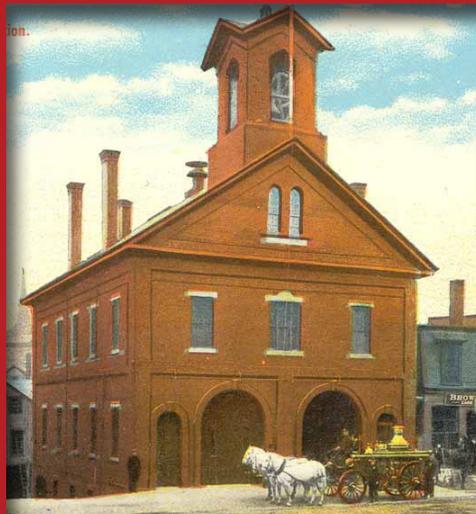
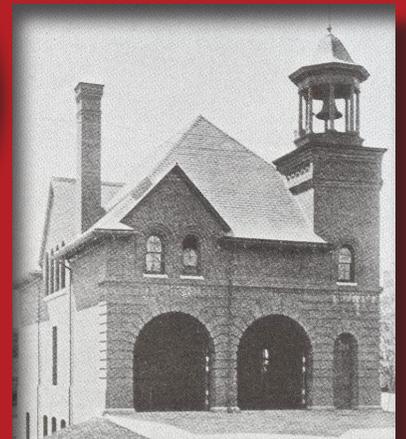
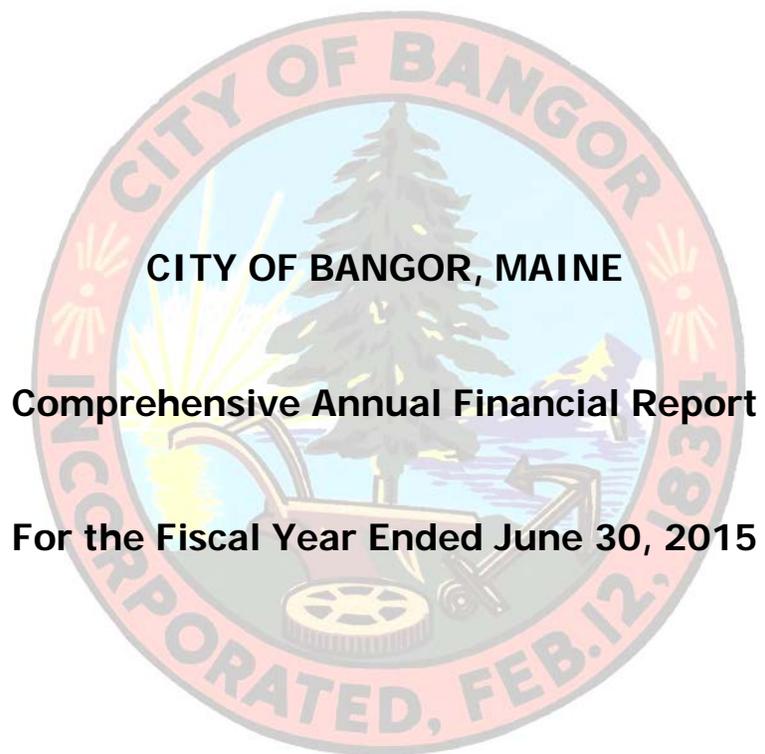


# CITY OF BANGOR, MAINE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR JUNE 30, 2015





**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**  
**Comprehensive Annual Financial Report**  
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**For the Fiscal Year Ended June 30, 2015**

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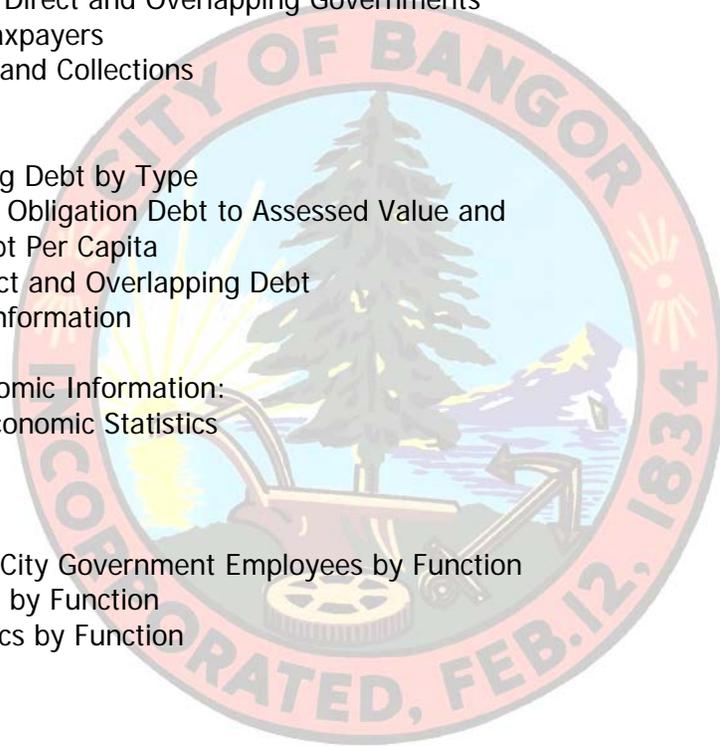
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# **INTRODUCTORY SECTION**



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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

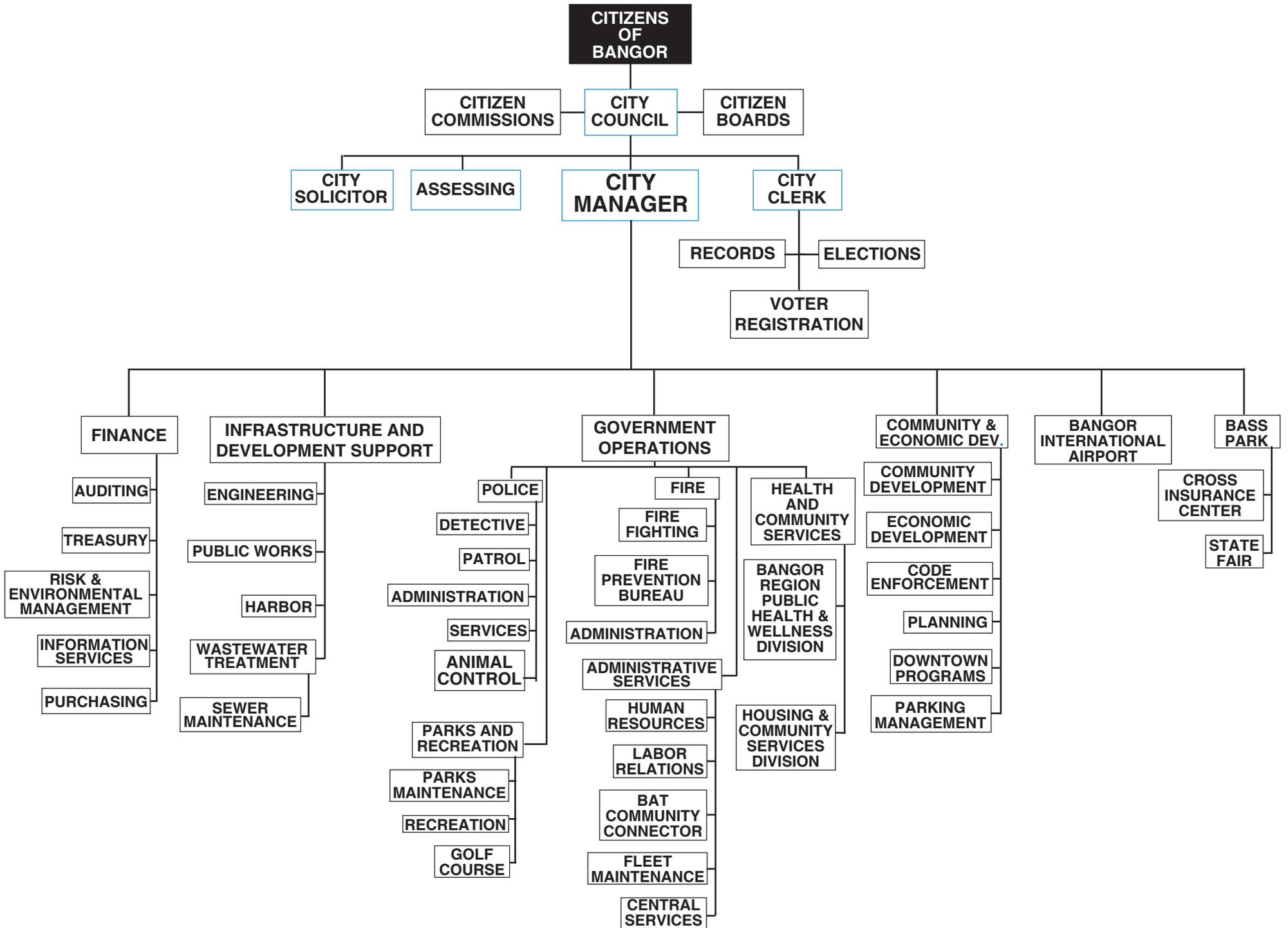
**City of Bangor  
Maine**

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).

