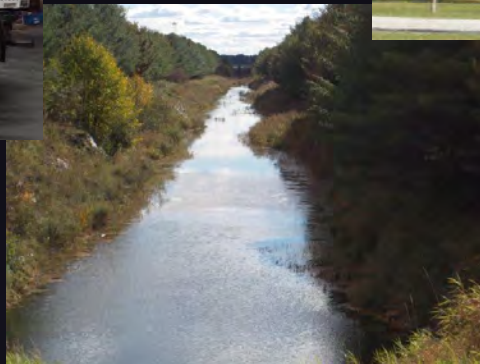
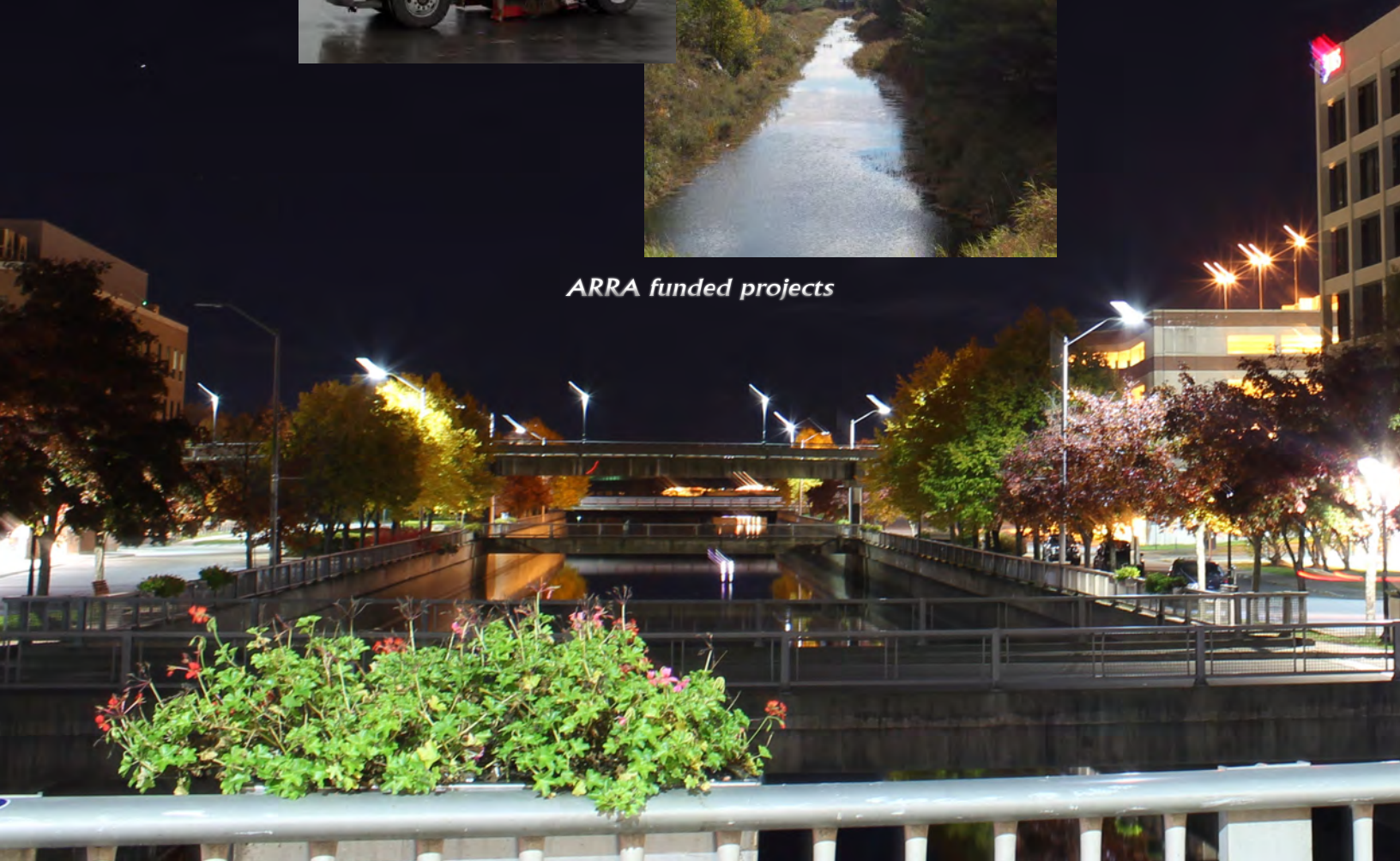


