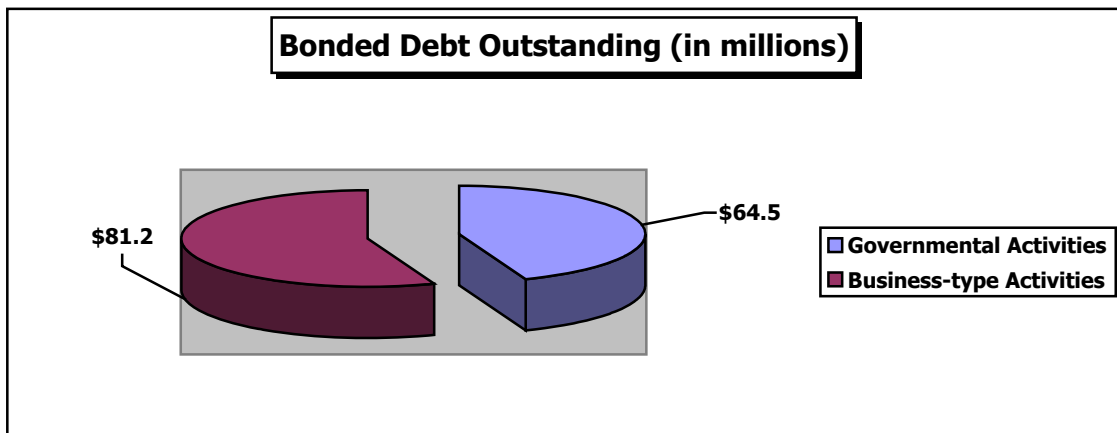
- The Sewer Fund invested \$2.8 million in sewer replacement and separation projects.
- On June 30, 2015, the City sold the Park Woods Fund operation including its \$2.3 million of assets (Refer to Note G – Disposal of Operations).

Capital Assets (net of depreciation)

	Governmental Activities	Business-type Activities
Land and improvements	11,625,021	4,802,820
Buildings and improvements	43,707,180	69,951,475
Machinery and equipment	1,685,481	3,052,690
Vehicles	7,364,090	-
Infrastructure	11,057,323	46,113,121
Parking structures	-	2,437,150
Aircraft operational assets	-	91,347,139
Construction in process	2,884,303	12,567,617
Total	78,323,398	230,272,012

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 \$145.7 million, a decrease of \$1.3 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 \$381.6 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-45 to II-48 of this report.

Quality of Life

Bangor offers a diversity of experiences for our residents and visitors alike. The City serves as the urban, commercial, healthcare, governmental service and cultural center of a large geographic area. This diversity coupled with the City's commitment to support core municipal services, academic excellence and arts and culture distinguishes it from surrounding communities. While this activity has been beneficial to our citizens and the region, it presents some additional social challenges for Bangor. Specifically, Bangor serves as the regional center for medical care, social services and affordable housing. Unfortunately, significant reductions in State GA funding, housing assistance, mental health treatments, and medical reimbursements as well as Federal reductions in programs such as Community Development Block Grants have created significant challenges for the City. Moreover, these reductions were implemented just as significant job losses were occurring throughout the region.

These challenges have led the City to be more proactive in its approach to dealing with issues that have arisen. For example, a west side neighborhood was identified as needing strategic investment to encourage and foster single occupancy ownership. Over the past few years the City has expended \$1 million on infrastructure improvements, such as sidewalks, parks and streets, the acquisition and redevelopment of blighted housing stock as well as provided opportunities for residents to invest in their own homes through loans and incentives for home ownership. Additionally, the City implemented a disruptive property ordinance, which will allow the City to work with landlords directly if tenants are causing disruptions in neighborhoods. A foreclosed property registration program was established, which provides staff with access to the entities tasked with maintenance of properties during the foreclosure process to ensure properties are properly maintained. Additionally, the City has been aggressive in identifying blighted housing and removing them or getting them restored and sold. Lastly, the City has been at the center of a community group to address substance abuse issues. The group includes all major healthcare providers in our area and has made great strides in educating, working to standardize best practices, and promoting legislative changes on this issue.

Communication and Technology

Recognizing our role in providing service and information to our citizens, the City continues to invest in technology and undertake initiatives to enhance communications with our varied constituents. We actively manage and update our own website, which integrates with our service request and notification subscription system, developed our own mobile app, post to

social media, and manage our own television channel, which broadcasts all City meetings and provides information on City programs and services. The City Council and staff also attend town hall forums and neighborhood meetings to get more feedback directly from residents. We continually work to ensure that we are providing the information citizens want in the form that best fits their need. During FY 2016, the City will be implementing an electronic content management (ECM) system. The project involves digitizing all our documents. This effort will allow all City staff to access records on their own, thereby increasing efficiency, as well as provide a public portal to allow direct access to the public.

Tax Shift

The largest challenge faced by all municipalities, but especially service centers such as Bangor, is the incremental nature of Federal and State budget decisions. While individual changes implemented over a number of sessions, seem tolerable, the totality of these actions has resulted in a significant tax shift to municipalities. These actions include State legislative mandates to municipalities with no State funding such as; General Assistance, transfer of normal costs of teacher retirement and MaineCare changes and caps, and Statutory funding not upheld by the Legislature such as; funding of revenue sharing and aid to education. In the most recent session, the Legislature took action to shift jail costs to County government, which in turn is shifted to municipalities via the county tax mechanism.

The City has reduced/limited spending by limiting cost of living increases, reducing its workforce, managing health care costs, participating in regional efforts, investing in energy efficiency improvements and technology, as well as limiting its long term exposure by not contributing to retiree health coverage and no longer offering a defined benefit pension plan for new employees. The estimated tax shift of the legislative mandates with no funding and statutory funding not upheld by the Legislature represents \$3.76, or 17.2%, of the City's FY 2015 tax rate of \$21.80.

In addition to monitoring legislative actions, city and school staff and elected officials continue to work collaboratively with other municipalities and professional organizations and actively participate in the State legislative process.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the City of Bangor in 2015 was 4.6%, which continues to be below both the national and State rates of 5.3% and 4.7%, respectively.
- While Bangor represents less than 3% of the state's population, businesses within the City generate 8.7% of the State's retail sales tax.
- Residential valuations continue to increase slightly in the coming year.
- Value of commercial properties also continues to increase slightly after realizing significant downward adjustments in FY 2010.
- Bangor businesses continue to reinvest in personal property. While not subject to local taxation, the value of BETE property (net of depreciation) in FY 2016 increased \$14.3 million, or 16.4%, for a total of \$101.3 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 2015, the City's LD 1 tax levy limit was as follows:

Prior Year Base Municipal Commitment		\$ 28,996,160
Growth Factor:		4.52%
Average Real Personal Income	1.09%	
Property Growth Factor	3.43%	
Net New State Funds		-
Municipal Commitment Limit		\$ 24,815,095

The Fiscal Year 2015 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 2015 and 2016 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. 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 2016 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 2016 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 0.7% allowed the City Council to provide a 1% 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, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bangor Public Library
ASSETS				
Cash and cash equivalents	\$ 15,857,475	\$ 4,590,824	\$ 20,448,299	\$ 2,836,082
Investments	2,501,185	15,152,191	17,653,376	13,140,284
Receivables:				
Accounts (net of allowance of \$465,108 and \$705,000, respectively)	2,013,996	6,222,397	8,236,393	423,418
Intergovernmental	2,650,986	3,354,606	6,005,592	-
Taxes and liens - prior years	1,421,563	-	1,421,563	-
Taxes receivable - current year	1,911,526	-	1,911,526	-
Special assessments	30,130	87,664	117,794	-
Loans and notes	7,266,340	2,012,720	9,279,060	-
Internal balances	5,746,249	(5,746,249)	-	-
Inventories	542,476	241,628	784,104	-
Prepaid items	129,772	97,754	227,526	-
Other assets	-	925,776	925,776	-
Non-depreciable capital assets	7,976,671	16,183,613	24,160,284	-
Depreciable capital assets, net	70,346,727	214,088,399	284,435,126	10,756,275
Total assets	118,395,096	257,211,323	375,606,419	27,156,059
DEFERRED OUTFLOWS OF RESOURCES				
Net pension	1,872,874	249,572	2,122,446	-
Total deferred outflows of resources	1,872,874	249,572	2,122,446	-
LIABILITIES				
Accounts payable and other current liabilities	1,799,617	4,485,364	6,284,981	519,872
Accrued wages and benefits payable	4,097,506	398,130	4,495,636	-
Unearned revenues	209,150	850,048	1,059,198	-
Noncurrent liabilities:				
Due within one year	7,717,231	4,268,131	11,985,362	110,118
Due in more than one year	69,166,501	81,754,768	150,921,269	358,211
Total liabilities	82,990,005	91,756,441	174,746,446	988,201
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues - loans and assessments	4,962,453	-	4,962,453	-
Net pension	3,250,602	730,549	3,981,151	-
Total deferred inflows of resources	8,213,055	730,549	8,943,604	-
NET POSITION				
Net investment in capital assets	50,030,025	156,544,970	206,574,995	10,437,216
Restricted for:				
Nonexpendable trust principal	532,758	-	532,758	4,385,284
Expendable income	495,623	-	495,623	9,459,299
Unrestricted	(21,993,496)	8,428,935	(13,564,561)	1,886,059
Total net position	\$ 29,064,910	\$ 164,973,905	\$ 194,038,815	\$ 26,167,858

See accompanying notes to financial statements.

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

Functions/programs	Program Revenues				Net (expense) revenue and changes in net position			Component Unit Bangor Public Library
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total	
					Governmental activities	Business-type activities		
Primary government								
Governmental activities:								
General government	\$ 6,871,396	\$ 2,493,428	\$ 2,860	\$ -	\$ (4,375,108)	\$ -	\$ (4,375,108)	\$ -
Public safety	17,933,525	3,193,528	291,109	274,340	(14,174,548)	-	(14,174,548)	-
Health, community services and recreation	9,692,379	1,118,582	6,475,405	-	(2,098,392)	-	(2,098,392)	-
Public services	12,956,599	3,904,548	4,500	-	(9,047,551)	-	(9,047,551)	-
Other agencies	4,638,805	-	-	1,212,861	(3,425,944)	-	(3,425,944)	-
Education	52,297,774	4,699,101	23,825,274	53,413	(23,719,986)	-	(23,719,986)	-
Arena development	-	1,952,929	-	-	1,952,929	-	1,952,929	-
Community development	1,316,591	273,269	1,003,709	-	(39,613)	-	(39,613)	-
Waterfront	360,004	-	-	-	(360,004)	-	(360,004)	-
Public transportation	2,784,081	857,013	1,938,228	-	11,160	-	11,160	-
Economic development (tif)	1,568,811	-	-	-	(1,568,811)	-	(1,568,811)	-
Interest on debt	2,604,030	-	-	-	(2,604,030)	-	(2,604,030)	-
Total governmental activities	113,023,995	18,492,398	33,541,085	1,540,614	(59,449,898)	-	(59,449,898)	-
Business-type activities:								
Sewer Utility	6,603,195	8,189,623	-	-	-	1,586,428	1,586,428	-
Airport	20,893,894	12,036,215	-	6,947,799	-	(1,909,880)	(1,909,880)	-
Park Woods	507,210	459,905	193,061	-	-	145,756	145,756	-
Stormwater Utility	241,082	1,088,119	-	-	-	847,037	847,037	-
Parking	978,658	1,022,305	-	-	-	43,647	43,647	-
Bass Park	7,855,957	3,239,457	-	-	-	(4,616,500)	(4,616,500)	-
Municipal Golf Course	849,164	611,132	-	-	-	(238,032)	(238,032)	-
Economic Development	698,294	589,383	-	-	-	(108,911)	(108,911)	-
Total business-type activities	38,627,454	27,236,139	193,061	6,947,799	-	(4,250,455)	(4,250,455)	-
Total primary government	\$ 151,651,449	\$ 45,728,537	\$ 33,734,146	\$ 8,488,413	(59,449,898)	(4,250,455)	(63,700,353)	-
Component unit								
Bangor Public Library	\$ 2,719,719	29,370	2,043,548	343,213	-	-	-	\$ (303,588)
General revenues:								
Property taxes, levied for general purposes					55,303,613	800,000	56,103,613	-
Payment in lieu of taxes					156,417	-	156,417	-
Excise taxes					5,844,800	-	5,844,800	-
Franchise taxes					341,605	-	341,605	-
Grants and contributions not restricted to specific programs:								
Homestead/BETE exemption					1,638,129	-	1,638,129	-
Other State aid					26,876	-	26,876	-
State Revenue Sharing					2,129,659	-	2,129,659	-
Unrestricted investment earnings					413,923	462,069	875,992	180,888
Miscellaneous revenues					410,991	-	410,991	-
Special Item - disposal of operation (see Note G)					-	(484,664)	(484,664)	-
Transfers					(2,469,650)	2,469,650	-	-
Total general revenues and transfers					63,796,363	3,247,055	67,043,418	180,888
Change in net position					4,346,465	(1,003,400)	3,343,065	(122,700)
Net position, beginning of year (Restated see Other Information Note H)					24,718,445	165,977,305	190,695,750	26,290,558
Net position, end of year					\$ 29,064,910	\$ 164,973,905	\$ 194,038,815	\$ 26,167,858

See accompanying notes to financial statements.

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

	General	Community Development Block Grant	Arena Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 11,711,326	\$ 156,795	\$ 744,039	\$ 2,023,863	\$ 1,221,452	\$ 15,857,475
Investments	50,000	-	-	2,323,330	127,855	2,501,185
Receivables:						
Taxes	3,333,089	-	-	-	-	3,333,089
Accounts (net of allowance of \$465,108)	1,825,765	-	135,829	-	52,402	2,013,996
Interfund	5,768,579	-	-	-	-	5,768,579
Intergovernmental	1,862,538	36,279	-	660,039	92,130	2,650,986
Loans and notes	684,336	4,772,323	-	-	1,809,681	7,266,340
Unearned special assessments	-	-	-	30,130	-	30,130
Inventory, at cost	542,476	-	-	-	-	542,476
Prepaid items	129,772	-	-	-	-	129,772
Total assets	\$ 25,907,881	\$ 4,965,397	\$ 879,868	\$ 5,037,362	\$ 3,303,520	\$ 40,094,028
LIABILITIES						
Accounts payable	\$ 1,026,306	\$ 51,990	\$ 8,597	\$ 190,008	\$ 32,076	\$ 1,308,977
Accrued wages and benefits payable	4,091,659	5,847	-	-	-	4,097,506
Interfund loans payable	-	-	-	-	22,330	22,330
Unearned revenues	-	49,831	-	159,319	-	209,150
Due to rehabilitation recipients	-	96,085	-	-	-	96,085
Total liabilities	5,117,965	203,753	8,597	349,327	54,406	5,734,048
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - property taxes	2,559,119	-	-	-	-	2,559,119
Unavailable revenues - loans	-	4,772,323	-	-	160,000	4,932,323
Unavailable revenues - special assessments	-	-	-	30,130	-	30,130
Total deferred inflows of resources	2,559,119	4,772,323	-	30,130	160,000	7,521,572
FUND BALANCES (DEFICITS) (Note J)						
Nonspendable	2,572,748	-	-	-	532,758	3,105,506
Restricted	909,284	-	-	-	2,556,356	3,465,640
Committed	110,933	-	871,271	-	-	982,204
Assigned	4,642,727	-	-	4,657,905	-	9,300,632
Unassigned	9,995,105	(10,679)	-	-	-	9,984,426
Total fund balances (deficits)	18,230,797	(10,679)	871,271	4,657,905	3,089,114	26,838,408
Total liabilities, deferred inflows of resources and fund balances	\$ 25,907,881	\$ 4,965,397	\$ 879,868	\$ 5,037,362	\$ 3,303,520	

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.	78,323,398
Unavailable revenues - property taxes are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,559,119
Long-term liabilities, including bonds payable \$64,518,015, accrued interest \$394,555, accrued compensated absences \$2,625,542, self insurance liability \$2,021,088, net OPEB obligation \$2,703,186, bond premium \$629,383, capital leases \$549,636 and deferred inflows and outflows of net pension liability \$5,214,610 are not due and payable in the current period and, therefore, are not reported in the funds.	(78,656,015)

Net position of governmental funds

\$ 29,064,910

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, 2015

	General	Community Development Block Grant	Arena Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 59,468,512	\$ -	\$ -	\$ 1,178,249	\$ 848,248	\$ 61,495,009
Intergovernmental	29,323,747	950,425	-	1,442,201	6,847,077	38,563,450
Licenses and permits	831,968	-	-	-	-	831,968
Charges for services	14,045,126	-	-	-	844,093	14,889,219
Program income	-	235,172	-	-	12,377	247,549
Revenue from use of money and property	739,052	-	1,952,929	110,575	80,979	2,883,535
Other	27,119	25,720	-	394,139	69,736	516,714
Total revenues	104,435,524	1,211,317	1,952,929	3,125,164	8,702,510	119,427,444
Expenditures						
Current:						
General government	5,391,279	-	-	-	-	5,391,279
Public safety	16,994,567	-	-	-	-	16,994,567
Health, community services and recreation	5,041,486	-	-	-	-	5,041,486
Public services	10,704,017	-	-	-	-	10,704,017
Other agencies	4,684,697	-	-	-	-	4,684,697
Education	53,037,177	-	-	-	-	53,037,177
Tax increment financing	724,347	-	-	-	-	724,347
Unclassified	48,043	-	26,085	-	-	74,128
Restricted grants	-	1,218,721	-	-	8,472,768	9,691,489
Capital outlay	570,654	-	-	7,587,409	-	8,158,063
Debt service	5,537,031	-	-	199,330	-	5,736,361
Total expenditures	102,733,298	1,218,721	26,085	7,786,739	8,472,768	120,237,611
Excess (deficiency) of revenues over (under) expenditures	1,702,226	(7,404)	1,926,844	(4,661,575)	229,742	(810,167)
Other financing sources (uses)						
Issuance of debt	482,000	-	-	3,120,000	-	3,602,000
Sale of assets	330,716	-	-	235,001	-	565,717
Transfers to other funds	(1,399,099)	-	(2,106,707)	(53,243)	(139,509)	(3,698,558)
Transfers from other funds	79,434	-	-	1,149,474	-	1,228,908
Total other financing sources (uses)	(506,949)	-	(2,106,707)	4,451,232.00	(139,509)	1,698,067
Changes in fund balances	1,195,277	(7,404)	(179,863)	(210,343)	90,233	887,900
Fund balances (deficits), beginning of year	17,035,520	(3,275)	1,051,134	4,868,248	2,998,881	25,950,508
Fund balances (deficits), end of year	\$ 18,230,797	\$ (10,679)	\$ 871,271	\$ 4,657,905	\$ 3,089,114	\$ 26,838,408