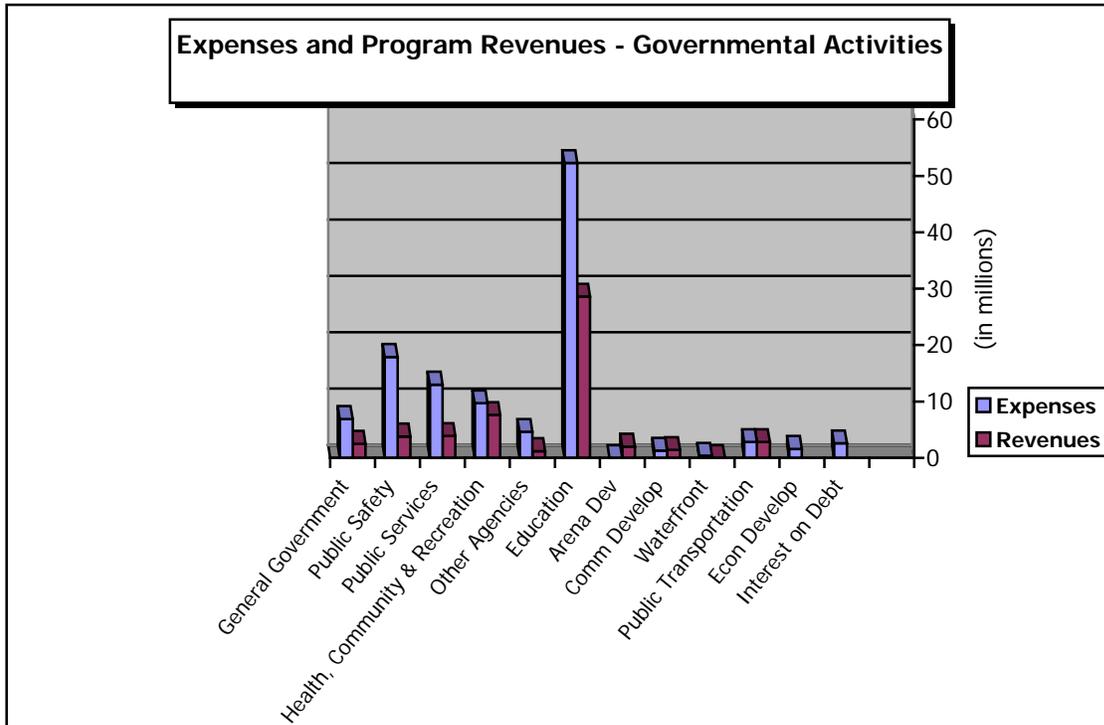
## Changes in Net Position

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

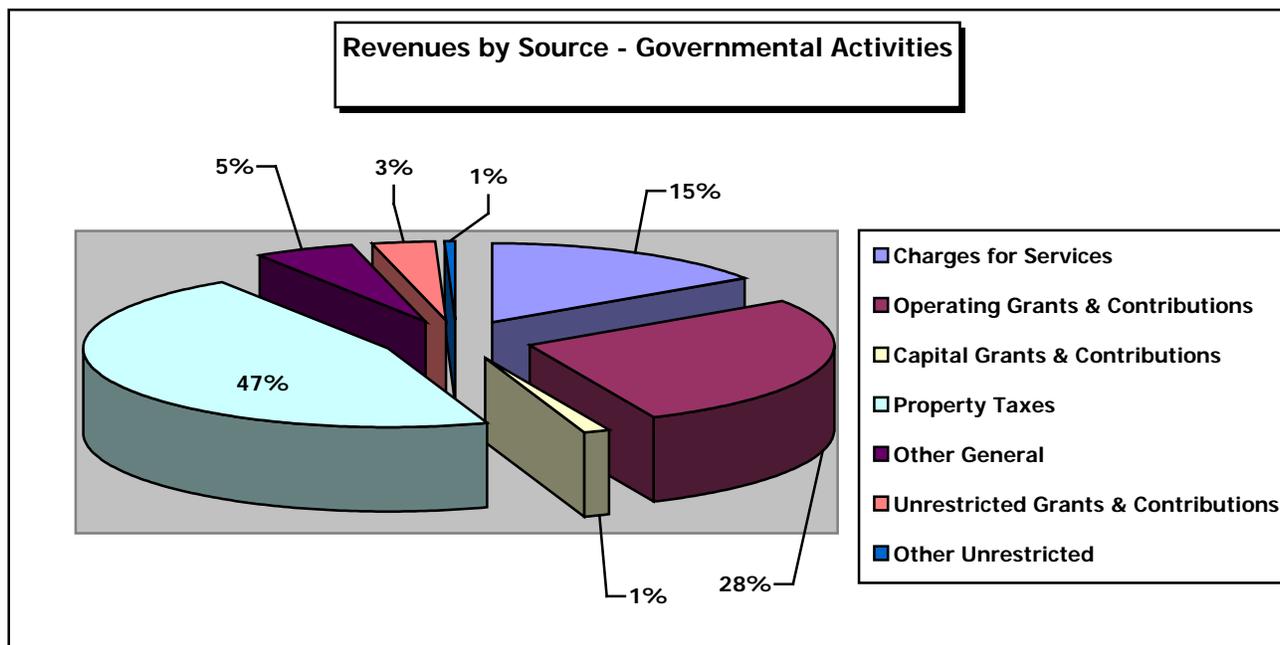
|   | Governmental       |                    | Business-type      |                    | Total              |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | Activities         |                    | Activities         |                    |                    |                    |
|   | 2015               | 2014               | 2015               | 2014               | 2015               | 2014               |
| <b>Revenues</b>   |                    |                    |                    |                    |                    |                    |
| 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<br>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          |
| <b>Total Revenues</b>   | <b>119,840,110</b> | <b>116,410,546</b> | <b>35,639,068</b>  | <b>31,515,875</b>  | <b>155,479,178</b> | <b>147,926,421</b> |
| <b>Expenses</b>   |                    |                    |                    |                    |                    |                    |
| 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            |
| <b>Total Expenses</b>   | <b>113,023,995</b> | <b>116,030,371</b> | <b>38,627,454</b>  | <b>36,860,673</b>  | <b>151,651,449</b> | <b>152,891,044</b> |
| Excess (deficiency) before special<br>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          | -                  | -                  |
| <b>Change in net position</b>                                   | <b>4,346,465</b>   | <b>(2,790,542)</b> | <b>(1,003,400)</b> | <b>(2,174,081)</b> | <b>3,343,065</b>   | <b>(4,964,623)</b> |

## 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.

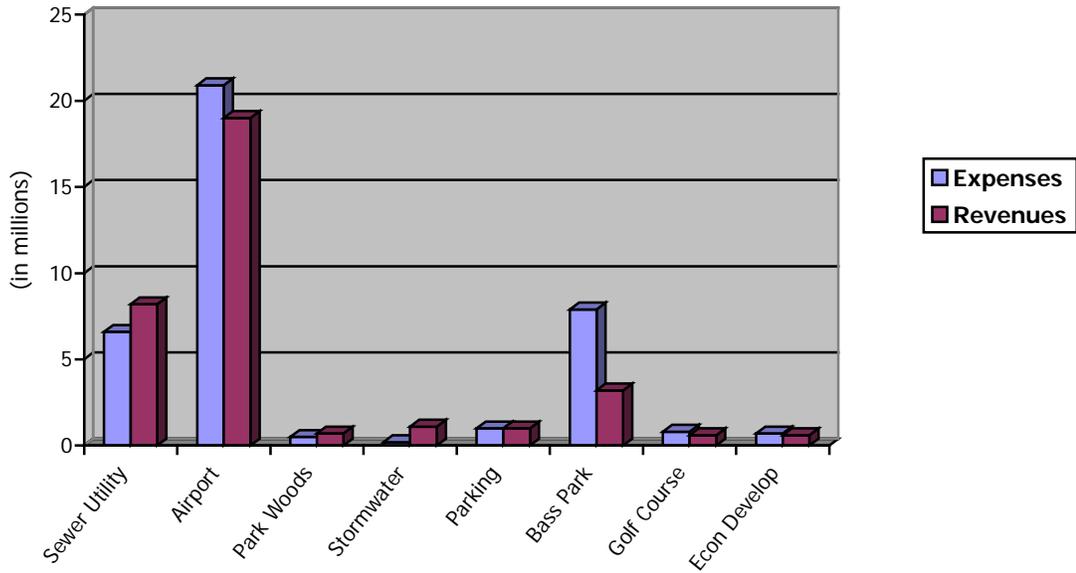


Total governmental activities' revenues increased \$3.4 million, or 2.9%. The largest single source of revenue continues to be the property tax, which increased \$3.1 million. In addition, the City realized one time increases in excise taxes of \$445 thousand. Capital grants and contributions decreased \$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.