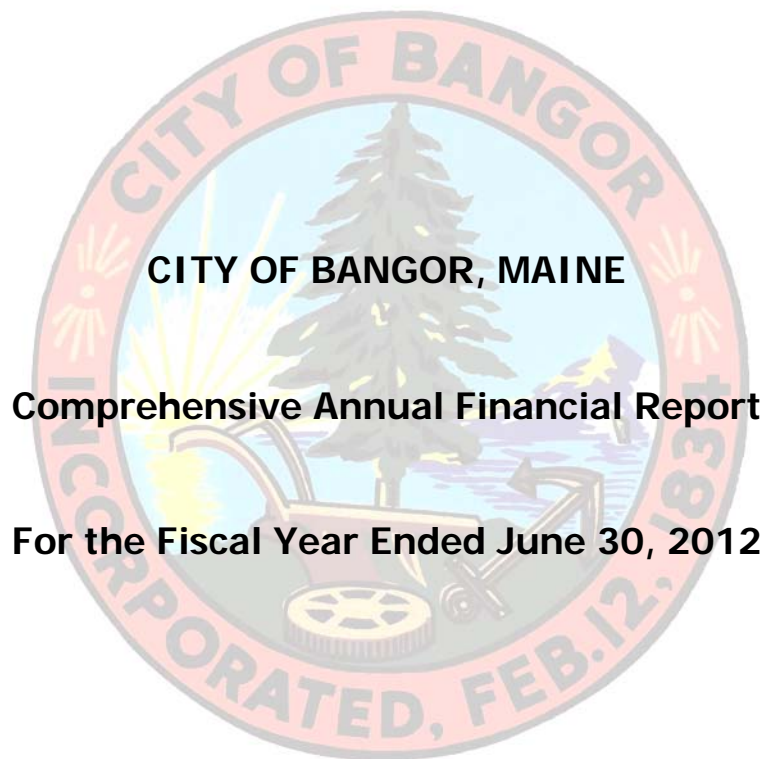
# *City of Bangor, Maine Comprehensive Annual Financial Report for Fiscal Year June 30, 2012*

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*ARRA funded projects*





**CITY OF BANGOR, MAINE**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2012**

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, 2012**

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# **INTRODUCTORY SECTION**

December 21, 2012

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, 2012 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Bangor. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the City of Bangor on a government wide and fund basis.

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

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

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

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

### **Profile of the Government**

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

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

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



prior to the start of the City's fiscal year. Once approved, the expenditure of this appropriation is under the direction and control of the School Committee. The School Committee employs the Superintendent of Schools as its chief operating officer.

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

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

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

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

## **Factors Affecting Financial Condition**

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

Bangor has a stable and varied economic base. Major employers include a diversified mix of health care, educational, professional, retail, manufacturing, and governmental entities. Bangor's 2011 unemployment rate of 7.2% continues to be on par with or below both county and state rates of 8.1% and 7.5%, respectively.

Bangor is the second largest retail market in Maine after Portland. The Bangor Mall, Airport Mall, Broadway commercial center, Union Street commercial corridor, and the Bangor Center Development District (downtown) have long established Bangor as the hub of the six-county eastern Maine retail market. Bangor's retail sector serves an extensive geographic area ranging from eastern Maine to the Canadian Maritimes, with a population exceeding 3.1 million. With less than three percent of the State's population, Bangor's share of the State's retail sales is proportionally higher. In 2011, Bangor's share of the State's retail sales was 9.2%, and its share of County sales was 74.8%.

Further evidence of continuing sustained growth is the change in the City's assessed value of real and personal property. The annual increase in assessed value is a combination of three factors: 1) market adjustments to existing property, 2) new construction/additions, and 3) personal property depreciation. Over the last ten years, the average annual increase in assessed value is 4.51%. Tax base growth, the City's focus on controlling budgetary growth, and ramped up state funding for education resulted in a 22.9% reduction in the City's tax rate from 2003 to 2012.

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

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

Under a development agreement with Bangor Historic Track, a wholly owned subsidiary of Penn National Gaming, the City receives a percentage of gross slot and table game revenues as well as land lease payments and property taxes on the new development associated with Bangor's gaming facility. In October 2005, the City established a special revenue fund to account for its share of gross slot and table game revenues. In addition, the Council Order establishing this fund specifies that its primary use will be to construct a new arena in Bangor to replace the Bangor Auditorium, which opened in Bass Park in 1954. In August 2011, the City broke ground to replace the aging facility with a right sized state of the art Arena and meeting complex. During the year, the City engaged Global Spectrum to be the private operator of the new facility as well as Front Row Marketing to sell naming rights, advertising, sponsorships and premium seating in the facility. In July 2013, the facility was officially named the Cross Insurance Center. Construction is expected to be completed in the spring of 2013 with its grand opening planned for September 2013.