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, 2015

Net change in fund balances - total governmental funds (from Exhibit 4)	\$	887,900
<p>Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$4,736,682, exceeded depreciation expense of \$4,059,628 and loss on disposal of assets of \$154,727.</p>		
		522,327
<p>Financing proceeds provide current financial resources to governmental funds, 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 \$5,331,052 exceeded general obligation bond proceeds and capital leases of \$3,602,000.</p>		
		1,729,052
<p>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 in net OPEB obligation (\$236,934), self insurance liability (\$163,336), unavailable revenues (\$1,676) and decrease in accrued compensated absences (\$46,797), accrued interest (\$31,042), net pension liability (\$1,521,661) and bond premium (\$6,280).</p>		
		1,207,186
Change in net position of governmental activities (see Exhibit 2)		\$ 4,346,465

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, 2015

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 58,156,191	\$ 58,156,191	\$ 59,468,512	\$ 1,312,321
Intergovernmental	25,517,021	25,524,768	25,691,688	166,920
Licenses and permits	701,676	701,676	831,968	130,292
Charges for services:				
municipal	8,798,082	8,798,082	9,102,048	303,966
school	3,231,881	3,231,881	4,699,051	1,467,170
Fines, forfeits and penalties	32,000	32,000	27,119	(4,881)
Revenue from use of money and property				
municipal	696,850	696,850	684,833	(12,017)
Total revenues	97,133,701	97,141,448	100,505,219	3,363,771
Expenditures				
Current:				
General government	5,145,325	5,145,325	5,237,965	(92,640)
Public safety	17,302,501	17,310,248	16,987,739	322,509
Health, community services and recreation	4,939,212	4,939,212	5,045,987	(106,775)
Public buildings and services	10,319,342	10,319,342	10,703,629	(384,287)
Other agencies	4,650,182	4,652,805	4,684,697	(31,892)
Education	49,350,230	52,166,038	49,402,506	2,763,532
Unclassified	764,351	764,351	772,390	(8,039)
Debt service	5,536,850	5,536,850	5,537,031	(181)
Total expenditures	98,007,993	100,834,171	98,371,944	2,462,227
Excess (deficiency) of revenues over (under) expenditures	(874,292)	(3,692,723)	2,133,275	5,825,998
Other financing sources (uses)				
Appropriation from restricted, committed and assigned fund balances	1,416,669	1,416,669	72,339	(1,344,330)
Appropriation from unassigned fund balance	19,123	19,123	(1,000,000)	(1,019,123)
Sale of assets	29,000	29,000	43,809	14,809
Contributions	-	-	465	465
Insurance settlements	27,500	27,500	47,245	19,745
Transfers to other funds	(645,000)	(645,000)	(1,002,124)	(357,124)
Transfers from other funds	27,000	27,000	26,191	(809)
Total other financing sources (uses)	874,292	874,292	(1,812,075)	(2,686,367)
Net change in fund balance	\$ -	\$ (2,818,431)	321,200	\$ 3,139,631
Unassigned fund balance, beginning of year			9,598,472	
Changes in fund balance classification in accordance with GAAP				
Changes in balances carried			(105,584)	
Inventory and prepaids (GASB 54)			181,017	
Unassigned fund balance, end of year			\$ 9,995,105	

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2015

Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 2,300,118	\$ 27,570	\$ 937,808	\$ 1,325,328	\$ 4,590,824
Investments	-	10,331,469	-	-	10,331,469
Accounts receivable	3,556,599	2,755,395	215,547	399,856	6,927,397
Less allowance for uncollectible accounts	(45,000)	(660,000)	-	-	(705,000)
Net accounts receivable	3,511,599	2,095,395	215,547	399,856	6,222,397
Due from other governments	-	3,354,606	-	-	3,354,606
Inventories, at cost	-	199,673	41,955	-	241,628
Prepaid items	14,685	6,466	18,881	57,722	97,754
Total current assets	5,826,402	16,015,179	1,214,191	1,782,906	24,838,678
Noncurrent assets					
Capital Assets:					
Land and improvements	683,865	-	579,157	5,229,217	6,492,239
Buildings and improvements	28,665,849	-	68,958,075	5,299,620	102,923,544
Machinery and equipment	6,294,436	-	2,020,234	305,859	8,620,529
Infrastructure	58,947,698	-	-	683,189	59,630,887
Aircraft operational assets	-	268,808,921	-	-	268,808,921
Parking structures	-	-	-	11,320,359	11,320,359
Construction in process	1,799,935	10,767,682	-	-	12,567,617
Total capital assets	96,391,783	279,576,603	71,557,466	22,838,244	470,364,096
Less accumulated depreciation	(43,814,848)	(177,461,782)	(5,973,259)	(12,842,195)	(240,092,084)
Net capital assets	52,576,935	102,114,821	65,584,207	9,996,049	230,272,012
Investments	-	4,820,722	-	-	4,820,722
Loans receivable	-	553,086	-	1,459,634	2,012,720
Unearned special assessments	87,664	-	-	-	87,664
Due from bond trustee	919,537	-	-	-	919,537
Deposits	-	-	-	6,239	6,239
Total noncurrent assets	53,584,136	107,488,629	65,584,207	11,461,922	238,118,894
Total assets	59,410,538	123,503,808	66,798,398	13,244,828	262,957,572
DEFERRED OUTFLOWS OF RESOURCES					
Net pension	64,304	175,936	-	9,332	249,572
Total deferred outflows of resources	64,304	175,936	-	9,332	249,572

See accompanying notes to financial statements.

Continued on next page

CITY OF BANGOR, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2015

Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
LIABILITIES					
Current liabilities					
Accounts payable	544,165	2,258,160	372,939	137,347	3,312,611
Accrued wages and benefits payable	64,297	241,107	61,334	31,392	398,130
Accrued interest	58,753	47,587	999,920	66,494	1,172,754
Workers' compensation	20,000	118,490	-	2,081	140,571
Interfund loans payable	-	2,790,775	2,097,574	857,900	5,746,249
General obligation debt payable	1,536,408	490,125	1,085,333	575,415	3,687,281
Capital lease obligation payable	-	-	3,871	-	3,871
Accrued compensated absences	73,250	258,478	-	13,968	345,696
Unearned revenue	-	-	850,048	-	850,048
Other liabilities	-	-	90,711	-	90,711
Total current liabilities	2,296,873	6,204,722	5,561,730	1,684,597	15,747,922
Long-term liabilities					
Workers' compensation	-	76,875	-	7,919	84,794
General obligation debt payable	11,812,052	8,316,832	52,237,747	5,109,132	77,475,763
Capital lease obligation payable	-	-	29,211	-	29,211
Accrued compensated absences	40,487	142,437	-	9,187	192,111
Net OPEB obligation	166,058	598,447	-	36,184	800,689
Net pension liability	148,956	474,490	-	26,191	649,637
Other long-term liabilities	156,498	-	2,366,065	-	2,522,563
Total long-term liabilities	12,324,051	9,609,081	54,633,023	5,188,613	81,754,768
Total liabilities	14,620,924	15,813,803	60,194,753	6,873,210	97,502,690
DEFERRED INFLOWS OF RESOURCES					
Net pension	179,623	522,719	-	28,207	730,549
Total deferred inflows of resources	179,623	522,719	-	28,207	730,549
NET POSITION					
Net investment in capital assets	40,050,242	97,422,263	13,481,863	5,590,602	156,544,970
Unrestricted	4,624,053	9,920,959	(6,878,218)	762,141	8,428,935
Total net position	\$ 44,674,295	\$ 107,343,222	\$ 6,603,645	\$ 6,352,743	\$ 164,973,905

See accompanying notes to financial statements.

Continued from previous page

CITY OF BANGOR, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015
Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Operating revenues					
Charges for services	\$ 8,185,341	\$ 12,036,215	\$ 3,239,457	\$ 3,770,844	\$ 27,231,857
Total operating revenues	8,185,341	12,036,215	3,239,457	3,770,844	27,231,857
Operating expenses					
Operating expenses other than depreciation and amortization	4,528,633	12,253,022	2,964,137	2,506,203	22,251,995
Depreciation and amortization	1,762,479	8,305,982	2,960,805	570,274	13,599,540
Total operating expenses	6,291,112	20,559,004	5,924,942	3,076,477	35,851,535
Operating income (loss)	1,894,229	(8,522,789)	(2,685,485)	694,367	(8,619,678)
Nonoperating revenue (expenses)					
Interest income	222,297	156,719	-	83,053	462,069
Interest expense	(312,083)	(334,890)	(1,931,015)	(197,931)	(2,775,919)
Taxes (Downtown TIF)	-	-	800,000	-	800,000
Miscellaneous income (expense)	4,282	-	-	-	4,282
Total nonoperating revenue (expenses)	(85,504)	(178,171)	(1,131,015)	(114,878)	(1,509,568)
Net income (loss) before grants/contributions and transfers	1,808,725	(8,700,960)	(3,816,500)	579,489	(10,129,246)
Grants/contributions received for capital assets	-	6,947,799	-	193,061	7,140,860
Special items (Disposal of Operation See Note G)	-	-	-	(484,664)	(484,664)
Transfers to other funds	-	-	-	(8,000)	(8,000)
Transfers from other funds	-	-	2,106,707	370,943	2,477,650
Change in net position	1,808,725	(1,753,161)	(1,709,793)	650,829	(1,003,400)
Net position, beginning of year (Restated See Note H)	42,865,570	109,096,383	8,313,438	5,701,914	165,977,305
Net position, end of year	\$ 44,674,295	\$ 107,343,222	\$ 6,603,645	\$ 6,352,743	\$ 164,973,905

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2015

Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Cash flows from operating activities					
Cash received from customers	\$ 7,947,658	\$ 12,297,111	\$ 2,583,035	\$ 3,628,209	\$ 26,456,013
Cash paid to suppliers for goods and services	(3,031,026)	(6,524,442)	(2,868,147)	(1,802,669)	(14,226,284)
Cash paid to employees for services	(1,652,045)	(6,380,275)	-	(762,740)	(8,795,060)
Net cash provided by (used in) operating activities	3,264,587	(607,606)	(285,112)	1,062,800	3,434,669
Cash flows from noncapital financing activities					
Disposal of operations (See Note G)	-	-	-	(1,300,000)	(1,300,000)
Interfund loans (repayments)	89,000	2,564,450	130,000	(314,500)	2,468,950
Taxes (Downtown TIF)	-	-	800,000	-	800,000
Transfers in	-	-	2,106,707	370,943	2,477,650
Transfers out	-	-	-	(8,000)	(8,000)
Net cash provided by (used in) noncapital financing activities	89,000	2,564,450	3,036,707	(1,251,557)	4,438,600
Cash flows from capital and related financing activities					
Proceeds from general obligation bonds	2,500,000	1,600,000	-	-	4,100,000
Acquisition and construction of capital assets	(2,598,397)	(7,634,933)	(23,617)	(34,708)	(10,291,655)
Principal paid on general obligation bonds	(1,383,712)	(396,586)	(1,037,386)	(554,795)	(3,372,479)
Interest paid on general obligation bonds	(319,221)	(325,321)	(2,041,722)	(205,513)	(2,891,777)
Proceeds from sale of property	4,282	-	-	1,300,000	1,304,282
Grant/contribution monies received for capital assets	-	4,576,095	-	-	4,576,095
Net cash provided by (used in) capital and related financing activities	(1,797,048)	(2,180,745)	(3,102,725)	504,984	(6,575,534)
Cash flows from investing activities					
Net sales (purchases) of investments	648,788	(115,909)	-	-	532,879
Investment of unexpended bond proceeds	(919,537)	-	-	-	(919,537)
Interest on investments	84,292	156,719	-	93,417	334,428
Loan repayments	-	193,915	-	-	193,915
Net cash provided by (used in) investing activities	(186,457)	234,725	-	93,417	141,685
Net increase (decrease) in cash	1,370,082	10,824	(351,130)	409,644	1,439,420
Cash, beginning of year	930,036	16,746	1,288,938	915,684	3,151,404
Cash, end of year	\$ 2,300,118	\$ 27,570	\$ 937,808	\$ 1,325,328	\$ 4,590,824

Schedule of noncash investing, capital and financing activities:

During the year, the Airport Fund had an unrealized gain on investments in the amount of \$346,714.

During the year, the Sewer Fund recognized \$138,206 of interest income related to the expiration of an arbitrage redemption period.

During the year, a deferred rehabilitation loan in the amount of \$193,061 within the Park Woods Funds was forgiven.

See accompanying notes to financial statements.

Continued on next page

CITY OF BANGOR, MAINE
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2015
Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 1,894,229	\$ (8,522,789)	\$ (2,685,485)	\$ 694,367	\$ (8,619,678)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	1,762,479	8,305,982	2,960,805	570,274	13,599,540
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(237,683)	260,896	49,563	(145,161)	(72,385)
(Increase) decrease in inventories	-	92,345	(41,955)	-	50,390
(Increase) decrease in prepaid items	(1,534)	6,535	(18,881)	(57,722)	(71,602)
Increase (decrease) in accounts payable	(59,138)	(502,356)	95,492	16,223	(449,779)
Increase (decrease) in unearned revenue	-	-	(705,985)	-	(705,985)
Increase (decrease) in other liabilities	(93,766)	(248,219)	61,334	(15,181)	(295,832)
Total adjustments	1,370,358	7,915,183	2,400,373	368,433	12,054,347
Net cash provided by (used in) operating activities	\$ 3,264,587	\$ (607,606)	\$ (285,112)	\$ 1,062,800	\$ 3,434,669

See accompanying notes to financial statements.

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

		Agency Fund
ASSETS		
Cash and cash equivalents	\$	139,525
Total assets	\$	139,525
LIABILITIES		
Amounts held for others	\$	139,525
Total liabilities	\$	139,525

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, 2015

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 69% of the operating financial support received by the Library during the year ended June 30, 2015. 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, 2014 (most recent data available) the City of Bangor's share of the Joint Venture's net position was \$5,896,061. 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 fund a portion of the debt service related to the construction of the Cross Insurance Center.

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.

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 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.

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 asset 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. If material, 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 net position will sometimes report separate sections for deferred outflows or inflows, respectively, of resources.

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and therefore will not be recognized as an expense/expenditure until then. The deferred outflows of resources relate to the net pension liability, which include the City's contributions subsequent to the measurement date, and are recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected service lives of active and inactive members in the plan.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and therefore will not be recognized as revenue until that time. The City has two types of deferred inflows; those related to unavailable revenues and the net pension liability. Deferred inflows categorized as unavailable revenues are due to differences in the modified accrual basis of accounting.

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. The net pension liability deferred inflows include the differences between expected and actual experience and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between project and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, if material.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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. Pensions

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

11. 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 Unassigned Fund Balance—Budget and Actual—Budgetary Basis to the amounts on the Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds:

Excess of revenues over expenditures and other financing sources and uses (Budget)	\$ 321,200
Activity in assigned fund balance	848,197
2015 encumbrances	1,273,041
2014 encumbrances paid	(1,229,516)
2014 encumbrances lapsed	<u>(17,645)</u>
Excess of revenues and other financing sources over expenditures and other uses (GAAP)	<u>\$ 1,195,277</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	\$ 386,626
Airport	(8,559,949)
Park Woods	(66,778)
Parking	(189,453)
Bass Park	(2,881,502)
Municipal Golf Course	(264,126)
Economic Development	(329,925)
Stormwater Utility	<u>529,201</u>
	(11,375,906)
Nonoperating revenues classification	(1,578,560)
Investments at market value	177,960
Capital outlay	(514,904)
Adjustments for accrual basis	464,481
Principal payments	3,381,094
Nonoperating expenses classification	<u>826,157</u>
Operating loss	<u><u>\$ (8,619,678)</u></u>

C. Excess of Expenditures Over Appropriations

The following General Fund departments were over-expended by the indicated dollar amounts; Executive \$193,643, Legal \$2,050, Finance \$18,690, Insurance \$1,287, Fire \$201,176, Health and Community Services \$44,553, Parks and Recreation \$62,222, Public Buildings and Services \$384,287, Other Agencies \$34,089 and Tax Increment Financing Payments \$35,703. These over-expenditures were funded by receipt of revenues in excess of appropriations and under-expenditures within other General Fund departments.

The Airport Fund was over-expended by \$991,863, due to increased utility costs and depreciation expense exceeding budget. Bass Park Fund was over-expended by \$1,110,381, due to depreciation expense exceeding budget and the Park Woods Funds was over-expended by \$91,508 due to increased maintenance in advance of the sale of the property (Refer to Note G – Disposal of Operations).

D. Deficit Fund Equity

The Stormwater Utility Fund has a deficit net position of \$163,346 as a result of the transfer of outstanding debt related to stormwater improvements. The deficit will be funded in subsequent years through the collection of fees. The Community Development Block Grant Fund has a deficit fund equity of \$10,679 due to accrued expenses reimbursed 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 2015.