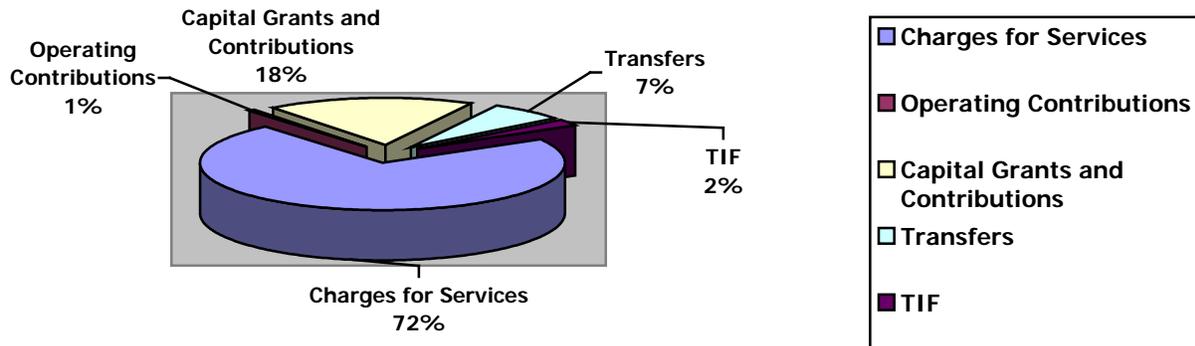
### Business-type Activities

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.

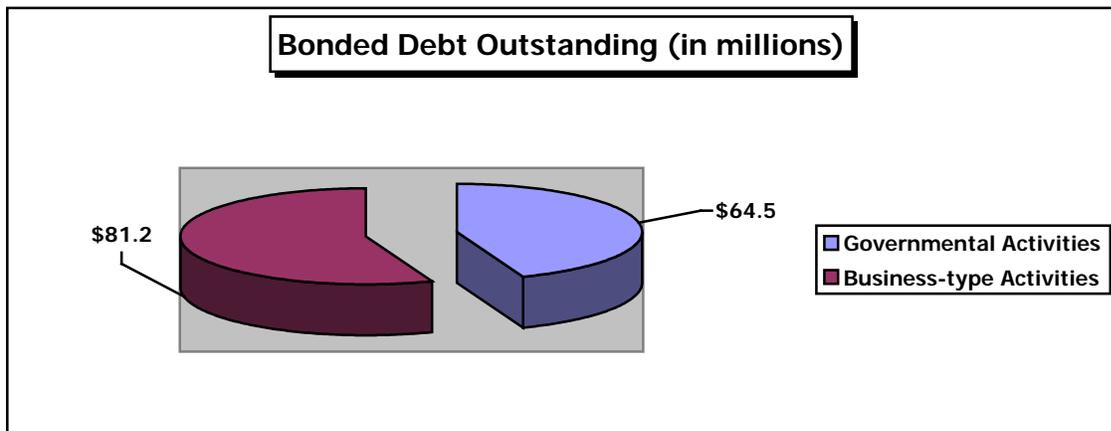
- The Sewer Fund invested \$2.8 million in sewer replacement and separation projects.
- On June 30, 2015, the City sold the Park Woods Fund operation including its \$2.3 million of assets (Refer to Note G – Disposal of Operations).

**Capital Assets (net of depreciation)**

|                             | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> |
|-----------------------------|------------------------------------|-------------------------------------|
| 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](mailto:finance@bangormaine.gov).

**BASIC FINANCIAL STATEMENTS**



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

|   | Primary Government         |                             |                       | Component Unit           |
|---|----------------------------|-----------------------------|-----------------------|--------------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                 | Bangor<br>Public Library |
| <b>ASSETS</b>   |                            |                             |                       |                          |
| 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<br>\$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               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                   |                            |                             |                       |                          |
| Net pension   | 1,872,874                  | 249,572                     | 2,122,446             | -                        |
| Total deferred outflows of resources                                    | 1,872,874                  | 249,572                     | 2,122,446             | -                        |
| <b>LIABILITIES</b>  |                            |                             |                       |                          |
| 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                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                    |                            |                             |                       |                          |
| 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             | -                        |
| <b>NET POSITION</b>   |                            |                             |                       |                          |
| 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                |
| <b>Total net position</b>   | <b>\$ 29,064,910</b>       | <b>\$ 164,973,905</b>       | <b>\$ 194,038,815</b> | <b>\$ 26,167,858</b>     |

*See accompanying notes to financial statements.*

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

| Functions/programs  | Expenses              | Program Revenues        |  |  | Net (expense) revenue and changes<br>in net position |                             |                       | Component Unit<br>Bangor<br>Public Library |
|---|-----------------------|-------------------------|--|--|--|-----------------------------|-----------------------|--|
|   |                       | Charges for<br>services | Operating<br>grants and<br>contributions | Capital<br>grants and<br>contributions | Primary Government                                   |                             | Total                 |  |
|   |                       |                         |  |  | Governmental<br>activities                           | Business-type<br>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)           | -  |
| <b>Total governmental activities</b>                                    | <b>113,023,995</b>    | <b>18,492,398</b>       | <b>33,541,085</b>                        | <b>1,540,614</b>                       | <b>(59,449,898)</b>                                  | <b>-</b>                    | <b>(59,449,898)</b>   | <b>-</b>                                   |
| 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)             | -  |
| <b>Total business-type activities</b>                                   | <b>38,627,454</b>     | <b>27,236,139</b>       | <b>193,061</b>                           | <b>6,947,799</b>                       | <b>-</b>   | <b>(4,250,455)</b>          | <b>(4,250,455)</b>    | <b>-</b>                                   |
| <b>Total primary government</b>   | <b>\$ 151,651,449</b> | <b>\$ 45,728,537</b>    | <b>\$ 33,734,146</b>                     | <b>\$ 8,488,413</b>                    | <b>(59,449,898)</b>                                  | <b>(4,250,455)</b>          | <b>(63,700,353)</b>   | <b>-</b>                                   |
| Component unit  |                       |                         |  |  |  |                             |                       |  |
| <b>Bangor Public Library</b>  | <b>\$ 2,719,719</b>   | <b>29,370</b>           | <b>2,043,548</b>                         | <b>343,213</b>                         | <b>-</b>   | <b>-</b>                    | <b>-</b>              | <b>\$ (303,588)</b>                        |
| 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                   | -                     | -  |
| <b>Total general revenues and transfers</b>                             |                       |                         |  |  | <b>63,796,363</b>                                    | <b>3,247,055</b>            | <b>67,043,418</b>     | <b>180,888</b>                             |
| 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                                 |
| <b>Net position, end of year</b>  |                       |                         |  |  | <b>\$ 29,064,910</b>                                 | <b>\$ 164,973,905</b>       | <b>\$ 194,038,815</b> | <b>\$ 26,167,858</b>                       |