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

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

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

By Charter, the City is required to maintain a balance between 5% and 10% of operating expenditures less debt service, and the Council has determined that a reasonable target is 8.33%. Unassigned fund balance in the general fund as of June 30, 2012 was 8.73% of expenditures, net of debt service.

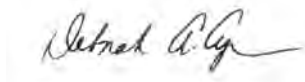
**Awards and Acknowledgements.** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bangor for its comprehensive annual financial report for the fiscal year ended June 30, 2011 for the sixteenth consecutive year. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Debbie Cyr  
Finance Director

# 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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



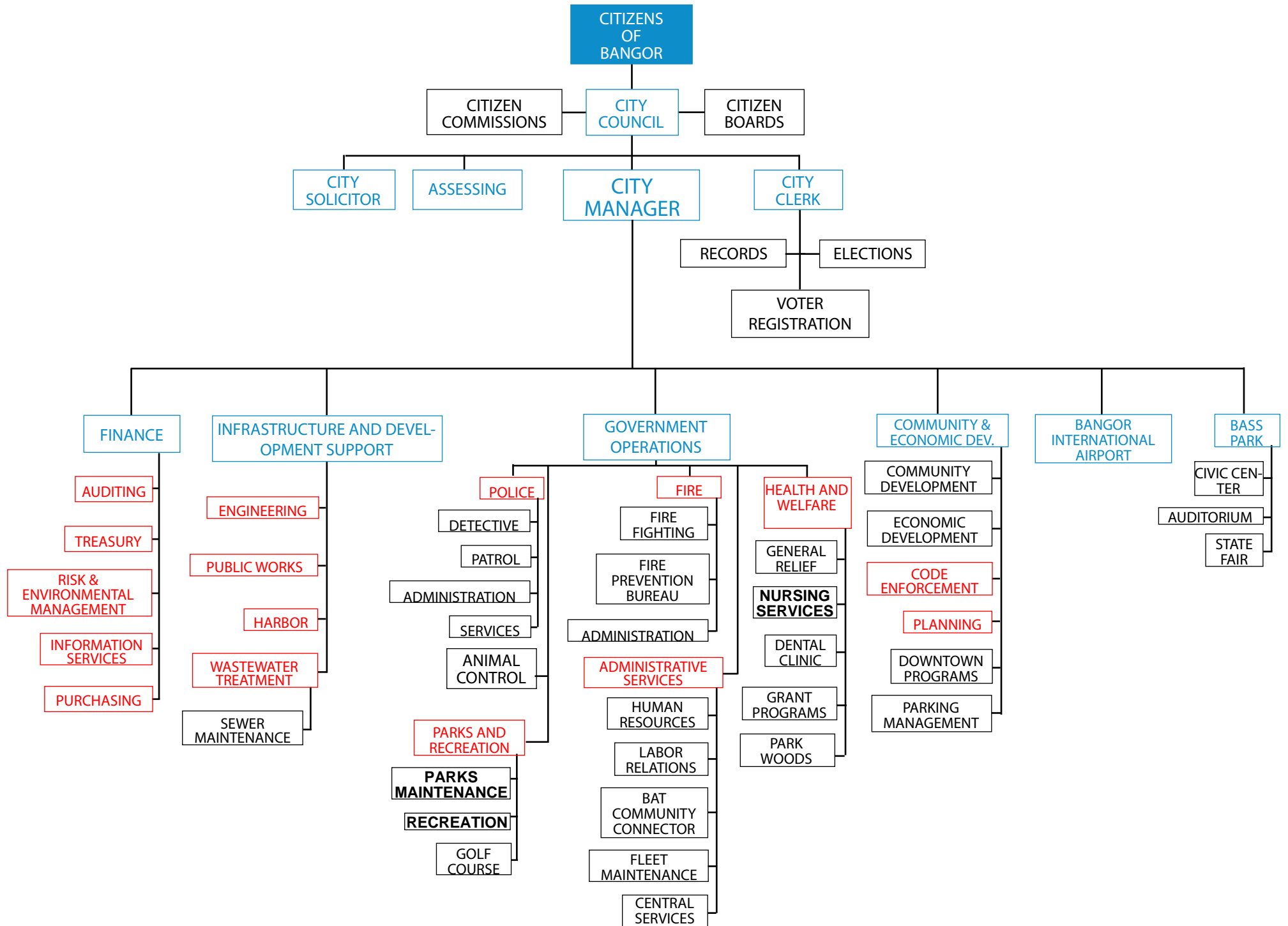
*Christopher P. Morinell*

President

*Jeffrey R. Emer*

Executive Director

CITY OF BANGOR ORGANIZATIONAL CHART Revised (05/11)