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, 2015, \$139,557 of the City's bank balance of \$22,013,956 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At June 30, 2015, the City had the following investments and maturities:

Investment types	Rating	Fair Value	Not Applicable	Maturity (years)		
				<1	1-5	6-10
Mutual Funds		\$ 11,905,809	\$ 11,905,809	\$ -	\$ -	\$ -
Repurchase Agreements		407,808	407,808	-	-	-
US Treasuries	AA	4,618,311	-	-	3,596,593	1,021,718
Corporate Bonds	A, BBB	202,411	-	-	202,411	-
Common Stock		469,037	469,037	-	-	-
Certificate of Deposit		50,000	-	50,000	-	-
Totals		\$ 17,653,376	\$ 12,782,654	\$ 50,000	\$ 3,799,004	\$ 1,021,718

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, 2015, 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 8, 2014, 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 15, 2014 and March 16, 2015. 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, 2015 was as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,092,368	\$ -	\$ -	\$ 5,092,368
Construction in process	2,908,528	3,055,616	3,079,841	2,884,303
Total capital assets not being depreciated	<u>8,000,896</u>	<u>3,055,616</u>	<u>3,079,841</u>	<u>7,976,671</u>
Capital assets, being depreciated:				
Land improvements	11,309,931	-	-	11,309,931
Buildings and improvements	69,560,078	2,616,906	-	72,176,984
Machinery and equipment	11,577,806	273,716	-	11,851,522
Vehicles	17,613,281	1,840,285	615,561	18,838,005
Infrastructure	22,914,937	30,000	-	22,944,937
Total capital assets being depreciated	<u>132,976,033</u>	<u>4,760,907</u>	<u>615,561</u>	<u>137,121,379</u>
Less accumulated depreciation for:				
Land improvements	(4,283,672)	(493,606)	-	(4,777,278)
Buildings and improvements	(27,008,171)	(1,461,633)	-	(28,469,804)
Machinery and equipment	(9,639,588)	(526,453)	-	(10,166,041)
Vehicles	(10,701,414)	(1,233,335)	(460,834)	(11,473,915)
Infrastructure	(11,543,013)	(344,601)	-	(11,887,614)
Total accumulated depreciation	<u>(63,175,858)</u>	<u>(4,059,628)</u>	<u>(460,834)</u>	<u>(66,774,652)</u>
Total capital assets being depreciated, net	<u>69,800,175</u>	<u>701,279</u>	<u>154,727</u>	<u>70,346,727</u>
Governmental activities capital assets, net	<u>\$ 77,801,071</u>	<u>\$ 3,756,895</u>	<u>\$ 3,234,568</u>	<u>\$ 78,323,398</u>

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

	Balance 6/30/2014 *	Increases	Decreases	Balance June 30, 2015
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,615,996	\$ -	\$ -	\$ 3,615,996
Construction in process	7,121,916	10,421,152	4,975,451	12,567,617
Total capital assets not being depreciated	<u>10,737,912</u>	<u>10,421,152</u>	<u>4,975,451</u>	<u>16,183,613</u>
Capital assets, being depreciated:				
Land improvements	3,171,268	-	295,025	2,876,243
Buildings and improvements	104,660,439	196,166	1,933,061	102,923,544
Machinery and equipment	8,299,901	343,580	22,952	8,620,529
Infrastructure	58,984,638	646,249	-	59,630,887
Airport operational assets	263,928,910	4,880,011	-	268,808,921
Parking structures	11,317,169	15,500	12,310	11,320,359
Total capital assets being depreciated	<u>450,362,325</u>	<u>6,081,506</u>	<u>2,263,348</u>	<u>454,180,483</u>
Less accumulated depreciation for:				
Land improvements	(1,836,600)	(65,237)	(212,418)	(1,689,419)
Buildings and improvements	(30,575,536)	(3,927,538)	(1,531,005)	(32,972,069)
Machinery and equipment	(5,161,235)	(429,556)	(22,952)	(5,567,839)
Infrastructure	(12,915,629)	(602,137)	-	(13,517,766)
Airport operational assets	(169,155,800)	(8,305,982)	-	(177,461,782)
Parking structures	(8,626,429)	(269,090)	(12,310)	(8,883,209)
Total accumulated depreciation	<u>(228,271,229)</u>	<u>(13,599,540)</u>	<u>(1,778,685)</u>	<u>(240,092,084)</u>
Total capital assets being depreciated, net	<u>222,091,096</u>	<u>(7,518,034)</u>	<u>484,663</u>	<u>214,088,399</u>
Business-type activities capital assets, net	<u>\$ 232,829,008</u>	<u>\$ 2,903,118</u>	<u>\$ 5,460,114</u>	<u>\$ 230,272,012</u>

* - As Restated (See Note H)

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

Governmental Activities:	
General government	\$ 1,492,694
Public safety	846,076
Health, community services and recreation	85,812
Public services	491,371
Education	1,143,675
Total depreciation expense - governmental activities	<u>\$ 4,059,628</u>
Business-type activities:	
Sewer Utility Fund	\$ 1,762,479
Airport Fund	8,305,982
Park Woods	44,562
Parking Fund	269,089
Bass Park Fund	2,960,805
Municipal Golf Course	70,755
Economic Development Fund	185,868
Total depreciation expense - business-type activities	<u>\$ 13,599,540</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, 2015. The projects include traffic flow improvements, 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, 2015 the balances were as follows:

	Receivable	Payable
General Fund	\$ 5,768,579	\$ -
Grant Fund	-	22,330
Airport Fund	-	2,790,775
Bass Park Fund	-	2,097,574
Economic Development	-	857,900
	<u>\$ 5,768,579</u>	<u>\$ 5,768,579</u>

Individual fund transfers to and from other funds for the fiscal year ended June 30, 2015 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	\$ 1,399,099	\$ 79,434
Arena Fund	2,106,707	-
Dedicated Revenue Funds	96,509	-
Other Nonmajor Special Revenue Funds	8,000	-
Capital Projects Fund	53,243	1,149,474
Other Nonmajor Permanent Funds	35,000	-
Bass Park Fund	-	2,106,707
Park Woods Fund	-	370,943
Stormwater Utility Fund	8,000	-
	<u>\$ 3,706,558</u>	<u>\$ 3,706,558</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, 2015:

	Federal Government	State of Maine	Other	Total
General Fund	\$ 195,207	\$ 1,376,979	\$ 290,352	\$ 1,862,538
Community Development	36,279	-	-	36,279
Nonmajor Special Revenue Funds	86,871	5,259	-	92,130
Capital Projects Fund	566,325	93,714	-	660,039
Airport Fund	3,093,860	260,746	-	3,354,606

Amounts due from Federal Government are comprised of operating and capital grants for all fund types. Of the General Fund's \$1,376,979 due from State of Maine, \$692,547 represents school grant and State agency billings, and \$343,794 represents general assistance claims. Amounts owed to the Capital Projects and the Airport Funds by the State of Maine are for capital grant purposes. Amounts due from other communities for tuition reimbursement to Bangor account for \$252,262 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 2048 and 2035, respectively. Minimum future rentals to be received on noncancelable leases as of June 30, 2015 are:

Fiscal year ending June 30,	Airport	Economic Development
2016	\$ 1,810,042	\$ 641,273
2017	1,022,171	1,289,718
2018	904,191	368,342
2019	706,762	368,905
2020	504,482	357,117
Subsequent to 2020	4,154,690	3,879,168
	<u>\$ 9,102,338</u>	<u>\$ 6,904,523</u>

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. The Airport received \$1,878,231 in contingent rentals in fiscal year 2015.

The carrying amounts of the leased assets are as follows:

	Airport	Economic Development
Land	\$ 565,532	\$ 2,736,769
Buildings	22,886,327	4,387,013
Less accumulated depreciation	(16,876,554)	(1,618,524)
Total	<u>\$ 6,575,305</u>	<u>\$ 5,505,258</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 and office equipment. These lease agreements qualify as capital leases for accounting purposes whereas they contain a bargain purchase option. Leased equipment below the City's capitalization policy has not been capitalized. The following is an analysis of the carrying value of the leased capitalized equipment as of June 30, 2015:

	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 630,581	\$ 52,837
Less accumulated depreciation	(268,890)	(12,242)
Carrying value	\$ 361,691	\$ 40,595

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, 2015:

Fiscal Year ending June 30,	Governmental Activities	Business-type Activities
2016	\$ 215,972	\$ 4,288
2017	215,972	10,074
2018	120,403	10,074
2019	25,527	7,929
2020	-	2,938
Total minimum lease payments	577,874	35,303
Less: amount representing interest	(28,238)	(2,221)
Present value of future minimum lease payments	\$ 549,636	\$ 33,082

G. Other Assets

Other assets are comprised of the following:

	Sewer Utility Fund	Economic Development Fund
Due from bond trustee	\$ 919,537	\$ -
Deposits	-	6,239
Total	\$ 919,537	\$ 6,239

H. Unearned Revenue

Community Development Block Grant and Capital Projects Fund unearned revenues consist of \$49,831 and \$159,319 in advance deposits, respectively. Bass Park Fund unearned revenues consist of \$850,048 in advance sales.

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 \$203,409,948. The following is a summary of general obligation bond and note transactions of the City for the fiscal year ended June 30, 2015:

Bonds and notes payable at June 30, 2014	\$ 146,954,498
Add: principal additions	7,220,000
Less: principal repayments	8,493,439
Bonds and notes payable at June 30, 2015	<u>\$ 145,681,059</u>

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

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

Long-term debt	Fiscal year of maturity	Interest rate	Governmental Activities		Business-type Activities	Total June 30, 2015
			City	School		
Combined sewer overflow	2017	3.52%	-	-	376,142	376,142
Tax increment financing note*	2016	4.50%	102,246	-	-	102,246
Combined sewer overflow	2018	3.03%	-	-	446,023	446,023
Tax increment financing note*	2018	4.50%	59,006	-	-	59,006
Maine Business Enterprise Park	2018	5.00%	-	-	56,781	56,781
Public improvements note*	2020	4.50%	334,874	-	-	334,874
Pension obligation bonds	2026	3.06% - 6.45%	20,827,464	1,332,819	4,469,717	26,630,000
Combined sewer overflow	2023	1.94%	-	-	1,304,471	1,304,471
Briggs building note	2023	4.50%	-	-	684,336	684,336
Combined sewer overflow	2025	1.41%	-	-	1,451,904	1,451,904
Chancellor's property note	2026	5.00%	-	-	1,499,687	1,499,687
Public improvements/refunding	2026	4.00% - 4.20%	584,313	-	60,687	645,000
Combined sewer overflow	2027	1.64%	-	-	1,277,072	1,277,072
Public improvements - 2007	2027	4.00%	1,955,000	-	-	1,955,000
Combined sewer overflow	2028	1.81%	-	-	1,379,961	1,379,961
Public improvements - 2009	2029	2.00% - 4.375%	2,170,000	-	-	2,170,000
ARRA - CWSRF	2029	0.00%	-	-	678,236	678,236
ARRA - CWSRF	2030	0.00%	-	-	385,320	385,320
Public improvements/refunding	2020	2.00% - 3.25%	2,190,407	4,010,692	603,901	6,805,000
Public improvements/refunding	2021	2.00% - 3.25%	1,212,141	-	2,722,859	3,935,000
Qualified school construction bond	2028	4.65%	-	5,610,000	-	5,610,000
Refunding/public improvements	2022	2.00% - 2.25%	1,745,782	1,568,316	1,020,902	4,335,000
Arena	2043	3.25% - 5.00%	-	-	52,820,000	52,820,000
Qualified school construction bond	2035	4.05%	-	2,800,000	-	2,800,000
Refunding/public improvements	2032	2.00% - 4.00%	6,999,955	-	1,390,045	8,390,000
Refunding/airport improvements	2033	.50% - 4.25%	-	-	4,150,000	4,150,000
Public improvements	2034	2.00% - 4.00%	6,755,000	1,140,000	285,000	8,180,000
Combined sewer overflow	2034	0.10%	-	-	2,500,000	2,500,000
Public improvements	2030	2.00% - 2.75%	2,720,000	400,000	-	3,120,000
Airport improvements	2035	3.00% - 3.65%	-	-	1,600,000	1,600,000
Total bonds and notes payable			\$ 47,656,188	\$ 16,861,827	\$ 81,163,044	\$ 145,681,059

* Notes aggregating \$496,126 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
2016	\$ 5,462,687	\$ 2,377,121	\$ 3,687,281	\$ 2,804,524
2017	5,429,002	2,207,871	3,799,825	2,689,405
2018	5,368,808	2,001,667	3,736,937	2,569,783
2019	4,943,052	1,808,103	3,528,012	2,442,751
2020	5,015,641	1,613,032	3,636,504	2,314,653
2021-2025	20,966,037	5,164,763	17,013,742	9,542,037
2026-2030	13,457,788	1,336,483	12,726,050	6,066,351
2031-2035	1,165,000	166,688	12,379,693	5,122,471
2036-2040	2,710,000	-	12,190,000	3,594,187
2041-2043	-	-	8,465,000	516,900
Total	\$ 64,518,015	\$ 16,675,728	\$ 81,163,044	\$ 37,663,062

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, 2015, the statutory limit for the City was \$381,555,000. The City's outstanding long-term debt of \$145,681,059 at June 30, 2015 was within the statutory limit.

Advance Refunding

In prior years, the City defeased general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2015, \$1,370,000 of defeased bonds remain outstanding.

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, 2015, \$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, 2015, 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, 2015, Penobscot County had no debt outstanding.

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, 2015, was as follows:

	Balance 6/30/2014**	Additions	Reductions	Balance June 30, 2015	Due within one year
Governmental activities:					
General obligation debt	\$ 66,518,975	\$ 3,120,000	\$ 5,120,960	\$ 64,518,015	\$ 5,462,687
Accrued compensated absences*	2,672,339	1,575,539	1,622,336	2,625,542	1,311,679
Capital leases	277,728	482,000	210,092	549,636	202,101
Bond premium	635,663	-	6,280	629,383	62,101
Net OPEB obligation*	2,466,252	433,477	196,543	2,703,186	-
Net pension liability**	8,002,203	-	4,165,321	3,836,882	-
Self insurance liability	1,857,752	536,601	373,265	2,021,088	678,663
Governmental activities long-term liabilities	<u>\$ 82,430,912</u>	<u>\$ 6,147,617</u>	<u>\$ 11,694,797</u>	<u>\$ 76,883,732</u>	<u>\$ 7,717,231</u>
Business-type activities:					
General obligation debt	\$ 80,435,523	\$ 4,100,000	\$ 3,372,479	\$ 81,163,044	\$ 3,687,281
Accrued compensated absences*	590,709	527,635	580,537	537,807	345,696
Capital leases	41,699	-	8,617	33,082	3,871
Net OPEB obligation*	743,037	122,204	64,552	800,689	-
Net pension liability**	1,686,127	-	1,036,490	649,637	-
Self insurance liability	355,000	49,355	178,990	225,365	140,571
Other	3,055,397	-	442,122	2,613,275	90,712
Business-type activities long-term liabilities	<u>\$ 86,907,492</u>	<u>\$ 4,799,194</u>	<u>\$ 5,683,787</u>	<u>\$ 86,022,899</u>	<u>\$ 4,268,131</u>

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

** - As Restated (See Note H)

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

J. Fund Balances

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

	Nonspendable	Restricted	Committed	Assigned
General Fund:				
Advances to other funds	\$ 1,900,500	\$ -	\$ -	\$ -
Inventory and prepaid items	672,248	-	-	-
PEG capital support	-	19,803	-	-
School Department				
Regular	-	468,621	-	-
Adult education	-	22,502	-	-
General evening	-	74,646	-	-
Reading assessment	-	247	-	-
Special revenue	-	66,287	-	-
School lunch	-	3,753	-	-
Trust and agency	-	253,425	-	-
Cultural Commission/Econ Develop	-	-	110,933	-
Subsequent year expenditures	-	-	-	15,987
Pooled equipment reserve	-	-	-	319,203
Bus equipment reserve	-	-	-	246,930
Fire equipment reserve	-	-	-	217,237
Self insurance reserve	-	-	-	2,021,088
Improvement reserve	-	-	-	1,229,752
Demolition reserve	-	-	-	52,560
Benefit reserve	-	-	-	524,777
Parks & Recreation reserve	-	-	-	15,193
Subtotal	<u>2,572,748</u>	<u>909,284</u>	<u>110,933</u>	<u>4,642,727</u>
Arena Fund				
	-	-	871,271	-
Capital Projects Fund:				
Capital project funds	-	-	-	4,657,905
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,657,905</u>
Other Governmental Funds:				
Nonexpendable trust principal	532,758	-	-	-
Nonmajor Special Revenue Funds				
Infrastructure	-	427,473	-	-
Public Safety	-	168,496	-	-
Transportation	-	208,151	-	-
Economic Develop	-	585,045	-	-
Parks	-	513,046	-	-
Health	-	106,930	-	-
Other Municipal	-	51,592	-	-
Nonmajor Permanent Funds				
Cemetery	-	113,062	-	-
Missionary	-	86,065	-	-
Education	-	106,542	-	-
Other Municipal	-	189,954	-	-
Subtotal	<u>532,758</u>	<u>2,556,356</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,105,506</u>	<u>\$ 3,465,640</u>	<u>\$ 982,204</u>	<u>\$ 9,300,632</u>

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Encumbrances at year end were \$1,286,138 for General Fund, \$29,290 for Community Development Block Grant Fund, \$2,487,575 for Capital Projects Fund, \$7,537,421 for Airport Fund and \$985,014 for Sewer Utility Fund.

K. Net Position

Net position represents the difference between assets and deferred inflows and liabilities and deferred outflows. 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, 2015:

	Governmental	Business-type
Capital assets	\$ 145,098,050	\$ 470,364,096
Accumulated depreciation	(66,774,652)	(240,092,084)
Bonds payable	(64,518,015)	(81,163,044)
Capital leases	(549,636)	(33,082)
Non capital related bonds payable	34,808,420	9,925,860
Non capital related capital leases	271,911	-
Premium on long term debt	(629,383)	(2,456,776)
Unspent bond proceeds	2,323,330	-
Net investment in capital assets	\$ 50,030,025	\$ 156,544,970

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, 2015, 2014 and 2013.