*See accompanying notes to financial statements.*

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

|   | General              | Community<br>Development<br>Block Grant | Arena<br>Fund     | Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|---|-------------------|-----------------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>   |                      |   |                   |                             |                                |                                |
| 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                        |
| <b>Total assets</b>   | <b>\$ 25,907,881</b> | <b>\$ 4,965,397</b>                     | <b>\$ 879,868</b> | <b>\$ 5,037,362</b>         | <b>\$ 3,303,520</b>            | <b>\$ 40,094,028</b>           |
| <b>LIABILITIES</b>  |                      |   |                   |                             |                                |                                |
| 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                         |
| <b>Total liabilities</b>  | <b>5,117,965</b>     | <b>203,753</b>                          | <b>8,597</b>      | <b>349,327</b>              | <b>54,406</b>                  | <b>5,734,048</b>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                      |   |                   |                             |                                |                                |
| 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                         |
| <b>Total deferred inflows of resources</b>                                | <b>2,559,119</b>     | <b>4,772,323</b>                        | <b>-</b>          | <b>30,130</b>               | <b>160,000</b>                 | <b>7,521,572</b>               |
| <b>FUND BALANCES (DEFICITS) (Note J)</b>                                  |                      |   |                   |                             |                                |                                |
| 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                      |
| <b>Total fund balances (deficits)</b>                                     | <b>18,230,797</b>    | <b>(10,679)</b>                         | <b>871,271</b>    | <b>4,657,905</b>            | <b>3,089,114</b>               | <b>26,838,408</b>              |
| <b>Total liabilities, deferred inflows of resources and fund balances</b> | <b>\$ 25,907,881</b> | <b>\$ 4,965,397</b>                     | <b>\$ 879,868</b> | <b>\$ 5,037,362</b>         | <b>\$ 3,303,520</b>            |                                |

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<br>Development<br>Block Grant | Arena<br>Fund      | Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---|--------------------|-----------------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>  |                      |   |                    |                             |                                |                                |
| 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                        |
| <b>Total revenues</b>  | <b>104,435,524</b>   | <b>1,211,317</b>                        | <b>1,952,929</b>   | <b>3,125,164</b>            | <b>8,702,510</b>               | <b>119,427,444</b>             |
| <b>Expenditures</b>  |                      |   |                    |                             |                                |                                |
| <b>Current:</b>  |                      |   |                    |                             |                                |                                |
| 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                      |
| <b>Total expenditures</b>  | <b>102,733,298</b>   | <b>1,218,721</b>                        | <b>26,085</b>      | <b>7,786,739</b>            | <b>8,472,768</b>               | <b>120,237,611</b>             |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <b>1,702,226</b>     | <b>(7,404)</b>                          | <b>1,926,844</b>   | <b>(4,661,575)</b>          | <b>229,742</b>                 | <b>(810,167)</b>               |
| <b>Other financing sources (uses)</b>                            |                      |   |                    |                             |                                |                                |
| 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                      |
| <b>Total other financing sources (uses)</b>                      | <b>(506,949)</b>     | <b>-</b>                                | <b>(2,106,707)</b> | <b>4,451,232.00</b>         | <b>(139,509)</b>               | <b>1,698,067</b>               |
| <b>Changes in fund balances</b>                                  | <b>1,195,277</b>     | <b>(7,404)</b>                          | <b>(179,863)</b>   | <b>(210,343)</b>            | <b>90,233</b>                  | <b>887,900</b>                 |
| <b>Fund balances (deficits), beginning of year</b>               | <b>17,035,520</b>    | <b>(3,275)</b>                          | <b>1,051,134</b>   | <b>4,868,248</b>            | <b>2,998,881</b>               | <b>25,950,508</b>              |
| <b>Fund balances (deficits), end of year</b>                     | <b>\$ 18,230,797</b> | <b>\$ (10,679)</b>                      | <b>\$ 871,271</b>  | <b>\$ 4,657,905</b>         | <b>\$ 3,089,114</b>            | <b>\$ 26,838,408</b>           |

*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**

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|  |    |                     |
|--|----|---------------------|
| 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           |
| <b>Change in net position of governmental activities (see Exhibit 2)</b>   |    | <b>\$ 4,346,465</b> |

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*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Revenues, Expenditures and Changes in**  
**Unassigned Fund Balance - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2015**

|  | Budgeted amounts |                | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|----------------|---------------------|---|
|  | Original         | Final          |                     |   |
| <b>Revenues</b>  |                  |                |                     |   |
| 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<br>municipal                    | 696,850          | 696,850        | 684,833             | (12,017)  |
| Total revenues   | 97,133,701       | 97,141,448     | 100,505,219         | 3,363,771   |
| <b>Expenditures</b>  |                  |                |                     |   |
| 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<br>over (under) expenditures           | (874,292)        | (3,692,723)    | 2,133,275           | 5,825,998   |
| <b>Other financing sources (uses)</b>                                  |                  |                |                     |   |
| Appropriation from restricted, committed<br>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             |   |
| <b>Unassigned fund balance, end of year</b>                            |                  |                | <b>\$ 9,995,105</b> |   |

*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<br>Utility<br>Fund | Airport<br>Fund | Bass Park<br>Fund | Nonmajor<br>Proprietary<br>Funds | Total<br>Proprietary<br>Funds |
|---|--------------------------|-----------------|-------------------|----------------------------------|-------------------------------|
| <b>ASSETS</b>                             |                          |                 |                   |                                  |                               |
| 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                   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>     |                          |                 |                   |                                  |                               |
| 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<br>Utility<br>Fund | Airport<br>Fund       | Bass Park<br>Fund   | Nonmajor<br>Proprietary<br>Funds | Total<br>Proprietary<br>Funds |
|--|--------------------------|-----------------------|---------------------|----------------------------------|-------------------------------|
| <b>LIABILITIES</b>                         |                          |                       |                     |                                  |                               |
| 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                        |
| <b>Total current liabilities</b>           | <b>2,296,873</b>         | <b>6,204,722</b>      | <b>5,561,730</b>    | <b>1,684,597</b>                 | <b>15,747,922</b>             |
| 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                     |
| <b>Total long-term liabilities</b>         | <b>12,324,051</b>        | <b>9,609,081</b>      | <b>54,633,023</b>   | <b>5,188,613</b>                 | <b>81,754,768</b>             |
| <b>Total liabilities</b>                   | <b>14,620,924</b>        | <b>15,813,803</b>     | <b>60,194,753</b>   | <b>6,873,210</b>                 | <b>97,502,690</b>             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>       |                          |                       |                     |                                  |                               |
| Net pension                                | 179,623                  | 522,719               | -                   | 28,207                           | 730,549                       |
| <b>Total deferred inflows of resources</b> | <b>179,623</b>           | <b>522,719</b>        | <b>-</b>            | <b>28,207</b>                    | <b>730,549</b>                |
| <b>NET POSITION</b>                        |                          |                       |                     |                                  |                               |
| 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                     |
| <b>Total net position</b>                  | <b>\$ 44,674,295</b>     | <b>\$ 107,343,222</b> | <b>\$ 6,603,645</b> | <b>\$ 6,352,743</b>              | <b>\$ 164,973,905</b>         |

*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<br>Utility<br>Fund | Airport<br>Fund       | Bass Park<br>Fund   | Nonmajor<br>Proprietary<br>Funds | Total<br>Proprietary<br>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<br>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                   |
| <b>Net position, end of year</b>                               | <b>\$ 44,674,295</b>     | <b>\$ 107,343,222</b> | <b>\$ 6,603,645</b> | <b>\$ 6,352,743</b>              | <b>\$ 164,973,905</b>         |

*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<br>Utility<br>Fund | Airport<br>Fund  | Bass Park<br>Fund | Nonmajor<br>Proprietary<br>Funds | Total<br>Proprietary<br>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                     |
| <b>Cash, end of year</b>  | <b>\$ 2,300,118</b>      | <b>\$ 27,570</b> | <b>\$ 937,808</b> | <b>\$ 1,325,328</b>              | <b>\$ 4,590,824</b>           |

## 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<br>Utility<br>Fund | Airport<br>Fund     | Bass Park<br>Fund   | Nonmajor<br>Proprietary<br>Funds | Total<br>Proprietary<br>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                    |
| <b>Net cash provided by (used in) operating activities</b>  | <b>\$ 3,264,587</b>      | <b>\$ (607,606)</b> | <b>\$ (285,112)</b> | <b>\$ 1,062,800</b>              | <b>\$ 3,434,669</b>           |

*See accompanying notes to financial statements.*

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

|                           |    | <b>Agency<br/>Fund</b> |
|---------------------------|----|------------------------|
| <b>ASSETS</b>             |    |                        |
| Cash and cash equivalents | \$ | 139,525                |
| <b>Total assets</b>       |    | <b>\$ 139,525</b>      |
| <b>LIABILITIES</b>        |    |                        |
| Amounts held for others   | \$ | 139,525                |
| <b>Total liabilities</b>  |    | <b>\$ 139,525</b>      |

*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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**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**

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**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 30<sup>th</sup>, 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  | 529,201        |
|   | (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                                | 826,157        |
|   | \$ (8,619,678) |
| Operating loss  |                |

**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                 |        | <u>\$ 17,653,376</u> | <u>\$ 12,782,654</u> | <u>\$ 50,000</u> | <u>\$ 3,799,004</u> | <u>\$ 1,021,718</u> |

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. As of June 30, 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**