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, 2015, the amount of self-insurance liabilities was \$2,246,453. 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, 2013 resulted from the following:

	Workers' Compensation	All other self- insured risks	Total
Unpaid claims as of July 1, 2013	\$ 2,024,926	\$ 312,992	\$ 2,337,918
Incurred claims	533,535	-	533,535
Payments	(718,917)	-	(718,917)
Changes in estimates and other adjustments	59,851	365	60,216
Unpaid claims as of July 1, 2014	1,899,395	313,357	2,212,752
Incurred claims	361,719	-	361,719
Payments	(552,255)	-	(552,255)
Changes in estimates and other adjustments	224,731	(494)	224,237
Unpaid claims as of July 1, 2015	<u>\$ 1,933,590</u>	<u>\$ 312,863</u>	<u>\$ 2,246,453</u>

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.

Maine Hall Affordable Housing Development District – To partially fund conversion of the former Bangor Seminary property into affordable housing units.

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. As anticipated, the City has entered into a second consent decree with the EPA to undertake the following additional remedial measures; Capacity Management Operations and Maintenance Program (CMOM) Corrective Action plan, Sewer System Asset Management Preventive Maintenance and Sewer Maintenance Improvement Plan (MIP), Municipal Separate Storm Sewer System (MS4), Combined Sewer Overflow Controls, Phase II Combined Sewer Overflow (CSO) Long-term Control Plan (LTCP), including associated reporting. A complete copy of the Consent Decree is available Wastewater Treatment Plant page of the City's website www.bangormaine.gov.

GLP Capital LP and HC Bangor, LLC filed an appeal of the April 1, 2014 assessed value of real estate associated with Hollywood Casino with the Maine Board of Property Tax Review. The appeal to reduce the assessed value from \$98,178,100 to \$61,380,000 was initially denied by the City's Board of Assessment Review in August 2015. The City will hire outside Counsel, specializing in gaming property assessments to defend its position at the Maine Board of Property Tax Review. At this time, the timing of the appeal and the potential impact can not be reasonably determined.

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.

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

OTHER INFORMATION, CONTINUED

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 2015 covered payroll was \$17,569,991 and City contributions were \$1,515,539. 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 \$475,631 and \$55,053 respectively, in fiscal year 2015.

Defined Benefit Pension Plan

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

Benefits Provided – The PLD and SET Plans provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility for benefits upon reaching qualification) occurs upon the earning of five years of credit service. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 20 or 25 years of service for certain public safety employees. For SETP members, normal retirement age is 60, 62 or 65. The normal retirement age is determined by whether a member had certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below his/her normal age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

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

PLD Plan – Employees are required to contribute 7% of their annual pay. The City's contractually requirement contribution rate for the year June 30, 2015 ranged from 7.8% - 13.40% depending on the applicable benefit structure. The City's contributions to the pension plan were \$807,117 for the year ended June 30, 2015.

SET Plan – Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2015 was 15.68% of annual payroll of which 2.65% of payroll was required from the City and 13.03% was required from the State. Contributions to the pension plan from the City were \$668,126 for the year ended June 30, 2015.

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

OTHER INFORMATION, CONTINUED

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

PLD Plan – At June 30, 2015, the City's reported liability of its proportionate share of the net pension liability was \$3,475,288. At June 30, 2014, the City's proportion of the PLD plan was 2.2584%.

SET Plan – At June 30, 2015, the City's reported liability of its proportionate share of the net pension liability was reduced to reflect the State support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability associated with the City were as follows:

City's proportionate share of the net pension liability	\$1,011,232
<u>State's proportionate share of the net pension liability</u>	<u>\$22,516,392</u>
<u>Total</u>	<u>\$23,527,624</u>

At June 30, 2014, the City's proportion of the SET Plan was .0936%.

For the year ended June 30, 2015, the City recognized pension expense of (\$554,014) for the PLD Plan and \$3,401,227 and revenue of \$3,285,152 for support provided by the State for the SET Plan. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$327,292	\$3,371
Changes of assumptions	46,428	-
Net difference between projected and actual earnings on pension plan investments	-	3,298,975
Changes in proportion and differences between City contributions and proportionate share of contributions	273,483	678,805
City contributions subsequent to the measurement date	<u>1,475,243</u>	<u>-</u>
<u>Total</u>	<u>\$ 2,122,446</u>	<u>\$ 3,981,151</u>

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

OTHER INFORMATION, CONTINUED

\$1,475,243 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	(\$794,799)
2017	(794,799)
2018	(919,604)
2019	(824,746)

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

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

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

OTHER INFORMATION, CONTINUED

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

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
PLD Plan	\$ 10,841,873	\$ 3,475,288	(\$ 2,682,262)
	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
SET Plan	\$ 1,936,927	\$ 1,011,232	\$ 236,637

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

Payables to the pension plan - None as of June 30, 2015.

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.

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

OTHER INFORMATION, CONTINUED

E. Other Postemployment Benefits

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)	\$	604,811
Amortization adjustment to ARC		(185,593)
Interest on net OPEB obligation		128,372
Annual OPEB cost	<u>\$</u>	<u>547,590</u>

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, 2013, 2014 and 2015 are as follows:

	June 30, 2013	June 30, 2014	June 30, 2015
Annual OPEB cost	\$ 557,850	\$ 550,729	\$ 547,590
City contributions	(274,117)	(235,369)	(253,004)
Increase in net OPEB obligation	283,733	315,360	294,586
Net OPEB obligation, beginning of year	2,610,196	2,893,929	3,209,289
Net OPEB obligation, end of year	<u>\$ 2,893,929</u>	<u>\$ 3,209,289</u>	<u>\$ 3,503,875</u>
Percentage contributed	49.14%	42.74%	46.20%

The unfunded actuarial accrued liability as a percentage of covered payroll for June 30, 2015 is as follows:

	Governmental Activities	Business-type Activities	Total June 30, 2015
Actuarial accrued liability (AAL)	\$ 5,310,515	\$ 1,525,576	\$ 6,836,091
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 5,310,515</u>	<u>\$ 1,525,576</u>	<u>\$ 6,836,091</u>
Covered payroll	<u>\$ 16,550,206</u>	<u>\$ 4,754,453</u>	<u>\$ 21,304,659</u>
UAAL as a percentage of covered payroll	32.09%		

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

OTHER INFORMATION, CONTINUED

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 six 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	06/30/15
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

F. Subsequent Events

On August 10, 2015 the City Council authorized the issuance of up to \$1,739,000 in general obligation bonds for the purpose of funding street and sidewalk work, bus replacement, the City's annual fleet/equipment replacement and WWTP infrastructure improvements. Under a separate Order, the Council also authorized a loan up to \$3,870,000 from the Maine Municipal Bond Bank State Revolving Fund to finance sewer infrastructure improvements.

G. Disposal of Operations

In June 2015, the City sold the assets comprising the Park Woods Enterprise fund to Bangor Housing Authority for the price of \$1.3 million. In order, to facilitate the sale, the City paid \$1.3 million to the United States Government to abrogate the deed restrictions on the property. As a result the City recognized a loss of \$484,664 on the sale as a special item.

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

OTHER INFORMATION, CONTINUED

H. Restatement

The beginning of year, net position for Governmental Activities, the Sewer Utility Fund, Airport Fund, Parking Fund and Municipal Golf Course Fund has been restated. The restatement was due to the implementation of GASB 68, Accounting and Financial Reporting for Pensions, to account for the addition of the City's proportionate share of the net pension liability and deferred outflows of the City's contributions subsequent to the measurement date.

In addition, the beginning of year, net position for the Airport Fund has been restated to reflect prior year depreciation expenses. A number of capital assets were found to be under depreciated due to calculation discrepancies.

	Governmental Activities	Sewer Utility Fund	Airport Fund	Nonmajor Proprietary Funds
Net position, beginning of year	\$ 31,454,716	\$ 43,245,485	\$ 110,935,336	\$ 2,291,505
Net pension liability, 2014	(6,736,271)	(379,915)	(1,084,030)	(58,187)
Net prior year depreciation adjustment	-	-	(754,923)	-
Net position, beginning of year, restated	<u>\$ 24,718,445</u>	<u>\$ 42,865,570</u>	<u>\$ 109,096,383</u>	<u>\$ 2,233,318</u>

The beginning of year, accumulated depreciation for Airport operational assets has been restated. The restatement was due to properly reflect depreciation for capital assets that were found to be under depreciated in prior years due to calculation discrepancies.

	Airport Fund
Airport operational assets, accumulated depreciation, beginning of year	\$ (168,400,877)
Additional depreciation expense	(754,923)
Airport operational assets, accumulated depreciation, beginning of year, restated	<u>\$ (169,155,800)</u>

The beginning of year, Changes in Long-term Liabilities, net pension liability, for Governmental Activities and Business-type Activities has been restated. The restatement was due to the implementation of GASB 68, Accounting and Financial Reporting for Pensions, to account for the addition of the City's proportionate share of the net pension liability and deferred outflows of the City's contributions subsequent to the measurement date.

	Governmental Activities	Business-type Activities
Net pension liability, beginning of year	\$ -	\$ -
Net pension liability, 2014	8,002,203	1,686,127
Net pension liability, beginning of year, restated	<u>\$ 8,002,203</u>	<u>\$ 1,686,127</u>

CITY OF BANGOR, MAINE
Required Supplementary Information
Schedule of Funding Progress - Retiree Healthcare Plan
For the Fiscal Year Ended June 30, 2015

	Fiscal Year						
	2009	2010	2011	2012	2013*	2014	2015
Actuarial Valuation Date	7/1/2008	7/1/2008	1/1/2011	1/1/2011	6/30/2013	6/30/2014	6/30/2015
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	5,213,644	5,310,515
Unfunded actuarial accrued liability (UAAL)	\$ 8,488,427	\$ 8,488,427	\$ 3,407,638	\$ 3,430,307	\$ 5,284,045	\$ 5,213,644	\$ 5,310,515
Funded ratio	0.00%	0.00%	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	\$ 16,098,456	\$ 16,550,206
Business-type activities:							
Actuarial value of assets	\$ -	-	-	-	-	-	-
Actuarial accrued liability (AAL)	2,710,336	2,710,336	1,095,160	1,072,491	1,587,047	1,657,448	1,525,576
Unfunded actuarial accrued liability (UAAL)	\$ 2,710,336	\$ 2,710,336	\$ 1,095,160	\$ 1,072,491	\$ 1,587,047	\$ 1,657,448	\$ 1,525,576
Funded ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 5,190,927	\$ 5,439,647	\$ 5,582,428	\$ 5,369,798	\$ 5,053,806	\$ 5,117,794	\$ 4,754,453
Primary government:							
Actuarial value of assets	\$ -	-	-	-	-	-	-
Actuarial accrued liability (AAL)	11,198,763	11,198,763	4,502,798	4,502,798	6,871,092	6,871,092	6,836,091
Unfunded actuarial accrued liability (UAAL)	\$ 11,198,763	\$ 11,198,763	\$ 4,502,798	\$ 4,502,798	\$ 6,871,092	\$ 6,871,092	\$ 6,836,091
Funded ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 21,448,246	\$ 22,664,132	\$ 22,952,397	\$ 22,544,822	\$ 21,955,590	\$ 21,216,250	\$ 21,304,659
UAAL as a percentage of covered payroll	52.21%	49.41%	19.62%	19.97%	31.30%	32.39%	32.09%

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

* - restated to reflect the reduction in liability resulting from the City discontinuing employment of all employees in the Bass Park Fund.

CITY OF BANGOR, MAINE
Required Supplementary Information
Schedule of City's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)
Last 10 Fiscal Years*

	2015
PLD Plan	
Proportion of the net pension liability	2.2584%
Proportionate share of the net pension liability	3,475,288
Covered-employee payroll	9,799,964
Proportion share of the net pension liability as a percentage of its covered-employee payroll	35.46%
Plan fiduciary net position as a percentage of the total pension liability	94.10%
 SET Plan	
Proportion of the net pension liability	0.0936%
City's proportionate share of the net pension liability	\$1,011,232
State's proportionate share of the net pension liability	<u>22,516,392</u>
Total	<u>23,527,624</u>
 Covered-employee payroll	 25,212,217
Proportion share of the net pension liability as a percentage of its covered-employee payroll	4.01%
Plan fiduciary net position as a percentage of the total pension liability	83.91%

* The amounts presented for each fiscal year were determined as of the prior fiscal year. As 2015 is the first year of implementation, prior years data is not available.

CITY OF BANGOR, MAINE
Required Supplementary Information
Schedule of City's Contributions
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)
Last 10 Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PLD Plan										
Contractually Required Contributions	479,766	486,678	492,537	468,553	474,008	584,306	724,134	769,519	782,913	807,117
Contributions in relation to the contractually required contribution	479,766	486,678	492,537	468,553	474,008	584,306	724,134	769,519	782,913	807,117
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered-employee payroll	15,129,401	15,026,926	15,210,573	14,618,061	14,731,041	14,777,273	13,201,233	11,867,248	10,645,005	9,799,964
Contributions as a percentage of covered-employee payroll	3.17%	3.24%	3.24%	3.21%	3.22%	3.95%	5.49%	6.48%	7.35%	8.24%
SET Plan*										
Contractually required contributions	-	-	-	-	-	-	-	-	647,014	668,126
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	647,014	668,126
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered-employee payroll	-	-	-	-	-	-	-	-	24,415,639	25,212,217
Contributions as a percentage of covered-employee payroll	-	-	-	-	-	-	-	-	2.65%	2.65%

* - Until FY 2014, all employer contributions for the SET Plan were paid by the State of Maine

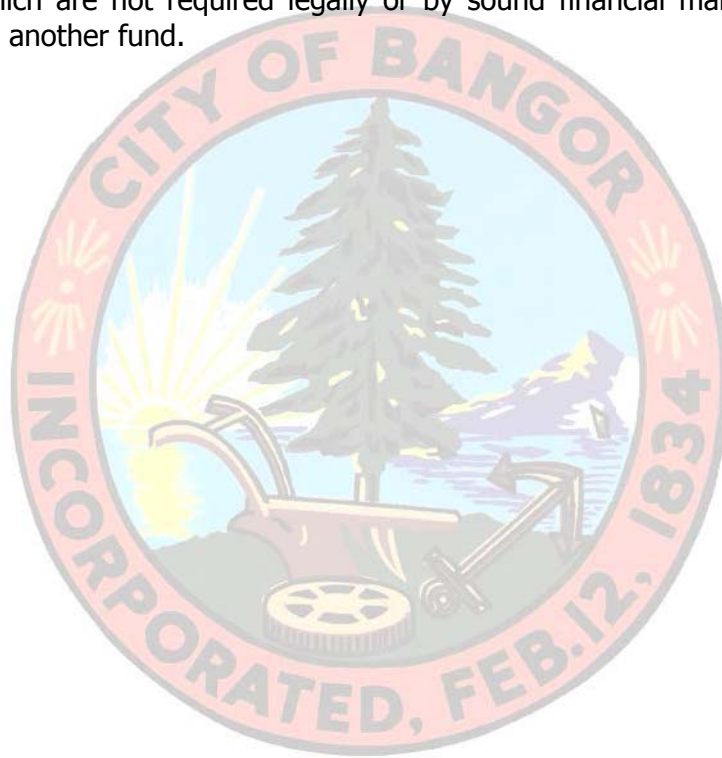
Notes to Required Supplementary Information

Change of benefit terms None

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

GENERAL FUND

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, 2015

ASSETS	
Cash and cash equivalents	\$ 11,711,326
Investments	50,000
Receivables:	
Taxes	3,333,089
Accounts (net of allowance of \$465,108)	1,825,765
Interfund	5,768,579
Intergovernmental	1,862,538
Loans	684,336
Inventory, at cost	542,476
Prepaid items	129,772
Total assets	25,907,881
LIABILITIES	
Accounts payable	\$ 1,026,306
Accrued wages and benefits payable	4,091,659
Total liabilities	5,117,965
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues - property taxes	2,559,119
Total deferred inflows of resources	2,559,119
FUND BALANCES	
Nonspendable	2,572,748
Restricted	909,284
Committed	110,933
Assigned	4,642,727
Unassigned	9,995,105
Total fund balance	18,230,797
Total liabilities, deferred inflows of resources and fund balances	\$ 25,907,881

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, 2015

	Balances			Variance	
	Carried 7/1/2014	Budget	Actual	Surplus	Carried
Revenues					
Taxes					
Real and personal property	\$ -	\$ 55,587,290	\$ 55,729,217	\$ 33,191	\$ 108,736
Change in unavailable property tax	-	-	(1,676)	(1,676)	-
Tax increment financing district	-	(2,452,099)	(2,452,098)	1	-
Payment in lieu of taxes	-	150,000	156,417	6,417	-
Excise	-	4,671,000	5,844,800	1,173,800	-
Interest on delinquent taxes	-	200,000	191,852	(8,148)	-
Total taxes	-	58,156,191	59,468,512	1,203,585	108,736
Intergovernmental					
State revenue sharing	-	2,033,162	2,129,659	96,497	-
School subsidy	-	15,958,047	15,823,247	-	(134,800)
Other -					
municipal	-	3,198,270	3,368,813	170,543	-
school	-	4,335,289	4,369,969	-	34,680
Total intergovernmental	-	25,524,768	25,691,688	267,040	(100,120)
Other revenue					
Licenses and permits	-	701,676	831,968	130,292	-
Charges for service -					
municipal	-	8,798,082	9,102,048	303,966	-
school	-	3,231,881	4,699,051	-	1,467,170
Fines, forfeits and penalties	-	32,000	27,119	(4,881)	-
Revenue from use of money and property -					
municipal	-	696,850	684,833	(12,017)	-
Total other	-	13,460,489	15,345,019	417,360	1,467,170
Total revenues	-	97,141,448	100,505,219	1,887,985	1,475,786

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, 2015

	Balances			Variance	
	Carried 7/1/2014	Budget	Actual	Surplus	Carried
Expenditures					
General government					
Council	-	30,018	29,058	960	-
Executive	-	962,408	1,156,051	(193,643)	-
Human resources	-	129,005	97,784	31,221	-
City clerk	-	393,129	325,385	67,744	-
Assessing	-	358,275	352,046	6,229	-
Legal	-	279,901	281,951	(2,050)	-
Finance	-	1,610,816	1,629,506	(18,690)	-
Insurance	-	165,700	166,987	(1,287)	-
Planning, econ dev, code enforcement	-	1,216,073	1,199,197	16,876	-
Total general government	-	5,145,325	5,237,965	(92,640)	-
Public safety					
Police	-	8,771,851	8,248,166	523,685	-
Fire	-	8,538,397	8,739,573	(201,176)	-
Total public safety	-	17,310,248	16,987,739	322,509	-
Health, community services and recreation					
Health and community services	-	3,076,618	3,121,171	(44,553)	-
Parks and recreation	-	1,862,594	1,924,816	(62,222)	-
Total health, commun. serv and rec.	-	4,939,212	5,045,987	(106,775)	-
Public buildings and services	-	10,319,342	10,703,629	(384,287)	-

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, 2015

	Balances			Variance	
	Carried 7/1/2014	Budget	Actual	Surplus	Carried
Expenditures, continued					
Other agencies					
County tax	-	3,091,839	3,091,839	-	-
Downtown Development District	-	57,000	57,000	-	-
Public library	-	1,400,395	1,400,395	-	-
Other agencies	2,623	100,948	135,463	(34,089)	2,197
Total other agencies	2,623	4,650,182	4,684,697	(34,089)	2,197
Education					
Regular instruction	-	19,386,737	18,966,271	-	420,466
Special education	-	6,673,332	6,646,471	-	26,861
Instructional support	-	3,671,154	3,528,748	-	142,406
System administration	-	1,081,943	1,055,042	-	26,901
CTE instruction	-	465,000	456,973	-	8,027
School administration	-	2,382,753	2,286,854	-	95,899
Facilities maintenance	-	4,588,356	4,580,917	-	7,439
Transportation	-	1,900,000	1,736,422	-	163,578
Other instruction	-	1,353,543	1,227,358	-	126,185
Debt service	-	1,569,877	1,564,655	-	5,222
Contingency & other	-	74,865	66,261	-	8,604
Regular	2,413,076	43,147,560	42,115,972	-	3,444,664
Adult education	57,585	606,732	561,289	-	103,028
School lunch	116,213	1,436,587	1,502,377	-	50,423
Special revenue	61,647	3,047,986	2,914,307	-	195,326
Trust and agency	167,287	1,111,365	2,308,561	-	(1,029,909)
Total education	2,815,808	49,350,230	49,402,506	-	2,763,532
Other appropriations					
Pensions and other fringe benefits	-	2,200,737	2,182,153	18,584	-
Debt service	-	3,118,297	3,109,398	8,899	-
Tax increment financing payments	-	982,167	1,017,870	(35,703)	-
Total other appropriations	-	6,301,201	6,309,421	(8,220)	-
Total expenditures	2,818,431	98,015,740	98,371,944	(303,502)	2,765,729
Excess (deficiency) of revenues over/under expenditures	(2,818,431)	(874,292)	2,133,275	1,584,483	4,241,515

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, 2015

	Balances			Variance	
	Carried 7/1/2014	Budget	Actual	Surplus	Carried
Other financing sources (uses)					
Appropriation from restricted, committed and assigned fund balances	-	1,416,669	72,339	(26,830)	(1,317,500)
Appropriation from unassigned fund balance	-	19,123	-	(19,123)	-
Appropriation to assigned fund balances	-	-	(1,000,000)	(1,000,000)	-
Sale of assets	-	29,000	43,809	14,809	-
Contributions	-	-	465	465	-
Insurance Settlements	-	27,500	47,245	19,745	-
Transfers to other funds	-	(645,000)	(1,002,124)	(357,124)	-
Transfers from other funds	-	27,000	26,191	(809)	-
Total other financing sources (uses)	-	874,292	(1,812,075)	(1,368,867)	(1,317,500)
Net change in unassigned fund balance	\$ (2,818,431)	\$ -	\$ 321,200	\$ 215,616	\$ 2,924,015
Unassigned fund balance, beginning of year				9,598,472	
Changes in amounts required to be shown as nonspendable fund balance					
Inventory and prepaids				181,017	
Unassigned fund balance, end of year				\$ 9,995,105	

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, 2015

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,221,452	\$ -	\$ 1,221,452
Investments	-	127,855	127,855
Receivables:			
Accounts	52,402	-	52,402
Loans and notes	909,155	900,526	1,809,681
Intergovernmental	92,130	-	92,130
Total assets	\$ 2,275,139	\$ 1,028,381	\$ 3,303,520
LIABILITIES			
Accounts payable	\$ 32,076	\$ -	\$ 32,076
Interfund loans payable	22,330	-	22,330
Total liabilities	54,406	-	54,406
DEFERRED INFLOWS OF RESOURCES			
Unavailable resources - loans	160,000	-	160,000
Total deferred inflows of resources	160,000	-	160,000
FUND BALANCES			
Nonspendable	-	532,758	532,758
Restricted	2,060,733	495,623	2,556,356
Total fund balances	2,060,733	1,028,381	3,089,114
Total liabilities, deferred inflows of resources and fund balances	\$ 2,275,139	\$ 1,028,381	\$ 3,303,520

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues			
Taxes	\$ 848,248	\$ -	\$ 848,248
Intergovernmental	6,847,077	-	6,847,077
Charges for services	844,093	-	844,093
Program income	12,377	-	12,377
Revenue from use of money and property	47,468	-	47,468
Other revenue	65,236	4,500	69,736
Interest revenue	-	33,511	33,511
Total revenues	8,664,499	38,011	8,702,510
Expenditures			
Current:			
Personnel	1,155,043	-	1,155,043
Payments to beneficiaries	844,474	-	844,474
Other	3,687,588	-	3,687,588
Bus operations	2,783,549	-	2,783,549
Program expenditures	-	2,114	2,114
Total expenditures	8,470,654	2,114	8,472,768
Excess of revenues over expenditures	193,845	35,897	229,742
Other financing uses			
Transfers to other funds	(104,509)	(35,000)	(139,509)
Total other financing uses	(104,509)	(35,000)	(139,509)
Net change in fund balances	89,336	897	90,233
Fund balances, beginning of year	1,971,397	1,027,484	2,998,881
Fund balances, end of year	\$ 2,060,733	\$ 1,028,381	\$ 3,089,114

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

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals
ASSETS					
Cash and cash equivalents	\$ 372,983	\$ 3,092	481,302	\$ 364,075	\$ 1,221,452
Receivables:					
Accounts	-	52,402	-	-	52,402
Loans and notes	160,000	-	260,036	489,119	909,155
Intergovernmental	-	92,130	-	-	92,130
Total assets	\$ 532,983	\$ 147,624	\$ 741,338	\$ 853,194	\$ 2,275,139
LIABILITIES					
Accounts payable	\$ -	\$ 18,364	\$ -	\$ 13,712	\$ 32,076
Interfund loans payable	-	22,330	-	-	22,330
Total liabilities	-	40,694	-	13,712	54,406
DEFERRED INFLOWS OF RESOURCES					
Unavailable resources - loans	160,000	-	-	-	160,000
Total deferred inflows of resources	160,000	-	-	-	160,000
FUND BALANCES					
Restricted	372,983	106,930	741,338	839,482	2,060,733
Total fund balances	372,983	106,930	741,338	839,482	2,060,733
Total liabilities, deferred inflows of resources and fund balances	\$ 532,983	\$ 147,624	\$ 741,338	\$ 853,194	\$ 2,275,139

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, 2015

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 848,248	\$ 848,248
Intergovernmental	-	6,847,077	-	-	6,847,077
Charges for services	-	844,093	-	-	844,093
Program income	12,377	-	-	-	12,377
Revenue from use of money and property	-	-	28,200	19,268	47,468
Contributions	-	-	416	64,820	65,236
Total revenues	12,377	7,691,170	28,616	932,336	8,664,499
Expenditures					
Current:					
Personnel	-	1,155,043	-	-	1,155,043
Payments to beneficiaries	-	-	10	844,464	844,474
Other	-	3,687,588	-	-	3,687,588
Bus operations	-	2,783,549	-	-	2,783,549
Total expenditures	-	7,626,180	10	844,464	8,470,654
Excess of revenues over expenditures	12,377	64,990	28,606	87,872	193,845
Other financing uses					
Transfers to other funds	-	-	(96,509)	(8,000)	(104,509)
Total other financing uses	-	-	(96,509)	(8,000)	(104,509)
Net change in fund balances	12,377	64,990	(67,903)	79,872	89,336
Fund balances, beginning of year	360,606	41,940	809,241	759,610	1,971,397
Fund balances, end of year	\$ 372,983	\$ 106,930	\$ 741,338	\$ 839,482	\$ 2,060,733

**CITY OF BANGOR, MAINE
 Combining Balance Sheet
 Nonmajor Permanent Funds
 June 30, 2015**

	Other Funds	Revolving Loan Funds	Totals
ASSETS			
Investments	\$ -	\$ 127,855	\$ 127,855
Loans receivable	900,526	-	900,526
Total assets	900,526	\$ 127,855	\$ 1,028,381
LIABILITIES AND FUND BALANCES			
Liabilities	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Fund balances			
Nonspendable	404,903	127,855	532,758
Restricted	495,623	-	495,623
Total fund balances	900,526	127,855	1,028,381
Total liabilities and and fund balances	\$ 900,526	\$ 127,855	\$ 1,028,381

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the Fiscal Year Ended June 30, 2015

	Other Funds	Revolving Loan Funds	Totals
Revenues			
Investment income	\$ 32,453	\$ 1,058	\$ 33,511
Lot sales	4,500	-	4,500
Total revenues	36,953	1,058	38,011
Expenditures			
Current:			
Payments to beneficiaries	114	2,000	2,114
Total expenditures	114	2,000	2,114
Excess (deficiency) of revenues over (under) expenditures	36,839	(942)	35,897
Other financing uses			
Transfer to other funds	(35,000)	-	(35,000)
Total other financing uses	(35,000)	-	(35,000)
Net change in fund balances	1,839	(942)	897
Fund balances, beginning of year	898,687	128,797	1,027,484
Fund balances, end of year	\$ 900,526	\$ 127,855	\$ 1,028,381

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.

Stormwater Utility – This fund assesses property owners a fee based on the amount of impervious surface to fund the costs associated with stormwater management.

Economic Development Fund – This 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.

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, 2015

Business-type Activities - Enterprise Funds

	Park Woods	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
ASSETS						
Current assets						
Cash and cash equivalents	\$ 12,380	\$ 534,728	\$ 2,368	\$ 462,255	\$ 313,597	\$ 1,325,328
Accounts receivable	2,526	376,726	19,065	1,539	-	399,856
Net accounts receivable	2,526	376,726	19,065	1,539	-	399,856
Prepaid items	-	-	-	57,722	-	57,722
Total current assets	14,906	911,454	21,433	521,516	313,597	1,782,906
Noncurrent assets						
Capital Assets:						
Land and improvements	-	-	3,634,485	-	1,594,732	5,229,217
Buildings and improvements	-	-	4,387,013	-	912,607	5,299,620
Machinery and equipment	-	-	-	-	305,859	305,859
Infrastructure	-	-	683,189	-	-	683,189
Parking structures	-	-	-	11,320,359	-	11,320,359
Total capital assets	-	-	8,704,687	11,320,359	2,813,198	22,838,244
Less accumulated depreciation	-	-	(2,052,431)	(8,883,208)	(1,906,556)	(12,842,195)
Net capital assets	-	-	6,652,256	2,437,151	906,642	9,996,049
Loans receivable	-	-	1,459,634	-	-	1,459,634
Deposits	-	-	6,239	-	-	6,239
Total noncurrent assets	-	-	8,118,129	2,437,151	906,642	11,461,922
Total assets	14,906	911,454	8,139,562	2,958,667	1,220,239	13,244,828
DEFERRED OUTFLOWS OF RESOURCES						
Net pension	-	-	-	3,667	5,665	9,332
Total deferred outflows of resources	-	-	-	3,667	5,665	9,332

Continued on next page

CITY OF BANGOR, MAINE
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2015

Business-type Activities - Enterprise Funds

	Park Woods	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
LIABILITIES						
Current liabilities						
Accounts payable	12,372	7,563	49,290	43,778	24,344	137,347
Accrued wages and benefits payable	2,534	3,681	-	7,140	18,037	31,392
Accrued interest	-	-	54,167	10,503	1,824	66,494
Workers' compensation	-	-	-	2,081	-	2,081
Interfund loans payable	-	-	857,900	-	-	857,900
General obligation debt payable	-	74,133	247,648	218,879	34,755	575,415
Accrued compensated absences	-	-	-	8,910	5,058	13,968
Total current liabilities	14,906	85,377	1,209,005	291,291	84,018	1,684,597
Long-term liabilities						
Workers' compensation	-	-	-	7,919	-	7,919
General obligation debt payable	-	989,423	2,474,409	1,280,812	364,488	5,109,132
Accrued compensated absences	-	-	-	1,823	7,364	9,187
Net OPEB obligation	-	-	-	12,162	24,022	36,184
Net pension liability	-	-	-	8,519	17,672	26,191
Total long-term liabilities	-	989,423	2,474,409	1,311,235	413,546	5,188,613
Total liabilities	14,906	1,074,800	3,683,414	1,602,526	497,564	6,873,210
DEFERRED INFLOWS OF RESOURCES						
Net pension	-	-	-	10,257	17,950	28,207
Total deferred inflows of resources	-	-	-	10,257	17,950	28,207
NET POSITION						
Net investment in capital assets	-	-	3,930,199	1,078,244	582,159	5,590,602
Unrestricted	-	(163,346)	525,949	271,307	128,231	762,141
Total net position	\$ -	\$ (163,346)	\$ 4,456,148	\$ 1,349,551	\$ 710,390	\$ 6,352,743

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, 2015
Business-type Activities - Enterprise Funds

	Park Woods	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Operating revenues						
Charges for services	\$ 459,905	\$ 1,088,119	\$ 589,383	\$ 1,022,305	\$ 611,132	\$ 3,770,844
Operating expenses						
Operating expenses other than depreciation and amortization	462,648	241,082	381,623	659,094	761,756	2,506,203
Depreciation and amortization	44,562	-	185,868	269,089	70,755	570,274
Total operating expenses	507,210	241,082	567,491	928,183	832,511	3,076,477
Operating income (loss)	(47,305)	847,037	21,892	94,122	(221,379)	694,367
Nonoperating revenue (expenses)						
Interest income	-	-	62,045	20,581	427	83,053
Interest expense	-	-	(130,803)	(50,475)	(16,653)	(197,931)
Total nonoperating revenue (expenses)	-	-	(68,758)	(29,894)	(16,226)	(114,878)
Net income (loss) before grants/contributions and transfers	(47,305)	847,037	(46,866)	64,228	(237,605)	579,489
Grants/contributions received for capital assets	193,061	-	-	-	-	193,061
Special items (Disposal of Operation See Note G)	(484,664)	-	-	-	-	(484,664)
Transfers to other funds	-	(8,000)	-	-	-	(8,000)
Transfers from other funds	370,943	-	-	-	-	370,943
Change in net position	32,035	839,037	(46,866)	64,228	(237,605)	650,829
Net position, beginning of year (Restated See Note H)	(32,035)	(1,002,383)	4,503,014	1,285,323	947,995	5,701,914
Net position, end of year	\$ -	\$ (163,346)	\$ 4,456,148	\$ 1,349,551	\$ 710,390	\$ 6,352,743

CITY OF BANGOR, MAINE
Combining Statement of Cash Flows - Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2015

Business-type Activities - Enterprise Funds						
	Park Woods	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Cash flows from operating activities						
Cash received from customers	\$ 459,905	\$ 948,212	\$ 587,138	\$ 1,021,822	\$ 611,132	\$ 3,628,209
Cash paid to suppliers for goods and services	(468,177)	(164,155)	(389,562)	(341,645)	(439,130)	(1,802,669)
Cash paid to employees for services	(20,268)	(79,329)	-	(334,585)	(328,558)	(762,740)
Net cash provided by (used in) operating activities	(28,540)	704,728	197,576	345,592	(156,556)	1,062,800
Cash flows from noncapital financing activities						
Disposal of operations (See Note G)	(1,300,000)	-	-	-	-	(1,300,000)
Interfund loans (repayments)	(330,500)	(89,000)	105,000	-	-	(314,500)
Transfers in	370,943	-	-	-	-	370,943
Transfers out	-	(8,000)	-	-	-	(8,000)
Net cash provided by (used in) noncapital financing activities	(1,259,557)	(97,000)	105,000	-	-	(1,251,557)
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	-	-	(19,208)	(15,500)	-	(34,708)
Principal paid on general obligation bonds	-	(74,133)	(238,594)	(207,766)	(34,302)	(554,795)
Interest paid on general obligation bonds	-	-	(135,235)	(51,562)	(18,716)	(205,513)
Proceeds from sale of property	1,300,000	-	-	-	-	1,300,000
Net cash provided by (used in) capital and related financing activities	1,300,000	(74,133)	(393,037)	(274,828)	(53,018)	504,984
Cash flows from investing activities						
Interest on investments	-	-	92,754	236	427	93,417
Net cash provided by investing activities	-	-	92,754	236	427	93,417
Net increase (decrease) in cash	11,903	533,595	2,293	71,000	(209,147)	409,644
Cash, beginning of year	477	1,133	75	391,255	522,744	915,684
Cash, end of year	\$ 12,380	\$ 534,728	\$ 2,368	\$ 462,255	\$ 313,597	\$ 1,325,328

During the year, a deferred rehabilitation loan in the amount of \$193,061 within the Park Woods Fund was forgiven.