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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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<br>June 30, 2014    | Increases                  | Decreases                  | Balance<br>June 30, 2015    |
|--|-----------------------------|----------------------------|----------------------------|-----------------------------|
| <b>Governmental activities:</b>                    |                             |                            |                            |                             |
| 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>           |
| <b>Governmental activities capital assets, net</b> | <b><u>\$ 77,801,071</u></b> | <b><u>\$ 3,756,895</u></b> | <b><u>\$ 3,234,568</u></b> | <b><u>\$ 78,323,398</u></b> |

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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

|   | Balance<br>6/30/2014 *       | Increases                  | Decreases                  | Balance<br>June 30, 2015     |
|---|------------------------------|----------------------------|----------------------------|------------------------------|
| <b>Business-type activities:</b>                    |                              |                            |                            |                              |
| 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>           |
| <b>Business-type activities capital assets, net</b> | <b><u>\$ 232,829,008</u></b> | <b><u>\$ 2,903,118</u></b> | <b><u>\$ 5,460,114</u></b> | <b><u>\$ 230,272,012</u></b> |

\* - 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  | <u>1,143,675</u>            |
| <b>Total depreciation expense - governmental activities</b>  | <b><u>\$ 4,059,628</u></b>  |
| 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                                    | <u>185,868</u>              |
| <b>Total depreciation expense - business-type activities</b> | <b><u>\$ 13,599,540</u></b> |

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

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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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      |
|                      | \$ 5,768,579 | \$ 5,768,579 |

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        | -              |
|                                      | \$ 3,706,558 | \$ 3,706,558   |

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

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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**E. Due From Other Governments**

Due from other governments is comprised of the following amounts at June 30, 2015:

|                                | Federal<br>Government | State of<br>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<br>June 30, | Airport             | Economic<br>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<br>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<br>Activities | Business-type<br>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<br>Activities | Business-type<br>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<br>Fund | Economic<br>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**

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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**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               | <u>8,493,439</u>             |
| Bonds and notes payable at June 30, 2015 | <u><u>\$ 145,681,059</u></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             |
| <b>Total bonds and notes payable</b> |                         |                | <b>\$ 47,656,188</b>    | <b>\$ 16,861,827</b> | <b>\$ 81,163,044</b>     | <b>\$ 145,681,059</b> |

\* 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              |
| <b>Total</b>                | <b>\$ 64,518,015</b>    | <b>\$ 16,675,728</b> | <b>\$ 81,163,044</b>     | <b>\$ 37,663,062</b> |

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

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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**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**

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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**Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2015, was as follows:

|   | Balance<br>6/30/2014** | Additions           | Reductions           | Balance<br>June 30, 2015 | Due within<br>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<br>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<br>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**

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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**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                       |                     |                     |                   |                     |
|                                  | <u>-</u>            | <u>-</u>            | <u>871,271</u>    | <u>-</u>            |
| 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**

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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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 |

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**OTHER INFORMATION**

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**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**

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**OTHER INFORMATION, CONTINUED**

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Changes in the reported liabilities since July 1, 2013 resulted from the following:

|  | Workers'<br>Compensation | All other self-<br>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**

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**OTHER INFORMATION, CONTINUED**

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**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](http://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**

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**OTHER INFORMATION, CONTINUED**

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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](http://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 required 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<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>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%<br>Decrease<br><u>(6.25%)</u>  | Current<br>Discount Rate<br><u>(7.25%)</u>  | 1%<br>Increase<br><u>(8.25%)</u>  |
|----------|-----------------------------------|---|-----------------------------------|
| PLD Plan | \$ 10,841,873                     | \$ 3,475,288                                | (\$ 2,682,262)                    |
|          | 1%<br>Decrease<br><u>(6.125%)</u> | Current<br>Discount Rate<br><u>(7.125%)</u> | 1%<br>Increase<br><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](http://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                   | \$ | 547,590   |

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       | \$ 2,893,929  | \$ 3,209,289  | \$ 3,503,875  |
| 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<br>Activities | Business-type<br>Activities | Total<br>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) | \$ 5,310,515               | \$ 1,525,576                | \$ 6,836,091           |
| Covered payroll                             | \$ 16,550,206              | \$ 4,754,453                | \$ 21,304,659          |
| UAAL as a percentage of covered payroll     | 32.09%                     |                             |                        |

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

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**OTHER INFORMATION, CONTINUED**

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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<br>Activities | Sewer<br>Utility<br>Fund | Airport<br>Fund       | Nonmajor<br>Proprietary<br>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<br>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<br>Activities | Business-type<br>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<br>7/1/2008 | 2010<br>7/1/2008 | 2011<br>1/1/2011 | 2012<br>1/1/2011 | 2013*<br>6/30/2013 | 2014<br>6/30/2014 | 2015<br>6/30/2015 |
| Actuarial Valuation Date                    |                  |                  |                  |                  |                    |                   |                   |
| 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\***

---

|  | <u>2015</u>       |
|--|-------------------|
| <b>PLD Plan</b>  |                   |
| 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<br>as a percentage of its covered-employee payroll | 35.46%            |
| Plan fiduciary net position as a percentage of<br>the total pension liability                    | 94.10%            |
| <b>SET Plan</b>  |                   |
| 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<br>as a percentage of its covered-employee payroll | 4.01%             |
| Plan fiduciary net position as a percentage of<br>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       |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>PLD Plan</b>  |            |            |            |            |            |            |            |            |            |            |
| 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%      |
| <b>SET Plan*</b>   |            |            |            |            |            |            |            |            |            |            |
| 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**

|   |                      |
|---|----------------------|
| <b>ASSETS</b>   |                      |
| 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           |
| <b>LIABILITIES</b>  |                      |
| Accounts payable  | \$ 1,026,306         |
| Accrued wages and benefits payable  | 4,091,659            |
| Total liabilities   | 5,117,965            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                      |
| Unavailable revenues - property taxes                                     | 2,559,119            |
| Total deferred inflows of resources                                       | 2,559,119            |
| <b>FUND BALANCES</b>  |                      |
| Nonspendable  | 2,572,748            |
| Restricted  | 909,284              |
| Committed   | 110,933              |
| Assigned  | 4,642,727            |
| Unassigned  | 9,995,105            |
| Total fund balance  | 18,230,797           |
| <b>Total liabilities, deferred inflows of resources and fund balances</b> | <b>\$ 25,907,881</b> |

**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<br>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)          | -                |
| <b>Total taxes</b>                       | <b>-</b>            | <b>58,156,191</b> | <b>59,468,512</b>  | <b>1,203,585</b> | <b>108,736</b>   |
| 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           |
| <b>Total intergovernmental</b>           | <b>-</b>            | <b>25,524,768</b> | <b>25,691,688</b>  | <b>267,040</b>   | <b>(100,120)</b> |
| 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)         | -                |
| <b>Total other</b>                       | <b>-</b>            | <b>13,460,489</b> | <b>15,345,019</b>  | <b>417,360</b>   | <b>1,467,170</b> |
| <b>Total revenues</b>                    | <b>-</b>            | <b>97,141,448</b> | <b>100,505,219</b> | <b>1,887,985</b> | <b>1,475,786</b> |

**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<br>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<br>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<br>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        | Budget    | Actual      | Surplus             | Carried      |
|  | 7/1/2014       |           |             |                     |              |
| Other financing sources (uses)   |                |           |             |                     |              |
| Appropriation from restricted, committed<br>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             |              |
| <b>Unassigned fund balance, end of year</b>                            |                |           |             | <b>\$ 9,995,105</b> |              |

# 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<br>Special<br>Revenue<br>Funds | Nonmajor<br>Permanent<br>Funds | Total Other<br>Governmental<br>Funds |
|---|---|--------------------------------|--------------------------------------|
| <b>ASSETS</b>   |   |                                |                                      |
| 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                               |
| <b>Total assets</b>   | <b>\$ 2,275,139</b>                     | <b>\$ 1,028,381</b>            | <b>\$ 3,303,520</b>                  |
| <b>LIABILITIES</b>  |   |                                |                                      |
| Accounts payable  | \$ 32,076                               | \$ -                           | \$ 32,076                            |
| Interfund loans payable   | 22,330                                  | -                              | 22,330                               |
| Total liabilities   | 54,406                                  | -                              | 54,406                               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |   |                                |                                      |
| Unavailable resources - loans   | 160,000                                 | -                              | 160,000                              |
| Total deferred inflows of resources                                       | 160,000                                 | -                              | 160,000                              |
| <b>FUND BALANCES</b>  |   |                                |                                      |
| 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                            |
| <b>Total liabilities, deferred inflows of resources and fund balances</b> | <b>\$ 2,275,139</b>                     | <b>\$ 1,028,381</b>            | <b>\$ 3,303,520</b>                  |