Continued on next page

CITY OF BANGOR, MAINE
Combining Statement of Cash Flows - Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2015
Business-type Activities - Enterprise Funds

	Park Woods	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (47,305)	\$ 847,037	\$ 21,892	\$ 94,122	\$ (221,379)	\$ 694,367
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	44,562	-	185,868	269,089	70,755	570,274
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(2,526)	(139,907)	(2,245)	(483)	-	(145,161)
(Increase) decrease in prepaid items	-			(57,722)	-	(57,722)
Increase (decrease) in accounts payable	(24,346)	(4,195)	(1,700)	42,192	4,272	16,223
Increase (decrease) in other liabilities	1,075	1,793	(6,239)	(1,606)	(10,204)	(15,181)
Total adjustments	18,765	(142,309)	175,684	251,470	64,823	368,433
Net cash provided by (used in) operating activities	\$ (28,540)	\$ 704,728	\$ 197,576	\$ 345,592	\$ (156,556)	\$ 1,062,800

Continued from previous page

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Encumbrances
Budget and Actual - Budgetary Basis
Sewer Utility Enterprise Fund
For the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 7,795,400	\$ 8,233,353	\$ 437,953
Interest and other revenue	40,000	84,070	44,070
Total revenues	7,835,400	8,317,423	482,023
Expenditures and encumbrances			
Salaries	1,311,700	1,282,479	29,221
Fringe benefits	460,343	398,403	61,940
Supplies and materials	427,701	321,874	105,827
Contractual services	1,472,031	1,313,028	159,003
Utilites	747,910	678,293	69,617
Interfund charges	1,054,170	408,141	646,029
Miscellaneous	59,185	37,183	22,002
Debt service	1,818,406	1,702,933	115,473
Depreciation	1,725,450	1,762,479	(37,029)
Outlay	339,200	25,984	313,216
Total expenditures and encumbrances	9,416,096	7,930,797	1,485,299
Excess (deficiency) of revenues over (under) expenditures and encumbrances	\$ (1,580,696)	\$ 386,626	\$ 1,967,322

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Encumbrances
Budget and Actual - Budgetary Basis
Airport Enterprise Fund
For the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 11,939,643	\$ 12,036,215	\$ 96,572
Interest and other revenue	770,226	509,537	(260,689)
Total revenues	12,709,869	12,545,752	(164,117)
Expenditures and encumbrances			
Salaries	4,665,647	4,942,393	(276,746)
Fringe benefits	1,558,840	1,421,971	136,869
Supplies and materials	747,125	648,653	98,472
Contractual services	2,314,928	2,426,974	(112,046)
Utilities	1,364,266	1,652,873	(288,607)
Interfund charges	748,970	682,165	66,805
Miscellaneous	142,653	79,504	63,149
Debt service	720,356	721,907	(1,551)
Depreciation	7,550,000	8,305,982	(755,982)
Outlay	301,053	223,279	77,774
Total expenditures and encumbrances	20,113,838	21,105,701	(991,863)
Deficiency of revenues under expenditures and encumbrances	\$ (7,403,969)	\$ (8,559,949)	\$ (1,155,980)

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, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 452,800	\$ 459,905	\$ 7,105
Total revenues	452,800	459,905	7,105
Expenditures and encumbrances			
Salaries	12,866	12,918	(52)
Fringe benefits	5,930	5,372	558
Supplies and materials	450	72	378
Contractual services	99,656	191,406	(91,750)
Utilities	219,500	259,206	(39,706)
Interfund charges	50	-	50
Miscellaneous	7,600	13,147	(5,547)
Depreciation	89,123	44,562	44,561
Total expenditures and encumbrances	435,175	526,683	(91,508)
Deficiency of revenues under expenditures and encumbrances	\$ 17,625	\$ (66,778)	\$ (84,403)

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Encumbrances
Budget and Actual - Budgetary Basis
Parking Enterprise Fund
For the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 971,585	\$ 1,002,143	\$ 30,558
Total revenues	971,585	1,002,143	30,558
Expenditures and encumbrances			
Salaries	335,633	301,670	33,963
Fringe benefits	47,792	28,931	18,861
Supplies and materials	9,233	7,768	1,465
Contractual services	131,600	128,772	2,828
Utilities	55,897	43,447	12,450
Interfund charges	82,050	109,629	(27,579)
Miscellaneous	80	100	(20)
Debt service	259,328	259,327	1
Depreciation	268,080	269,089	(1,009)
Outlay	45,445	42,863	2,582
Total expenditures and encumbrances	1,235,138	1,191,596	43,542
Deficiency of revenues under expenditures and encumbrances	\$ (263,553)	\$ (189,453)	\$ 74,100

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Encumbrances
Budget and Actual - Budgetary Basis
Bass Park Enterprise Fund
For the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 5,420,496	\$ 5,331,165	\$ (89,331)
Downtown TIF	800,000	800,000	-
Total revenues	6,220,496	6,131,165	(89,331)
Expenditures and encumbrances			
Cross Insurance Center operations	3,028,179	2,872,640	155,539
Owner costs	85,000	100,114	(15,114)
Debt service	3,079,107	3,079,108	(1)
Depreciation	1,710,000	2,960,805	(1,250,805)
Total expenditures and encumbrances	7,902,286	9,012,667	(1,110,381)
Deficiency of revenues under expenditures and encumbrances	\$ (1,681,790)	\$ (2,881,502)	\$ (1,199,712)

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, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 649,400	\$ 611,132	\$ (38,268)
Interest and other revenue	700	427	(273)
Total revenues	650,100	611,559	(38,541)
Expenditures and encumbrances			
Salaries	302,789	264,672	38,117
Fringe benefits	50,620	43,839	6,781
Supplies and materials	60,050	65,655	(5,605)
Contractual services	50,400	50,346	54
Utilities	71,816	64,264	7,552
Interfund charges	61,400	67,786	(6,386)
Debt service	53,019	53,018	1
Depreciation	80,711	70,755	9,956
Outlay	195,350	195,350	-
Total expenditures and encumbrances	926,155	875,685	50,470
Deficiency of revenues under expenditures and encumbrances	\$ (276,055)	\$ (264,126)	\$ 11,929

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Encumbrances
Budget and Actual - Budgetary Basis
Economic Development Enterprise Fund
For the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 776,995	\$ 589,384	\$ (187,611)
Interest and other revenue	90,507	90,507	-
Total revenues	867,502	679,891	(187,611)
Expenditures and encumbrances			
Contractual services	206,082	202,383	3,699
Utilities	73,998	111,102	(37,104)
Miscellaneous	23,944	14,670	9,274
Debt service	374,476	373,829	647
Depreciation	184,500	185,868	(1,368)
Outlay	186,500	121,964	64,536
Total expenditures and encumbrances	1,049,500	1,009,816	39,684
Deficiency of revenues under expenditures and encumbrances	(181,998)	\$ (329,925)	\$ (147,927)

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Encumbrances
Budget and Actual - Budgetary Basis
Stormwater Utility Enterprise Fund
For the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 1,098,302	\$ 852,416	\$ (245,886)
Total revenues	1,098,302	852,416	(245,886)
Expenditures and encumbrances			
Salaries	63,561	63,228	333
Fringe benefits	19,099	17,894	1,205
Supplies and materials	3,850	9,415	(5,565)
Contractual services	206,947	131,497	75,450
Interfund charges	317,825	8,289	309,536
Miscellaneous	2,080	2,490	(410)
Debt service	74,840	77,840	(3,000)
Outlay	410,100	12,562	397,538
Total expenditures and encumbrances	1,098,302	323,215	775,087
Excess of revenues over expenditures and encumbrances	\$ -	\$ 529,201	\$ 529,201

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, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS				
Cash:				
School Activity Funds	\$ 120,448	\$ 223,106	\$ 204,029	\$ 139,525
Total assets	\$ 120,448	\$ 223,106	\$ 204,029	\$ 139,525
LIABILITIES				
Funds held for others:				
School Activity Funds	\$ 120,448	\$ 223,106	\$ 204,029	\$ 139,525
Total liabilities	\$ 120,448	\$ 223,106	\$ 204,029	\$ 139,525

**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, 2015

Function and Activity	Balance 2014	Additions	Deletions	Balance 2015
General government				
BAT community connector	\$ 2,044,393	\$ -	\$ 269,892	\$ 1,774,501
Central service	24,098	-	4,344	19,754
City hall	571,449	-	23,891	547,558
Community and economic development	9,903,842	-	441,488	9,462,354
Engineering	18,120	-	6,921	11,199
Information services	195,151	-	41,951	153,200
Motor pool	3,634,457	645,219	793,136	3,486,540
Other - unclassified	116,260	-	65,798	50,462
Total general government	16,507,770	645,219	1,647,421	15,505,568
Public safety				
Fire	5,327,547	885,505	1,135,700	5,077,352
Police	9,872,178	18,999	374,767	9,516,410
Total public safety	15,199,725	904,504	1,510,467	14,593,762
Health, community services and recreation				
Parks and recreation	2,473,088	853,765	85,812	3,241,041
Total health, community services and recreation	2,473,088	853,765	85,812	3,241,041
Public building and services				
Public works	13,217,994	1,901,326	491,371	14,627,949
Total public buildings and services	13,217,994	1,901,326	491,371	14,627,949
Education	30,402,494	3,511,709	3,559,125	30,355,078
Total governmental fund capital assets	\$ 77,801,071	\$ 7,816,523	\$ 7,294,196	\$ 78,323,398

OTHER INFORMATION



CITY OF BANGOR, MAINE
Assessed Valuation, Commitment and Collections
For the Fiscal Year Ended June 30, 2015

VALUATION

Land and buildings	\$ 2,322,253,300
Land and buildings - Homestead exemption	51,753,000
Personal property	239,021,300
Personal property - BETE exemption	<u>86,984,900</u>
Total valuation	<u><u>\$ 2,700,012,500</u></u>

COMMITMENT

Real estate, personal property (excludes Homestead and BETE exemptions)	\$ 2,561,274,600
Tax rate	<u>0.02180</u>
Total commitment	55,835,786

ADD

Supplemental taxes committed	<u>67,275</u>
	55,903,061

LESS

Collections 2015	53,708,753
Abatements	<u>282,782</u>
2015 taxes receivable at June 30, 2015	<u><u>\$ 1,911,526</u></u>

CITY OF BANGOR, MAINE
General Fund Unassigned Fund Balance Sufficiency Calculation
For the Fiscal Year Ended June 30, 2015

The City Charter states that the City Council shall target an a General Fund unassigned fund balance of no more than 16.66% of operating expenditures. The target balance is established at 8.33% of the last year's General Fund operating expenditures. The following table sets forth the calculation as of June 30, 2015.

General Fund expenditures/uses (Schedule A-2)

General government	\$ 5,237,965
Public safety	16,987,739
Health, community services and recreation	5,045,987
Public buildings and services	10,703,629
Other agencies	4,684,697
Education	49,402,506
Other appropriations	6,309,421
Other uses, gross*	1,002,124
Gross expenditures and uses	99,374,068
General Fund debt service	<u>7,365,101</u>
Net expenditures and uses	<u>\$ 92,008,967</u>
Indicated unassigned fund balance @ 8.33%	\$ 7,664,347
Actual unassigned fund balance (Schedule A-2)	\$ 9,995,105
Actual unassigned fund balance as a percentage of net expenditures and uses	10.86%

* 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	2014*	2015
Governmental activities:					
Net investment in capital assets	\$ 40,176,260	\$ 67,253,588	\$ 54,540,288	\$ 49,674,874	\$ 50,030,025
Restricted	1,019,806	1,039,248	1,041,443	1,027,484	1,028,381
Unrestricted	262,217	(24,620,719)	(21,336,473)	(25,983,913)	(21,993,496)
Total governmental activities net position	<u>41,458,283</u>	<u>43,672,117</u>	<u>34,245,258</u>	<u>24,718,445</u>	<u>29,064,910</u>
Business-type activities:					
Net investment in capital assets	155,344,528	152,749,709	165,548,784	159,116,820	156,544,970
Unrestricted	15,549,352	12,823,198	4,879,657	6,860,485	8,428,935
Total business-type activities net position	<u>170,893,880</u>	<u>165,572,907</u>	<u>170,428,441</u>	<u>165,977,305</u>	<u>164,973,905</u>
Primary government:					
Net investment in capital assets	195,520,788	220,003,297	220,089,072	208,791,694	206,574,995
Restricted	1,019,806	1,039,248	1,041,443	1,027,484	1,028,381
Unrestricted	15,811,569	(11,797,521)	(16,456,816)	(19,123,428)	(13,564,561)
Total primary government net position	<u>\$ 212,352,163</u>	<u>\$ 209,245,024</u>	<u>\$ 204,673,699</u>	<u>\$ 190,695,750</u>	<u>\$ 194,038,815</u>

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

* As Restated (See Note H)

Table 2

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 6,947,106	\$ 7,052,860	\$ 8,744,549	\$ 7,868,247	\$ 8,279,943	\$ 9,223,718	\$ 4,490,599	\$ 4,733,021	\$ 7,110,075	\$ 6,871,396
Public safety	12,890,750	13,756,962	14,945,855	15,671,645	16,898,374	17,018,427	18,016,430	17,864,294	18,050,107	17,933,525
Health, community services and recreation	7,301,546	7,348,875	8,413,205	9,168,870	9,331,784	9,523,225	8,455,977	9,298,196	9,586,571	9,692,379
Public services*	11,167,397	11,544,128	10,501,253	11,812,548	16,380,337	12,413,601	15,399,933	14,408,500	14,249,015	12,956,599
Other agencies	3,610,935	3,787,970	4,829,547	4,580,661	4,658,904	4,479,888	4,209,428	4,630,915	6,799,934	4,638,805
Education	45,522,795	46,106,647	47,537,197	54,294,824	52,763,860	50,986,350	51,223,806	50,145,937	50,594,050	52,297,774
Unclassified	947,025	1,136	-	-	-	-	-	-	-	-
Arena development	-	417,030	41,091	51,332	39,075	61,334	536,251	2,201,200	500,566	-
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	2,178,972	1,316,591
Waterfront	990,961	399,015	1,754,281	9,252,263	79,911	1,439,065	606,249	381,437	272,857	360,004
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	2,782,968	2,784,081
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	1,440,452	1,568,811
Interest on debt	3,098,248	1,952,612	3,206,764	2,651,599	2,555,839	2,151,172	2,710,135	3,343,590	2,464,804	2,604,030
Total governmental activities expenses	97,788,095	97,174,855	105,314,549	120,421,527	116,917,050	111,924,529	111,580,380	112,948,496	116,030,371	113,023,995
Business-type activities:										
Sewer Utility	5,818,127	6,052,420	6,052,419	6,197,277	6,253,436	6,202,202	6,758,495	6,827,790	6,843,975	6,603,195
Airport	16,947,056	18,645,140	19,641,953	19,934,243	20,532,553	20,458,552	20,752,350	20,722,960	20,855,066	20,893,894
Park Woods	540,207	678,867	678,867	590,250	529,610	496,478	533,671	473,289	497,833	507,210
Stormwater Utility	-	-	-	-	-	-	-	-	149,590	241,082
Parking	1,322,138	1,438,125	1,438,125	1,374,909	1,402,922	1,206,989	995,631	972,327	925,595	978,658
Bass Park	1,918,111	1,993,205	1,993,205	1,851,914	1,923,073	2,075,644	1,919,301	3,314,865	6,317,039	7,855,957
Municipal Golf Course	647,499	695,969	695,969	745,339	733,380	664,311	671,113	687,317	643,323	849,164
Economic Development	484,264	695,851	695,851	712,195	634,764	618,980	615,816	586,140	628,252	698,294
Total business-type activities expenses	27,677,402	30,199,577	31,196,389	31,406,127	32,009,738	31,723,156	32,246,377	33,584,688	36,860,673	38,627,454
Total primary government expenses	\$ 125,465,497	\$ 127,374,432	\$ 136,510,938	\$ 151,827,654	\$ 148,926,788	\$ 143,647,685	\$ 143,826,757	\$ 146,533,184	\$ 152,891,044	\$ 151,651,449