**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**

|   | <b>Nonmajor<br/>Special<br/>Revenue<br/>Funds</b> | <b>Nonmajor<br/>Permanent<br/>Funds</b> | <b>Total Other<br/>Governmental<br/>Funds</b> |
|---|---|---|---|
| <b>Revenues</b>                             |   |   |   |
| 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  |
| <b>Total revenues</b>                       | <b>8,664,499</b>                                  | <b>38,011</b>                           | <b>8,702,510</b>                              |
| <b>Expenditures</b>                         |   |   |   |
| 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   |
| <b>Total expenditures</b>                   | <b>8,470,654</b>                                  | <b>2,114</b>                            | <b>8,472,768</b>                              |
| <b>Excess of revenues over expenditures</b> | <b>193,845</b>                                    | <b>35,897</b>                           | <b>229,742</b>                                |
| <b>Other financing uses</b>                 |   |   |   |
| Transfers to other funds                    | (104,509)   | (35,000)                                | (139,509)                                     |
| <b>Total other financing uses</b>           | <b>(104,509)</b>                                  | <b>(35,000)</b>                         | <b>(139,509)</b>                              |
| Net change in fund balances                 | 89,336  | 897                                     | 90,233  |
| Fund balances, beginning of year            | 1,971,397   | 1,027,484                               | 2,998,881                                     |
| <b>Fund balances, end of year</b>           | <b>\$ 2,060,733</b>                               | <b>\$ 1,028,381</b>                     | <b>\$ 3,089,114</b>                           |

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

|   | Other<br>HUD Funds | Grant<br>Fund     | Dedicated<br>Revenue<br>Funds | Other             | Totals              |
|---|--------------------|-------------------|-------------------------------|-------------------|---------------------|
| <b>ASSETS</b>   |                    |                   |                               |                   |                     |
| 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              |
| <b>Total assets</b>   | <b>\$ 532,983</b>  | <b>\$ 147,624</b> | <b>\$ 741,338</b>             | <b>\$ 853,194</b> | <b>\$ 2,275,139</b> |
| <b>LIABILITIES</b>  |                    |                   |                               |                   |                     |
| Accounts payable  | \$ -               | \$ 18,364         | \$ -                          | \$ 13,712         | \$ 32,076           |
| Interfund loans payable   | -                  | 22,330            | -                             | -                 | 22,330              |
| Total liabilities   | -                  | 40,694            | -                             | 13,712            | 54,406              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                    |                   |                               |                   |                     |
| Unavailable resources - loans   | 160,000            | -                 | -                             | -                 | 160,000             |
| Total deferred inflows of resources   | 160,000            | -                 | -                             | -                 | 160,000             |
| <b>FUND BALANCES</b>  |                    |                   |                               |                   |                     |
| 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           |
| <b>Total liabilities, deferred inflows of<br/>resources and fund balances</b> | <b>\$ 532,983</b>  | <b>\$ 147,624</b> | <b>\$ 741,338</b>             | <b>\$ 853,194</b> | <b>\$ 2,275,139</b> |

**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<br>HUD Funds | Grant<br>Fund | Dedicated<br>Revenue<br>Funds | Other      | Totals       |
|---|--------------------|---------------|-------------------------------|------------|--------------|
| <b>Revenues</b>                                 |                    |               |                               |            |              |
| 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    |
| <b>Expenditures</b>                             |                    |               |                               |            |              |
| 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    |
| <b>Excess of revenues<br/>over expenditures</b> |                    |               |                               |            |              |
|   | 12,377             | 64,990        | 28,606                        | 87,872     | 193,845      |
| <b>Other financing uses</b>                     |                    |               |                               |            |              |
| Transfers to other funds                        | -                  | -             | (96,509)                      | (8,000)    | (104,509)    |
| Total other financing uses                      | -                  | -             | (96,509)                      | (8,000)    | (104,509)    |
| <b>Net change in fund balances</b>              |                    |               |                               |            |              |
|   | 12,377             | 64,990        | (67,903)                      | 79,872     | 89,336       |
| <b>Fund balances, beginning of year</b>         |                    |               |                               |            |              |
|   | 360,606            | 41,940        | 809,241                       | 759,610    | 1,971,397    |
| <b>Fund balances, end of year</b>               |                    |               |                               |            |              |
|   | \$ 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<br>Funds    | Revolving<br>Loan<br>Funds | Totals              |
|--|-------------------|----------------------------|---------------------|
| <b>ASSETS</b>                                      |                   |                            |                     |
| Investments  | \$ -              | \$ 127,855                 | \$ 127,855          |
| Loans receivable                                   | 900,526           | -                          | 900,526             |
| <b>Total assets</b>                                | <b>900,526</b>    | <b>\$ 127,855</b>          | <b>\$ 1,028,381</b> |
| <b>LIABILITIES AND<br/>FUND BALANCES</b>           |                   |                            |                     |
| Liabilities  | \$ -              | \$ -                       | \$ -                |
| <b>Total liabilities</b>                           | <b>-</b>          | <b>-</b>                   | <b>-</b>            |
| Fund balances                                      |                   |                            |                     |
| Nonspendable                                       | 404,903           | 127,855                    | 532,758             |
| Restricted   | 495,623           | -                          | 495,623             |
| <b>Total fund balances</b>                         | <b>900,526</b>    | <b>127,855</b>             | <b>1,028,381</b>    |
| <b>Total liabilities and<br/>and fund balances</b> | <b>\$ 900,526</b> | <b>\$ 127,855</b>          | <b>\$ 1,028,381</b> |

**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**

|  | <b>Other<br/>Funds</b> | <b>Revolving<br/>Loan<br/>Funds</b> | <b>Totals</b>       |
|--|------------------------|-------------------------------------|---------------------|
| <b>Revenues</b>  |                        |                                     |                     |
| Investment income  | \$ 32,453              | \$ 1,058                            | \$ 33,511           |
| Lot sales  | 4,500                  | -                                   | 4,500               |
| Total revenues   | 36,953                 | 1,058                               | 38,011              |
| <b>Expenditures</b>  |                        |                                     |                     |
| Current:   |                        |                                     |                     |
| Payments to beneficiaries                                    | 114                    | 2,000                               | 2,114               |
| Total expenditures   | 114                    | 2,000                               | 2,114               |
| Excess (deficiency) of revenues<br>over (under) expenditures | 36,839                 | (942)                               | 35,897              |
| <b>Other financing uses</b>                                  |                        |                                     |                     |
| 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           |
| <b>Fund balances, end of year</b>                            | <b>\$ 900,526</b>      | <b>\$ 127,855</b>                   | <b>\$ 1,028,381</b> |

# 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**

| <b>Business-type Activities - Enterprise Funds</b> |                       |                               |  |                         |                                      |   |
|--|-----------------------|-------------------------------|--|-------------------------|--------------------------------------|---|
|  | <b>Park<br/>Woods</b> | <b>Stormwater<br/>Utility</b> | <b>Economic<br/>Development<br/>Fund</b> | <b>Parking<br/>Fund</b> | <b>Municipal<br/>Golf<br/>Course</b> | <b>Total<br/>Nonmajor<br/>Proprietary Funds</b> |
| <b>ASSETS</b>                                      |                       |                               |  |                         |                                      |   |
| 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  |
| <b>Total current assets</b>                        | <b>14,906</b>         | <b>911,454</b>                | <b>21,433</b>                            | <b>521,516</b>          | <b>313,597</b>                       | <b>1,782,906</b>                                |
| 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                                      |
| <b>Total capital assets</b>                        | <b>-</b>              | <b>-</b>                      | <b>8,704,687</b>                         | <b>11,320,359</b>       | <b>2,813,198</b>                     | <b>22,838,244</b>                               |
| Less accumulated depreciation                      | -                     | -                             | (2,052,431)                              | (8,883,208)             | (1,906,556)                          | (12,842,195)                                    |
| <b>Net capital assets</b>                          | <b>-</b>              | <b>-</b>                      | <b>6,652,256</b>                         | <b>2,437,151</b>        | <b>906,642</b>                       | <b>9,996,049</b>                                |
| Loans receivable                                   | -                     | -                             | 1,459,634                                | -                       | -                                    | 1,459,634                                       |
| Deposits   | -                     | -                             | 6,239                                    | -                       | -                                    | 6,239   |
| <b>Total noncurrent assets</b>                     | <b>-</b>              | <b>-</b>                      | <b>8,118,129</b>                         | <b>2,437,151</b>        | <b>906,642</b>                       | <b>11,461,922</b>                               |
| <b>Total assets</b>                                | <b>14,906</b>         | <b>911,454</b>                | <b>8,139,562</b>                         | <b>2,958,667</b>        | <b>1,220,239</b>                     | <b>13,244,828</b>                               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                       |                               |  |                         |                                      |   |
| Net pension  | -                     | -                             | -  | 3,667                   | 5,665                                | 9,332   |
| <b>Total deferred outflows of resources</b>        | <b>-</b>              | <b>-</b>                      | <b>-</b>                                 | <b>3,667</b>            | <b>5,665</b>                         | <b>9,332</b>                                    |