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

Continued on next page

Table 2 (con't)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 1,672,854	\$ 2,334,040	\$ 2,282,374	\$ 1,869,711	\$ 2,386,637	\$ 2,070,189	\$ 2,501,326	\$ 2,214,675	\$ 2,764,659	\$ 2,493,428
Public safety	2,471,220	2,182,680	2,439,831	3,010,167	2,401,930	3,289,153	2,681,152	3,418,686	2,682,248	3,193,528
Health, community services and recreation	756,207	681,583	771,254	768,450	836,689	928,307	1,048,707	1,139,382	1,164,090	1,118,582
Public services	4,076,981	3,871,412	4,127,341	3,807,886	3,954,116	3,922,847	4,002,973	3,520,517	3,758,666	3,904,548
Other agencies	-	-	22,243	22,068	-	20,248	103,560	-	46,882	-
Education	4,561,352	4,408,431	4,539,787	4,386,457	4,533,041	5,165,261	3,806,614	3,835,409	3,446,006	4,699,101
Unclassified	859,682	61,128	-	-	-	-	-	-	-	-
Arena development	-	1,630,360	1,689,657	2,205,771	2,380,158	2,331,584	2,434,915	2,079,869	1,960,876	1,952,929
Community development	672,459	658,141	297,394	301,019	332,295	323,494	588,587	474,013	994,546	273,269
Public transportation	536,491	659,960	809,531	944,804	923,433	1,025,080	1,023,717	1,045,793	816,819	857,013
Tax increment financing	-	-	-	1,711	-	-	-	-	-	-
Operating grants and contributions	29,577,430	30,534,706	41,370,518	34,155,649	35,683,710	35,604,940	33,137,275	31,901,386	34,600,320	33,541,085
Capital grants and contributions	3,788,485	2,604,652	2,119,150	2,068,478	6,578,917	4,935,614	3,725,432	2,345,794	1,720,879	1,540,614
Total governmental activities program revenues	48,973,161	49,627,093	60,469,080	53,542,171	60,010,926	59,616,717	55,054,258	51,975,524	53,955,991	53,574,097
Business-type activities:										
Charges for services										
Sewer Utility	6,206,605	6,663,408	6,745,112	7,537,879	7,288,499	7,340,935	7,320,469	7,708,101	8,426,054	8,189,623
Airport	12,074,504	13,555,003	14,475,879	13,953,287	13,767,394	13,080,217	12,540,347	12,069,935	12,220,328	12,036,215
Park Woods	287,452	340,494	340,494	369,478	371,832	372,715	397,426	417,407	440,295	459,905
Stormwater Utility	-	-	-	-	-	-	-	-	359,029	1,088,119
Parking	963,697	1,001,697	1,001,697	997,111	1,050,579	1,057,710	1,012,109	960,947	1,002,164	1,022,305
Bass Park	1,460,931	1,426,599	1,426,599	1,253,236	1,382,947	1,276,869	1,304,384	1,249,595	2,683,094	3,239,457
Municipal Golf Course	604,365	655,834	655,834	608,930	658,053	643,501	628,869	592,825	575,020	611,132
Economic Development	391,658	422,716	422,716	569,549	507,867	585,785	409,486	462,033	515,339	589,383
Operating grants and contributions	-	-	-	-	-	-	-	-	-	193,061
Capital grants and contributions	2,581,874	4,377,242	3,426,732	4,113,557	8,684,860	3,717,755	2,351,779	6,121,523	4,039,968	6,947,799
Total business-type activities program revenues	24,571,086	28,442,993	28,495,063	29,403,027	33,712,031	28,075,487	25,964,869	29,582,366	30,261,291	34,376,999
Total primary government program revenues	\$ 73,544,247	\$ 78,070,086	\$ 88,964,143	\$ 82,945,198	\$ 93,722,957	\$ 87,692,204	\$ 81,019,127	\$ 81,557,890	\$ 84,217,282	\$ 87,951,096

Continued on next page

Table 2 (con't)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense)/revenue										
Governmental activities	\$ (48,814,934)	\$ (47,547,762)	\$ (44,845,469)	\$ (66,879,356)	\$ (56,906,124)	\$ (52,307,812)	\$ (56,526,122)	\$ (60,972,972)	\$ (62,074,380)	\$ (59,449,898)
Business-type activities	(3,106,316)	(1,756,584)	(2,701,326)	(2,003,100)	1,702,293	(3,647,669)	(6,281,508)	(4,002,322)	(6,599,382)	(4,250,455)
Total primary government expense	(51,921,250)	(49,304,346)	(47,546,795)	(68,882,456)	(55,203,831)	(55,955,481)	(62,807,630)	(64,975,294)	(68,673,762)	(63,700,353)
General revenues and other changes in net position										
Governmental activities:										
Property taxes	40,666,758	41,702,775	43,775,938	46,977,792	48,182,455	48,027,330	48,520,390	49,930,989	52,243,583	55,303,613
Payment in lieu of taxes	160,457	145,000	122,510	141,595	117,770	161,879	156,629	95,620	161,438	156,417
Excise taxes	4,752,852	4,668,614	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947	4,594,821	5,400,100	5,844,800
Franchise taxes	274,986	296,566	300,768	322,526	348,163	367,672	372,542	362,088	350,014	341,605
Unrestricted grants and contributions	4,773,082	4,968,217	5,520,774	5,260,439	4,999,567	4,859,811	4,963,161	4,857,030	3,787,128	3,794,664
Unrestricted investment earnings	699,417	1,183,796	1,274,939	874,824	673,295	565,326	530,631	57,620	510,429	413,923
Miscellaneous	32,550	260,733	161,439	93,967	135,849	92,379	16,698	112,060	1,863	410,991
Transfers	(861,290)	(871,864)	(539,088)	(739,179)	761,103	(637,898)	(417,042)	(8,772,781)	(3,170,717)	(2,469,650)
Total governmental activities	50,498,812	52,353,837	55,258,600	57,683,969	59,913,138	57,952,251	58,739,956	51,237,447	59,283,838	63,796,363
Business-type activities:										
Property taxes	-	-	-	-	-	-	-	-	750,000	800,000
Unrestricted investment earnings	635,454	1,346,799	1,326,787	1,025,098	1,035,753	752,891	543,493	345,932	504,584	462,069
Gain/loss on sale of asset	-	-	-	-	-	-	-	(260,857)	-	-
Special Item	-	-	-	-	-	-	-	-	-	(484,664)
Transfers	861,290	539,088	539,088	739,179	(761,103)	637,898	417,042	8,772,781	3,170,717	2,469,650
Total business-type activities	1,496,744	1,885,887	1,865,875	1,764,277	274,650	1,390,789	960,535	8,857,856	4,425,301	3,247,055
Total primary government	51,995,556	54,239,724	57,124,475	59,448,246	60,187,788	59,343,040	59,700,491	60,095,303	63,709,139	67,043,418
Change in net position										
Governmental activities	1,683,878	4,806,075	10,413,131	(9,195,387)	3,007,014	5,644,439	2,213,834	(9,735,525)	(2,790,542)	4,346,465
Business-type activities	(1,609,572)	129,303	(835,451)	(238,823)	1,976,943	(2,256,880)	(5,320,973)	4,855,534	(2,174,081)	(1,003,400)
Total primary government	\$ 74,306	\$ 4,935,378	\$ 9,577,680	\$ (9,434,210)	\$ 4,983,957	\$ 3,387,559	\$ (3,107,139)	\$ (4,879,991)	\$ (4,964,623)	\$ 3,343,065

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Tax Revenues										
Property taxes	\$ 40,666,758	\$ 41,702,775	\$ 43,775,938	\$ 46,977,792	\$ 48,182,455	\$ 48,027,330	\$ 48,520,390	\$ 49,930,989	\$ 52,243,583	\$ 55,303,613
Excise taxes	4,752,852	4,668,614	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947	4,594,821	5,400,100	5,844,800
Franchise taxes	274,986	296,566	300,768	322,526	348,163	367,672	372,542	362,088	350,014	341,605
Total tax revenues	\$ 45,694,596	\$ 46,667,955	\$ 48,718,026	\$ 52,052,323	\$ 53,225,554	\$ 52,910,754	\$ 53,489,879	\$ 54,887,898	\$ 57,993,697	\$ 61,490,018

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	2014	2015
General Fund:					
Nonspendable					
Advances to other funds	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500
Inventory and prepaid items	963,770	860,187	873,714	853,265	672,248
Restricted					
Education purposes	1,213,508	936,158	186,871	974,012	889,481
Municipal purposes	405,119	349,362	288,519	288,857	19,803
Committed - municipal purposes	19,033	373,753	10,583	2,623	110,933
Assigned					
Encumbrances	1,389,501	1,548,268	777,788	31,347	15,987
Municipal purposes	3,115,199	3,240,838	3,415,627	3,386,444	4,626,740
Unassigned	8,017,940	7,563,658	7,727,014	9,598,472	9,995,105
Total general fund	<u>\$ 17,024,570</u>	<u>\$ 16,772,724</u>	<u>\$ 15,180,616</u>	<u>\$ 17,035,520</u>	<u>\$ 18,230,797</u>
All other governmental funds:					
Nonspendable					
Permanent Fund Principal	\$ 608,710	\$ 588,515	\$ 574,492	\$ 544,200	\$ 532,758
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	1,971,397	2,060,733
Nonmajor Permanent Funds	410,337	449,974	466,951	483,284	495,623
Committed					
Arena Fund	6,690,287	-	2,761,541	1,051,134	871,271
Assigned					
Capital Project Fund	826,179	-	4,426,655	4,868,248	4,657,905
Capital Project Fund Encumbrances	-	1,853,043	127,712	-	-
Unassigned					
Community Development Block Grant	-	-	-	(3,275)	(10,679)
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>	<u>\$ 8,914,988</u>	<u>\$ 8,607,611</u>

Only five 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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Taxes:										
Property taxes	\$ 41,101,785	\$ 42,145,912	\$ 43,767,914	\$ 47,113,576	\$ 48,284,733	\$ 48,371,202	\$ 48,688,270	\$ 50,004,619	\$ 52,748,153	\$ 55,650,209
Excise taxes	4,752,852	4,668,614	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947	4,594,821	5,400,100	5,844,800
Total tax revenues	45,854,637	46,814,526	48,409,234	51,865,581	52,979,669	52,886,954	53,285,217	54,599,440	58,148,253	61,495,009
Intergovernmental	37,714,682	37,774,922	41,345,956	41,123,520	46,211,718	45,304,160	40,536,525	39,029,824	40,025,974	38,563,450
Licenses and permits	538,534	982,879	956,965	644,621	633,339	601,202	948,267	576,559	1,389,717	831,968
Charges for services	12,927,989	12,598,776	13,283,275	13,449,587	13,655,764	15,226,575	13,594,482	14,079,514	12,782,036	14,889,219
Program income	663,269	657,987	296,325	288,677	329,800	314,203	575,460	462,380	765,142	247,549
Revenue from use of money and property	2,349,812	3,621,988	3,812,356	3,836,654	3,864,984	3,473,975	4,042,881	3,067,949	3,114,817	2,883,535
Other	526,360	279,261	7,691,463	428,220	1,108,213	279,426	561,118	165,686	156,659	516,714
Total revenues	100,575,283	102,730,339	115,795,574	111,636,860	118,783,487	118,086,495	113,543,950	111,981,352	116,382,598	119,427,444
Expenditures:										
General government**	4,642,935	4,736,885	5,122,152	5,103,378	5,422,805	4,858,721	5,390,049	5,612,408	5,172,972	5,391,279
Public safety	12,852,119	13,476,656	14,162,638	14,400,420	15,287,575	15,800,938	16,028,180	16,209,402	16,409,651	16,994,567
Health, community services and recreation	4,084,948	4,086,513	4,305,709	4,414,673	4,720,477	5,584,184	5,383,295	4,945,994	4,826,149	5,041,486
Public services	8,991,673	9,363,365	9,906,759	10,048,539	10,055,161	10,196,576	9,842,829	9,835,549	10,052,683	10,704,017
Other agencies	3,610,935	3,783,720	4,227,552	4,294,283	4,291,329	4,747,617	4,409,545	4,382,776	4,566,380	4,684,697
Education	44,817,879	45,224,974	48,293,846	50,380,309	51,590,324	51,391,657	50,159,407	49,880,770	50,771,925	53,037,177
Tax increment financing	-	-	-	215,483	432,033	165,133	524,013	550,308	632,364	724,347
Unclassified	263,702	597,262	166,994	63,115	54,451	118,216	260,685	2,323,972	590,627	74,128
Restricted grants	8,248,872	7,787,297	9,098,706	8,360,660	8,479,740	8,232,148	7,414,001	9,202,815	10,729,492	9,691,489
Capital outlay*	11,762,832	9,100,357	8,038,242	16,118,777	20,818,168	12,799,978	45,478,235	10,213,552	12,534,783	8,158,063
Debt service										
Principal	2,748,866	4,237,096	2,044,428	2,136,415	12,423,331	3,862,188	6,996,892	22,907,595	3,222,253	3,685,728
Interest	3,098,248	3,095,434	2,436,120	2,373,922	2,472,643	2,375,397	2,180,013	2,923,060	1,957,347	2,050,633
Other charges	5,070	4,850	299	6,000	61,952	45,988	-	-	-	-
Total expenditures	105,128,079	105,494,409	107,803,445	117,915,974	136,109,989	120,178,741	154,067,144	138,988,201	121,466,626	120,237,611
Excess (deficiency) of revenues over (under) expenditures	(4,552,796)	(2,764,070)	7,992,129	(6,279,114)	(17,326,502)	(2,092,246)	(40,523,194)	(27,006,849)	(5,084,028)	(810,167)
Other financing sources/(uses)										
Issuance of debt	4,333,000	3,555,000	-	3,100,000	3,100,000	2,086,100	30,659,143	10,378,985	8,369,000	3,602,000
Capital leases	-	-	-	-	-	-	-	456,581	-	-
Payment to escrow agent	-	-	-	-	-	-	-	(4,233,486)	-	-
Premium on debt issuance	-	-	-	-	-	-	-	748,121	133,552	-
Financing proceeds	-	-	-	7,091,928	9,596,640	-	-	-	-	-
Sale of assets	120,479	320,034	161,439	104,620	135,849	117,558	84,507	186,709	187,760	565,717
Transfers to other funds	(3,099,137)	(3,300,247)	(2,690,305)	(2,865,418)	(1,789,024)	(2,015,003)	(1,861,301)	(9,783,007)	(4,406,771)	(3,698,558)
Transfers from other funds	2,237,847	2,428,383	2,151,217	2,126,239	2,550,127	1,377,105	1,444,259	1,010,226	1,236,054	1,228,908
Total other financing sources	3,592,189	3,003,170	(377,649)	9,557,369	13,593,592	1,565,760	30,326,608	(1,235,871)	5,519,595	1,698,067
Net change in fund balances	\$ (960,607)	\$ 239,100	\$ 7,614,480	\$ 3,278,255	\$ (3,732,910)	\$ (526,486)	\$ (10,196,586)	\$ (28,242,720)	\$ 435,567	\$ 887,900
Debt service as a percentage of noncapital expenditures	6.08%	7.74%	4.26%	4.00%	11.14%	5.52%	7.97%	19.35%	4.46%	4.95%

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

** - Beginning with 2014, certain departmental costs are reflected in General government expenditures instead of other functional areas.

Table 6

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

Fiscal Year	Real Property		Personal Property¹	Total Taxable Assessed Value	Total Direct Tax Rate
	Estimated Residential	Estimated Commercial			
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
2014	1,250,419,936	1,108,862,964	244,302,800	2,603,585,700	19.56
2015	1,258,223,338	1,115,782,962	239,021,300	2,613,027,600	20.54

* 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
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
2014	8.67	1.48	9.41	19.56	1.24	20.80
2015	8.89	1.65	10.00	20.54	1.26	21.80

Table 8

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

Taxpayer	Business	2015			2006		
		Assessed Value	Rank	% of Total Tax Base	Assessed Value	Rank	% of Total Tax Base
GLP Capital L.P.	Gaming	\$ 92,061,400	1	3.52%	-		-
Bangor Mall LLC	Shopping mall	61,727,400	2	2.36%	-		-
General Electric	Manufacturer	59,633,100	3	2.28%	\$ 90,470,700	1	4.39%
Emera Maine	Utility	41,820,000	4	1.60%	-		-
Walmart Stores	Retailer	21,828,300	5	0.84%	-		-
HC Bangor LLC	Gaming	20,439,300	6	0.78%	-		-
Bangor Gas Company LLC	Utility	20,338,400	7	0.78%	-		-
GM Realty of Bangor LLC	Real estate interests	17,017,900	8	0.65%	-		-
QV Realty Trust	Real estate interests	16,569,400	9	0.63%	13,286,100	5	0.65%
Winterfell Sunbury	Retirement Living	15,326,100	10	0.59%	-		-
BANMAK Associates	Shopping mall	-		-	52,486,200	2	2.55%
Bangor Hydro Electric	Utility	-		-	28,818,600	3	1.40%
Bangor Savings Bank	Commercial bank	-		-	17,119,800	4	0.83%
Eastern Maine Healthcare	Medical institution	-		-	12,566,900	6	0.61%
May Department Stores	Retailer	-		-	11,787,800	7	0.57%
Cabrel Company	Real estate interests	-		-	11,634,800	8	0.56%
Airport Mall Associates	Shopping mall	-		-	10,987,200	9	0.53%
Bangor Retirement	Retirement Living	-		-	9,650,300	10	0.47%
Totals		<u>\$ 366,761,300</u>		<u>14.03%</u>	<u>\$ 258,808,400</u>		<u>12.56%</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			
2006	41,099,990	632,397	40,467,593	39,716,755	98.14%	691,472	40,408,227	99.85%
2007	41,990,985	269,636	41,721,349	40,819,923	97.84%	848,932	41,668,855	99.87%
2008	44,082,476	341,521	43,740,955	42,847,656	97.96%	828,512	43,676,168	99.85%
2009	47,235,370	275,489	46,959,881	45,688,356	97.29%	1,176,204	46,864,560	99.80%
2010	48,719,847	588,817	48,131,030	46,205,428	96.00%	1,760,906	47,966,334	99.66%
2011	48,362,646	168,932	48,193,714	46,857,606	97.23%	1,165,612	48,023,218	99.65%
2012	48,529,834	175,844	48,353,990	47,025,587	97.25%	1,142,854	48,168,441	99.62%
2013	49,713,855	134,598	49,579,257	48,276,445	97.37%	1,097,675	49,374,120	99.59%
2014	53,077,993	43,339	53,034,654	51,692,178	97.47%	767,996	52,460,174	98.92%
2015	55,903,061	282,782	55,620,279	53,708,753	96.56%	-	53,708,753	96.56%

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	Capital Leases		Per Capita*	Assessed Value	Per Personal Income*
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%
2014	\$ 67,154,638	277,728	82,983,011	41,699	150,457,076	4,604.94	5.78%	13.12%
2015	\$ 65,147,398	549,636	83,619,820	33,082	149,349,936	4,585.79	5.72%	12.64%

* Source: U.S. Census Bureau.

Table 11

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
2006	31,054	2,059,676,900	106,784,592	5.18%	3,438.67
2007	31,749	2,224,048,600	104,131,217	4.68%	3,279.83
2008	31,262	2,406,088,800	98,720,567	4.10%	3,157.85
2009	31,329	2,544,915,800	94,311,206	3.71%	3,010.35
2010	31,450	2,626,761,500	96,645,995	3.68%	3,073.00
2011	33,039	2,571,695,000	90,441,003	3.52%	2,737.40
2012	33,000	2,576,995,000	109,382,148	4.24%	3,314.61
2013	32,963	2,582,230,800	145,219,790	5.62%	4,405.54
2014	32,673	2,603,585,700	150,137,649	5.77%	4,595.16
2015	32,568	2,613,027,600	148,767,218	5.69%	4,567.90

* Source: U.S. Census Bureau.

CITY OF BANGOR, MAINE
Computation of Direct and Overlapping Debt
June 30, 2015

	Total Debt Outstanding	Percentage Applicable to Bangor	Amount Applicable to Bangor
Direct Debt			
City of Bangor			
General Obligation Bonds	\$ 148,767,218	100.00%	\$ 148,767,218
Capital Leases	582,718	100.00%	582,718
Overlapping Debt			
Penobscot County*	\$ -		\$ -
Total Debt	<u>\$ 149,349,936</u>		<u>\$ 149,349,936</u>

* The percentage of overlapping Penobscot County debt is calculated based on the overall percent of Bangor valuation of total county valuation.

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
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%
2014	\$ 369,637,500	146,954,498	222,683,002	39.76%
2015	\$ 381,555,000	145,681,059	235,873,941	38.18%

Legal Debt Margin Calculation for Fiscal Year 2015

Total State Valuation	\$ 2,543,700,000
Debt Limitation: 15 % of State Valuation	381,555,000
Debt Applicable to Debt Limitation:	
General Obligation Bonds:	
Municipal	115,470,772
School	16,861,827
Sewer	13,348,460
Total debt applicable to limit	<u>145,681,059</u>
Legal Debt margin	<u><u>\$ 235,873,941</u></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 ***
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%
2014	32,673	35,107	23,791	36.5	3,810	5.40%
2015	32,568	36,272	23,977	35.9	3,765	4.60%

* Source: U.S. Census.

** Source: Bangor School Department.

*** Source: Maine Bureau of Labor Statistics.

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

2012			2006		
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		Shop & Save Supermarkets	Throughout
	Cianbro Corporation	Throughout			
	WalMart	Throughout			
500-999	Bangor Savings Bank	Bangor	500-999	Bangor Savings Bank	Bangor
	LL Bean	Bangor		General Electric Corp	Bangor
	Microdyne	Orono		Microdyne	Orono
	Acadia Hospital	Bangor		Acadia Hospital	Bangor
	Verso Corp Paper Mill	Bucksport		St. Joseph Hospital	Bangor
	St. Joseph Hospital	Bangor			
	Community Health & Counseling	Bangor			

* Source - Bangor, Maine Community & Economic Profile Report - 2012 represents the latest data available.
Published by City of Bangor Community and Economic Development Department.

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	100	100	100	100	100	100	99	97	92	103
Public safety										
Police	93	93	93	93	97	97	96	96	96	93
Fire	91	91	91	91	95	95	95	95	91	87
Health, community services and recreation	49	49	49	49	49	47	49	48	46	41
Public building and services	83	81	81	82	82	81	78	78	76	63
Education	573	562	618	618	621	610	580	580	568	578
Sewer Utility	21	21	21	21	21	21	24	24	24	24
Airport	78	83	89	90	86	87	88	93	77	85
Park Woods	2	2	2	2	2	2	2	2	1	-
Parking	3	3	3	3	3	3	3	3	3	3
Bass Park	9	9	7	8	8	7	6	5	-	-
Municipal Golf Course	3	3	9	3	3	3	3	3	3	3
Totals	1,105	1,097	1,163	1,160	1,167	1,153	1,123	1,124	1,077	1,080

* Source - City of Bangor Human Resource Department, excludes temporary, seasonal and on-call employees.

Table 17

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Code enforcement										
Building permits	537	550	485	501	427	518	405	453	433	454
Certificates of occupancy	432	446	430	440	341	448	350	361	395	452
Sign permits	115	116	118	103	90	96	70	69	82	83
Police										
Calls for service	27,052	28,157	32,392	34,329	32,351	30,167	31,640	33,740	36,153	36,967
Fire										
Calls for service	7,492	7,992	7,477	7,990	7,357	8,000	9,020	9,044	9,031	9,292
Sewer										
Treated flow (billions of gallons)	4.23	3.62	3.21	3.89	3.55	2.81	3.10	2.68	2.69	3.20
Biosolids (cubic yards)	9,348	9,775	10,043	10,561	10,509	9,046	9,422	8,095	8,757	8,079

* Source - City of Bangor Departmental records.

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

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	51	52	47	50	54	54	50	48	43	61
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	24	27	28	27	25	25	26	26	26	26
Public works										
Streets (miles)	422	422	427	429	429	429	431	431	431	431
Sidewalks (miles)	99.6	99.6	99.6	99.6	99.6	101.4	101.7	101.7	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	47	49	49

* Source - City of Bangor Departmental records.

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APPENDIX B

**PROPOSED FORM
OF
LEGAL OPINIONS**

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Upon issuance and delivery of the 2016 Series A Bonds described herein, Pierce Atwood LLP, Portland, Maine, Bond Counsel, proposes to issue its opinion in substantially the following form:

[Dated date of delivery]

City of Bangor
Bangor, Maine 04401

RE: City of Bangor, Maine
\$3,294,000 2016 General Obligation Bonds – Series A
Dated as of June ____, 2016

Ladies and Gentlemen:

We have acted as bond counsel to the City of Bangor, Maine (the "City") in connection with the issuance and sale by the City of \$3,294,000 principal amount of its 2016 General Obligation Bonds – Series A dated as of June ____, 2016 (the "Series A Bonds"). In such capacity, we have examined the law, including the Charter of the City and Title 30-A, Section 5772 of the Maine Revised Statutes, as amended, and the record of proceedings submitted to us by the City, in connection with the issue and sale of the above-described Series A Bonds, including among other documents, certified copies of Order 15-267 adopted by the City Council on August 10, 2015, Order 16-106 adopted by the City Council on March 28, 2016 and an approval of the City's Finance Committee dated May ____, 2016 (collectively the "Bond Authorizations").

We understand the Series A Bonds are dated as of June ____, 2016 and have been issued in the following denominations and principal amounts, bearing interest and maturing as of September 1 of each year as reflected hereinbelow:

<u>September 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>September 1</u>	<u>Amount</u>	<u>Interest Rate</u>
2016	\$119,000	%	2024	\$265,000	%
2017	\$320,000	%	2025	\$265,000	%
2018	\$315,000	%	2026	\$265,000	%
2019	\$265,000	%	2027	\$120,000	%
2020	\$265,000	%	2028	\$100,000	%
2021	\$265,000	%	2029	\$100,000	%
2022	\$265,000	%	2030	\$100,000	%
2023	\$265,000	%			

Series A Bonds maturing on or before September 1, 2025 are not subject to optional redemption prior to their stated dates of maturity. Series A Bonds maturing on and after September 1, 2026 are subject to redemption prior to their stated dates of maturity, at the option of the City, on and after September 1, 2025, as a whole or in part at any time, in

such order of maturity as the City, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

The Series A Bonds should be signed by the Finance Director of the City and countersigned by the Chairman of the City Council to be sealed with the seal of the City attested by its Clerk, and should bear the signed certificate of the certifying agent identified thereon.

In expressing the opinions set forth in paragraphs 3 and 5 hereinbelow, we have examined and relied upon the Arbitrage and Use of Proceeds Certificate, the General Certificate of the Finance Director of the City and the City's Certificate Regarding Qualified and Designated Status (collectively the "Tax Certificates") delivered concurrently herewith, which contain representations, certifications, warranties, provisions and procedures regarding compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The City, in executing such Tax Certificates, (i) has set forth facts, estimates, circumstances and reasonable expectations of the City as of the date hereof as to future events regarding the amount, use and investment of the proceeds of the Series A Bonds and the use of the improvements financed or refinanced with the proceeds of the Series A Bonds that are material for purposes of Sections 141 and 148 of the Code, and (ii) has certified that the information therein is true and accurate and that the City will comply with the provisions and procedures set forth therein and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Series A Bonds is not includable in gross income for federal income tax purposes. In rendering the opinions set forth in paragraphs 3 and 5 below, we have relied upon the representations and certifications of the City set forth in such Tax Certificates, and we have assumed that the City will comply with the requirements of the Code and with the representations, certifications, warranties, provisions and procedures set forth in such Tax Certificates.

We note that the Code establishes certain requirements regarding the use, expenditure and investment of the proceeds of the Series A Bonds and timely payment of certain investment earnings to the U.S. Treasury that must be met subsequent to the issuance and delivery of the Series A Bonds in order that interest on the Series A Bonds be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. Failure of the City to comply with such requirements may cause interest on the Series A Bonds to be included in the gross income of the owners thereof retroactive to the date of issuance of the Series A Bonds, regardless of when such noncompliance occurs.

We also note that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Owners of the Series A Bonds should consult their tax advisors as to applicability of any such collateral consequences.

We are of the opinion that:

1. Under the Constitution and laws of the State of Maine, the City has been duly created and validly exists as a body corporate and politic and a municipality under the name of

2. the City of Bangor, with lawful power and authority to adopt the Bond Authorizations and to issue the Series A Bonds.
3. The Series A Bonds are in proper form and have been duly authorized and executed by the City and, subject to due authentication, are valid and binding general obligations of the City, enforceable in accordance with their terms and all taxable property within the City (except to the extent that the City may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, and except to the extent that the City establishes or has established municipal development districts as tax increment financing districts or municipal affordable housing development districts pursuant to Title 30-A, Chapters 206 and former 207 (now repealed) of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Series A Bonds) is subject to the levy of limited *ad valorem* taxes to pay the Series A Bonds unless certain procedural requirements under 30-A M.R.S.A. §5721-A are met, in which case such *ad valorem* taxes may be levied without limit as to rate or amount; provided, however, that the Series A Bonds issued to finance school improvements included in the school budget are not subject to the property tax levy limit in Section 5721-A.
4. Based on existing statutes, regulations and court decisions, interest payable on the Series A Bonds is excludable from the gross income of the owners thereof for purposes of federal income taxation pursuant to Section 103 of the Code. Interest on the Series A Bonds will not be treated as a preference item in calculating alternative minimum taxable income of individuals and corporations; however, such interest will be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, in adjusted current earnings of a corporation for purposes of calculation of the alternative minimum tax and the foreign branch profits tax.
5. Pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, interest paid on the Series A Bonds is exempt from income tax within the State of Maine under existing statutes, regulations and decisions.
6. The Series A Bonds will constitute "qualified tax-exempt obligations" under Section 265(b) of the Code.

The foregoing opinions are qualified to the extent that the enforceability of the obligations of the City, including the Series A Bonds, may be limited by bankruptcy, moratorium or insolvency or other laws affecting the rights and remedies of creditors generally and are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have not examined and assume no responsibility for the financial condition of the City and nothing set forth herein shall be construed as assurance as to the City's financial condition or ability to make required debt service payments on the Series A Bonds.

City of Bangor, Maine
June ____, 2016
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This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

PIERCE ATWOOD LLP

Upon issuance and delivery of the 2016 Series B Bonds described herein, Pierce Atwood LLP, Portland, Maine, Bond Counsel, proposes to issue its opinion in substantially the following form:

[Dated date of delivery]

City of Bangor
Bangor, Maine 04401

Re: City of Bangor, Maine
\$920,000 2016 General Obligation Bonds - Series B (Federally Taxable)
Dated June ___, 2016

Ladies and Gentlemen:

We have acted as bond counsel to the City of Bangor, Maine (the "City") in connection with the issuance and sale by the City of \$920,000 principal amount of its 2016 General Obligation Bonds - Series B (Federally Taxable) (the "Series B Bonds"). In such capacity, we have examined the law, including the Charter of the City and Title 30-A, Section 5772 of the Maine Revised Statutes as amended, and the record of proceedings submitted to us by the City in connection with the issue and sale of the above-described Series B Bonds, including among other documents, certified copies of Order 16-105 duly adopted by the City Council on March 28, 2016, and an approval of the City's Finance Committee dated May ___, 2016 (collectively, the "Bond Authorizations").

We understand the Series B Bonds are dated as of June ___, 2016 and have been issued in the following denominations and principal amounts, bearing interest and maturing as of September 1 of each year as reflected hereinbelow:

<u>September 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>September 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>
2016	\$80,000	%	2022	\$75,000	%
2017	\$80,000	%	2023	\$75,000	%
2018	\$80,000	%	2024	\$75,000	%
2019	\$80,000	%	2025	\$75,000	%
2020	\$75,000	%	2026	\$75,000	%
2021	\$75,000	%	2027	\$75,000	%

Series B Bonds maturing on or before September 1, 2025 are not subject to optional redemption prior to their stated dates of maturity. Series B Bonds maturing on or after

September 1, 2026 are subject to redemption prior to their stated dates of maturity, at the option of the City, on and after September 1, 2025, as a whole or in part at any time, in such order of maturity as the City, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

The Series B Bonds should be signed by the Finance Director, countersigned by the Chair of the City Council and sealed with the seal of the City, attested by its Clerk, and should bear the signed certificate of the certifying agent identified thereon.

We are of the opinion that:

1. Under the Constitution and laws of the State of Maine, the City has been duly created and validly exists as a body corporate and politic and a municipality under the name of the City of Bangor with lawful power and authority to adopt the Bond Authorizations and to issue the Series B Bonds.
2. The Series B Bonds are in proper form and have been duly authorized and, subject to due authentication, are valid and binding general obligations of the City, enforceable in accordance with their terms, and all taxable property within the City (except to the extent that the City may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, and except to the extent that the City establishes or has established municipal development districts or municipal affordable housing districts pursuant to Title 30-A, Chapter 206 and former Chapter 207 (now repealed) of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Series B Bonds) is subject to the levy of limited *ad valorem* taxes to pay the Series B Bonds unless certain procedural requirements under 30-A M.R.S.A. §5721-A are met, in which case such *ad valorem* taxes may be levied without limit as to rate or amount.
3. **Interest payable on the Series B Bonds is not excludable from the gross income of the owners thereof for purposes of federal income taxation.**
4. Pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, interest paid on the Series B Bonds is exempt from income tax within the State of Maine under existing statutes, regulations and decisions.

The foregoing opinions are qualified to the extent that the enforceability of the obligations of the City, including the Series B Bonds, may be subject to and limited by bankruptcy, moratorium or insolvency or other laws affecting the rights and remedies of creditors generally and are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have not examined and assume no responsibility for the financial condition of the City and nothing set forth herein shall be construed as assurance as to the City's financial condition or ability to make required debt service payments on the Series B Bonds.

City of Bangor, Maine
June ____, 2016
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This opinion is given as of the date hereof and we assume no obligation to update revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

PIERCE ATWOOD LLP

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APPENDIX C

**PROPOSED FORM
OF
CONTINUING DISCLOSURE CERTIFICATE**

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**CITY OF BANGOR, MAINE
PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

In connection with the issuance by the City of Bangor, Maine (the “Issuer”) of its [\$3,294,000 2016 General Obligation Bonds - Series A, dated as of June 6, 2016][\$920,000 2016 General Obligation Bonds - Series B (Federally Taxable), dated as of June 6, 2016] (the “Bonds”) and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants that it will engage in the undertakings described in Paragraphs 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. The Issuer reserves the right to incorporate by reference its Official Statement dated May 10, 2016 relating to the Bonds (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Bonds, in any future disclosure provided hereunder.

1. The Issuer will provide to the Municipal Securities Rulemaking Board established under the Securities and Exchange Act of 1934, as amended, or any successor thereto (“MSRB”): (a) not later than 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2017, financial information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Bonds regarding (i) revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax and rate information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension and other post employment benefit obligations of the Issuer, and (vii) such other financial information and operating data as may be required to comply with the Rule; and (b) promptly upon their public release, the audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles.

The Issuer reserves the right to modify from time to time the specific types of information provided under clause (a) above or the format of the presentation of such information to reflect changed circumstances, provided that any such modification will be done in a manner consistent with the Rule.

2. The Issuer will provide in a timely manner not in excess of ten (10) business days after the occurrence of an event listed in this Section 2 to the MSRB notice of the occurrence of any of the following events with respect to the Bonds:
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults, if material;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. Adverse tax opinions, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - g. Modifications to the rights of holders of the Bonds, if material;
 - h. Bond calls, if material, and tender offers;
 - i. Defeasances;
 - j. The release, substitution, or sale of property securing repayment of the Bonds, if material;
 - k. Rating changes;
 - l. Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in paragraph l, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement

- or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);
- m. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above. However, the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

- 3. The Issuer will provide in a timely manner to the MSRB notice of a failure to satisfy the requirements of Paragraph 1 herein.
- 4. The intent of the Issuer's undertaking in this Continuing Disclosure Certificate is to provide on a continuing basis the information described in the Rule. The provisions of the Continuing Disclosure Certificate may be amended by the Issuer without the consent of, or notice to, any beneficial owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Issuer for the benefit of the beneficial owners of the Bonds, (d) to modify the contents, presentation and format of the financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of beneficial owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment. Furthermore, to the extent that the Rule, as in effect from time to time, no longer requires the issuers of municipal securities to provide all or any portion of the information the Issuer has agreed to provide pursuant to the Continuing Disclosure Certificate, the obligation of the Issuer to provide such information also shall cease immediately.
- 5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the beneficial owners of the Bonds, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any beneficial owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the Securities and Exchange Commission or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Bonds.
- 6. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB to: <http://emma.msrb.org/submission> or such other locations or address as the MSRB shall require.
- 7. Except as disclosed in its Official Statement dated May 10, 2016, the Issuer has never failed to comply in any material respect with any previous undertakings in regard to continuing or material events disclosure.

8. The Issuer's Finance Director, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: Deborah A. Cyr, Finance Director, City of Bangor, 73 Harlow Street, Bangor, ME 04401; Telephone: (207) 992-4253.

CITY OF BANGOR, MAINE

By: _____

Its: _____

Dated: _____, 2016