Continued on next page

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

**Business-type Activities - Enterprise Funds**

|  | <b>Park<br/>Woods</b> | <b>Stormwater<br/>Utility</b> | <b>Economic<br/>Development<br/>Fund</b> | <b>Parking<br/>Fund</b> | <b>Municipal<br/>Golf<br/>Course</b> | <b>Total<br/>Nonmajor<br/>Proprietary Funds</b> |
|--|-----------------------|-------------------------------|--|-------------------------|--------------------------------------|---|
| <b>LIABILITIES</b>                         |                       |                               |  |                         |                                      |   |
| 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  |
| <b>Total current liabilities</b>           | <b>14,906</b>         | <b>85,377</b>                 | <b>1,209,005</b>                         | <b>291,291</b>          | <b>84,018</b>                        | <b>1,684,597</b>                                |
| 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  |
| <b>Total long-term liabilities</b>         | <b>-</b>              | <b>989,423</b>                | <b>2,474,409</b>                         | <b>1,311,235</b>        | <b>413,546</b>                       | <b>5,188,613</b>                                |
| <b>Total liabilities</b>                   | <b>14,906</b>         | <b>1,074,800</b>              | <b>3,683,414</b>                         | <b>1,602,526</b>        | <b>497,564</b>                       | <b>6,873,210</b>                                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>       |                       |                               |  |                         |                                      |   |
| Net pension                                | -                     | -                             | -  | 10,257                  | 17,950                               | 28,207  |
| <b>Total deferred inflows of resources</b> | <b>-</b>              | <b>-</b>                      | <b>-</b>                                 | <b>10,257</b>           | <b>17,950</b>                        | <b>28,207</b>                                   |
| <b>NET POSITION</b>                        |                       |                               |  |                         |                                      |   |
| 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   |
| <b>Total net position</b>                  | <b>\$ -</b>           | <b>\$ (163,346)</b>           | <b>\$ 4,456,148</b>                      | <b>\$ 1,349,551</b>     | <b>\$ 710,390</b>                    | <b>\$ 6,352,743</b>                             |

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**

|   | <b>Park<br/>Woods</b> | <b>Stormwater<br/>Utility</b> | <b>Economic<br/>Development<br/>Fund</b> | <b>Parking<br/>Fund</b> | <b>Municipal<br/>Golf<br/>Course</b> | <b>Total<br/>Nonmajor<br/>Proprietary Funds</b> |
|---|-----------------------|-------------------------------|--|-------------------------|--------------------------------------|---|
| 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                                       |
| <b>Net position, end of year</b>                            | <b>\$ -</b>           | <b>\$ (163,346)</b>           | <b>\$ 4,456,148</b>                      | <b>\$ 1,349,551</b>     | <b>\$ 710,390</b>                    | <b>\$ 6,352,743</b>                             |

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

| <b>Business-type Activities - Enterprise Funds</b>                      |                       |                               |  |                         |                                      |   |
|---|-----------------------|-------------------------------|--|-------------------------|--------------------------------------|---|
|   | <b>Park<br/>Woods</b> | <b>Stormwater<br/>Utility</b> | <b>Economic<br/>Development<br/>Fund</b> | <b>Parking<br/>Fund</b> | <b>Municipal<br/>Golf<br/>Course</b> | <b>Total<br/>Nonmajor<br/>Proprietary Funds</b> |
| 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   |
| <b>Cash, end of year</b>  | <b>\$ 12,380</b>      | <b>\$ 534,728</b>             | <b>\$ 2,368</b>                          | <b>\$ 462,255</b>       | <b>\$ 313,597</b>                    | <b>\$ 1,325,328</b>                             |

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**

|   | <b>Park<br/>Woods</b> | <b>Stormwater<br/>Utility</b> | <b>Economic<br/>Development<br/>Fund</b> | <b>Parking<br/>Fund</b> | <b>Municipal<br/>Golf<br/>Course</b> | <b>Total<br/>Nonmajor<br/>Proprietary Funds</b> |
|---|-----------------------|-------------------------------|--|-------------------------|--------------------------------------|---|
| 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   |
| <b>Net cash provided by (used in) operating activities</b>  | <b>\$ (28,540)</b>    | <b>\$ 704,728</b>             | <b>\$ 197,576</b>                        | <b>\$ 345,592</b>       | <b>\$ (156,556)</b>                  | <b>\$ 1,062,800</b>                             |

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**

|   | <b>Budget</b>         | <b>Actual</b>     | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---|-----------------------|-------------------|---|
| <b>Revenues</b>   |                       |                   |   |
| Charges for services  | \$ 7,795,400          | \$ 8,233,353      | \$ 437,953                                  |
| Interest and other revenue  | 40,000                | 84,070            | 44,070                                      |
| <b>Total revenues</b>   | <b>7,835,400</b>      | <b>8,317,423</b>  | <b>482,023</b>                              |
| <b>Expenditures and encumbrances</b>  |                       |                   |   |
| 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                                     |
| <b>Total expenditures and encumbrances</b>  | <b>9,416,096</b>      | <b>7,930,797</b>  | <b>1,485,299</b>                            |
| <b>Excess (deficiency) of revenues over<br/>(under) expenditures and encumbrances</b> | <b>\$ (1,580,696)</b> | <b>\$ 386,626</b> | <b>\$ 1,967,322</b>                         |

**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**

|   | <b>Budget</b>         | <b>Actual</b>         | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---|-----------------------|-----------------------|---|
| <b>Revenues</b>   |                       |                       |   |
| Charges for services  | \$ 11,939,643         | \$ 12,036,215         | \$ 96,572                                   |
| Interest and other revenue  | 770,226               | 509,537               | (260,689)                                   |
| <b>Total revenues</b>   | <b>12,709,869</b>     | <b>12,545,752</b>     | <b>(164,117)</b>                            |
| <b>Expenditures and encumbrances</b>                                  |                       |                       |   |
| 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                                      |
| <b>Total expenditures and encumbrances</b>                            | <b>20,113,838</b>     | <b>21,105,701</b>     | <b>(991,863)</b>                            |
| <b>Deficiency of revenues under<br/>expenditures and encumbrances</b> | <b>\$ (7,403,969)</b> | <b>\$ (8,559,949)</b> | <b>\$ (1,155,980)</b>                       |

**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**

|   | <b>Budget</b>    | <b>Actual</b>      | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---|------------------|--------------------|---|
| <b>Revenues</b>   |                  |                    |   |
| Charges for services  | \$ 452,800       | \$ 459,905         | \$ 7,105                                    |
| <b>Total revenues</b>   | <b>452,800</b>   | <b>459,905</b>     | <b>7,105</b>                                |
| <b>Expenditures and encumbrances</b>                                  |                  |                    |   |
| 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                                      |
| <b>Total expenditures and encumbrances</b>                            | <b>435,175</b>   | <b>526,683</b>     | <b>(91,508)</b>                             |
| <b>Deficiency of revenues under<br/>expenditures and encumbrances</b> | <b>\$ 17,625</b> | <b>\$ (66,778)</b> | <b>\$ (84,403)</b>                          |

**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**

|   | <b>Budget</b>       | <b>Actual</b>       | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---|---------------------|---------------------|---|
| <b>Revenues</b>   |                     |                     |   |
| Charges for services  | \$ 971,585          | \$ 1,002,143        | \$ 30,558                                   |
| Total revenues  | 971,585             | 1,002,143           | 30,558                                      |
| <b>Expenditures and encumbrances</b>                                  |                     |                     |   |
| 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                                      |
| <b>Deficiency of revenues under<br/>expenditures and encumbrances</b> | <b>\$ (263,553)</b> | <b>\$ (189,453)</b> | <b>\$ 74,100</b>                            |

**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**

|   | <b>Budget</b>         | <b>Actual</b>         | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---|-----------------------|-----------------------|---|
| <b>Revenues</b>   |                       |                       |   |
| Charges for services  | \$ 5,420,496          | \$ 5,331,165          | \$ (89,331)                                 |
| Downtown TIF  | 800,000               | 800,000               | -   |
| <b>Total revenues</b>   | <b>6,220,496</b>      | <b>6,131,165</b>      | <b>(89,331)</b>                             |
| <b>Expenditures and encumbrances</b>                                  |                       |                       |   |
| 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)                                 |
| <b>Total expenditures and encumbrances</b>                            | <b>7,902,286</b>      | <b>9,012,667</b>      | <b>(1,110,381)</b>                          |
| <b>Deficiency of revenues under<br/>expenditures and encumbrances</b> | <b>\$ (1,681,790)</b> | <b>\$ (2,881,502)</b> | <b>\$ (1,199,712)</b>                       |

**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**

|   | <b>Budget</b>       | <b>Actual</b>       | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---|---------------------|---------------------|---|
| <b>Revenues</b>   |                     |                     |   |
| Charges for services  | \$ 649,400          | \$ 611,132          | \$ (38,268)                                 |
| Interest and other revenue  | 700                 | 427                 | (273)                                       |
| <b>Total revenues</b>   | <b>650,100</b>      | <b>611,559</b>      | <b>(38,541)</b>                             |
| <b>Expenditures and encumbrances</b>                                  |                     |                     |   |
| 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             | -   |
| <b>Total expenditures and encumbrances</b>                            | <b>926,155</b>      | <b>875,685</b>      | <b>50,470</b>                               |
| <b>Deficiency of revenues under<br/>expenditures and encumbrances</b> | <b>\$ (276,055)</b> | <b>\$ (264,126)</b> | <b>\$ 11,929</b>                            |

**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**

|   | <b>Budget</b>    | <b>Actual</b>       | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---|------------------|---------------------|---|
| <b>Revenues</b>   |                  |                     |   |
| Charges for services  | \$ 776,995       | \$ 589,384          | \$ (187,611)                                |
| Interest and other revenue  | 90,507           | 90,507              | -   |
| <b>Total revenues</b>   | <b>867,502</b>   | <b>679,891</b>      | <b>(187,611)</b>                            |
| <b>Expenditures and encumbrances</b>                                  |                  |                     |   |
| 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                                      |
| <b>Total expenditures and encumbrances</b>                            | <b>1,049,500</b> | <b>1,009,816</b>    | <b>39,684</b>                               |
| <b>Deficiency of revenues under<br/>expenditures and encumbrances</b> | <b>(181,998)</b> | <b>\$ (329,925)</b> | <b>\$ (147,927)</b>                         |

**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**

|  | <b>Budget</b>    | <b>Actual</b>     | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|------------------|-------------------|---|
| <b>Revenues</b>  |                  |                   |   |
| Charges for services   | \$ 1,098,302     | \$ 852,416        | \$ (245,886)                                |
| <b>Total revenues</b>  | <b>1,098,302</b> | <b>852,416</b>    | <b>(245,886)</b>                            |
| <b>Expenditures and encumbrances</b>                             |                  |                   |   |
| 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                                     |
| <b>Total expenditures and encumbrances</b>                       | <b>1,098,302</b> | <b>323,215</b>    | <b>775,087</b>                              |
| <b>Excess of revenues over<br/>expenditures and encumbrances</b> | <b>\$ -</b>      | <b>\$ 529,201</b> | <b>\$ 529,201</b>                           |

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

**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**

| <b>Function and Activity</b>                    | <b>Balance<br/>2014</b> | <b>Additions</b>    | <b>Deletions</b>    | <b>Balance<br/>2015</b> |
|---|-------------------------|---------------------|---------------------|-------------------------|
| 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              |
| <b>Total governmental fund capital assets</b>   | <b>\$ 77,801,071</b>    | <b>\$ 7,816,523</b> | <b>\$ 7,294,196</b> | <b>\$ 78,323,398</b>    |

## OTHER INFORMATION



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

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**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> |

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

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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><u>\$ 92,008,967</u></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<br>of net expenditures and uses | 10.86%                      |

\* excludes amounts appropriated from unassigned fund balance

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# 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            |
|---|-----------------|
| <b>Financial Trends</b>   | <b>III - 1</b>  |
| <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>  |                 |
| <b>Revenue Capacity</b>   | <b>III - 8</b>  |
| <p>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</p>  |                 |
| <b>Debt Capacity</b>  | <b>III - 12</b> |
| <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>                           |                 |
| <b>Demographic and Economic Information</b>   | <b>III - 16</b> |
| <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>   |                 |
| <b>Operating Information</b>  | <b>III - 18</b> |
| <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> |                 |

**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  | 41,458,283     | 43,672,117     | 34,245,258     | 24,718,445     | 29,064,910     |
| 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 | 170,893,880    | 165,572,907    | 170,428,441    | 165,977,305    | 164,973,905    |
| 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       | \$ 212,352,163 | \$ 209,245,024 | \$ 204,673,699 | \$ 190,695,750 | \$ 194,038,815 |

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

\* As Restated (See Note H)

**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           |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Expenses</b>                           |                |                |                |                |                |                |                |                |                |                |
| 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

**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          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Program Revenues</b>                         |               |               |               |               |               |               |               |               |               |               |
| 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

**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            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Net (expense)/revenue</b>                              |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| 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)    |
| <b>General revenues and other changes in net position</b> |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| 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      |
| <b>Change in net position</b>                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| 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    |

Continued from previous page

**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          |
|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Tax Revenues</b> |               |               |               |               |               |               |               |               |               |               |
| 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                 |
| <b>General Fund:</b>                 |                      |                      |                      |                      |                      |
| 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> |
| <b>All other governmental funds:</b> |                      |                      |                      |                      |                      |
| 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          |
|---|---------------|---------------|---------------|---------------|----------------|---------------|-----------------|-----------------|---------------|---------------|
| <b>Revenues:</b>  |               |               |               |               |                |               |                 |                 |               |               |
| 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   |
| <b>Expenditures:</b>                                      |               |               |               |               |                |               |                 |                 |               |               |
| 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)     |
| <b>Other financing sources/(uses)</b>                     |               |               |               |               |                |               |                 |                 |               |               |
| 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 Property <sup>1</sup> | 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.

<sup>1</sup> Personal Property consists of machinery and equipment.

Table 7

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

| <b>Fiscal Year</b> | <b>General City Government</b> | <b>General Fund Debt Service</b> | <b>Education</b> | <b>Total Direct Tax Rate</b> | <b>Penobscot County</b> | <b>Total Tax/ (Mill) Rate</b> |
|--------------------|--------------------------------|----------------------------------|------------------|------------------------------|-------------------------|-------------------------------|
| 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**

|                          | <b>Total Debt<br/>Outstanding</b> | <b>Percentage<br/>Applicable<br/>to Bangor</b> | <b>Amount<br/>Applicable<br/>to Bangor</b> |
|--------------------------|-----------------------------------|--|--|
| 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**

| <b>Fiscal Year</b> | <b>Debt Limit</b> | <b>Total Net Debt Applicable to Limit</b> | <b>Legal Debt Margin</b> | <b>Percentage of Net Debt to Debt Limit</b> |
|--------------------|-------------------|---|--------------------------|---|
| 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**

| <b>Fiscal Year</b> | <b>Population *</b> | <b>Median Household Income*</b> | <b>Per Capita Income*</b> | <b>Median Age*</b> | <b>Public School Enrollment**</b> | <b>Unemployment Rate ***</b> |
|--------------------|---------------------|---------------------------------|---------------------------|--------------------|-----------------------------------|------------------------------|
| 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**

| <b>2012</b>      |                               |                 | <b>2006</b>      |                              |                 |
|------------------|-------------------------------|-----------------|------------------|------------------------------|-----------------|
| <b>Employees</b> | <b>Employer</b>               | <b>Location</b> | <b>Employees</b> | <b>Employer</b>              | <b>Location</b> |
| 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.

Table 16

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

| <b>Function</b>                           | <b>2006</b>  | <b>2007</b>  | <b>2008</b>  | <b>2009</b>  | <b>2010</b>  | <b>2011</b>  | <b>2012</b>  | <b>2013</b>  | <b>2014</b>  | <b>2015</b>  |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 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            |
| <b>Totals</b>                             | <b>1,105</b> | <b>1,097</b> | <b>1,163</b> | <b>1,160</b> | <b>1,167</b> | <b>1,153</b> | <b>1,123</b> | <b>1,124</b> | <b>1,077</b> | <b>1,080</b> |

\* 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**

| <b>Function</b>                    | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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.