**City of Bangor, Maine  
Elected Officials and Principal Administrative Officers  
June 30, 2012**

**City Council**

Cary M. Weston, Mayor

Joseph M. Baldacci  
Nelson E. Durgin  
Geoffrey M. Gratwick  
Charles R. Longo, Jr

Patricia A. Blanchette  
James D. Gallant  
Susan M. Hawes  
Benjamin A. Sprague

**City Staff**

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

**School Committee**

Phyllis Guerette, Chair

Warren Caruso, Vice Chair  
Nichi Farnham  
Christine Szal

Kate Dickerson  
Beth Grant  
Jay Ye

**School Staff**

Betsy Webb, Superintendent of Schools

# **FINANCIAL SECTION**



## Report of Independent Auditors

City Council  
City of Bangor, Maine:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bangor, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of June 30, 2012, 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 conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Funding Progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

City Council  
City of Bangor, Maine

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bangor, Maine's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.



December 17, 2012  
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, 2012. In addition to comparative information from the government-wide statements, comparative data is also presented on key information from the fund financial statements. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in our letter of transmittal, which can be found on pages I-1 to I-6 of this report.

### Financial Highlights

- The assets of the City of Bangor exceeded its liabilities at the close of the most recent fiscal year by \$209.2 million (net assets).
- At the close of fiscal year 2012, the City of Bangor's governmental funds reported combined ending fund balances of \$17.3 million, a decrease of \$10.2 million over the prior year balance, primarily due to the construction of the City's new arena and meeting complex. Approximately 58% of the total amount, or \$10 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. The City strives to maintain a General Fund unassigned fund balance of 5% to 10% of current expenditures less debt service. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7.6 million, or 8.73% of the general fund expenditure base. The annual calculation is included within the financial statements as Schedule F-2. In November 2012, voters approved a charter amendment to increase the target limits of the City's unassigned fund balance to no more than 16.66% and no less than 8.33% of the prior year expenditures.
- The total liabilities of the City's governmental funds increased by \$3.7 million (23.9%), primarily due a significant account payable related to the arena and meeting complex construction. Enterprise fund liabilities decreased by \$2.2 million (5.5%), primarily due to principal payments exceeding net debt issued and the timing of accounts payable which can vary drastically from year to year depending upon the timing of invoices received and/or the projects being undertaken.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Bangor's basic financial statements. These statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements present the financial picture of the City from the point of view of economic resources measurement and using the accrual basis of accounting, which is similar to that used by private-sector companies. These statements present governmental activities and business-type activities separately.

The statement of net assets includes all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may

serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 leaves).

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

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

The government-wide financial statements can be found on pages II-17 to II-18 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bangor, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

- Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Fiduciary Statement of Net Assets is included in this report as Exhibit 10.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages II-29 through II-53 of this report.

## Government-wide Financial Analysis

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current & other assets	35,141,366	42,682,947	23,744,869	25,924,589	58,886,235	68,607,536
Capital assets, net of accumulated depreciation	111,378,854	76,498,975	176,189,016	181,735,689	287,567,870	258,234,664
Total assets	146,520,220	119,181,922	199,933,885	207,660,278	346,454,105	326,842,200
Long-term debt outstanding	87,046,162	64,359,966	30,927,074	34,125,664	117,973,236	98,485,630
Other liabilities	15,801,941	13,363,673	3,433,902	2,640,734	19,235,843	16,004,407
Total liabilities	102,848,103	77,723,639	34,360,976	36,766,398	137,209,079	114,490,037
Net assets:						
Capital assets, net of related debt	67,253,588	40,176,260	152,749,709	155,344,528	220,003,297	195,520,788
Restricted	1,039,248	1,019,806	-	-	1,039,248	1,019,806
Unrestricted	(24,620,719)	262,217	12,823,198	15,549,352	(11,797,521)	15,811,569
Total net assets	43,672,117	41,458,283	165,572,907	170,893,880	209,245,024	212,352,163

By far the largest portion of the City's net assets reflects its 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 assets are those resources that are subject to external restrictions on how they may be used; such as donor, legal or granting agency restrictions. While the remaining balance of unrestricted net assets has a deficit of \$11.8 million, the governmental activity deficit of \$24.6 million is partially offset by the business type activities balance of \$12.8 million. The governmental activity deficit is primarily due to \$24.8 million in outstanding pension obligation bonds and that the City had not fully bonded for the construction costs associated with the arena and meeting complex as of year end.

Governmental-type net assets increased \$2.2 million. The major components associated with the increase in governmental-type net assets is the receipt of \$2.4 million of arena fund revenues that result from the casino operation.

Business-type net assets decreased by \$5.3 million. The reduction in net assets was largely driven by the fact user fees cannot absorb annual depreciation expense, due to the significant cost of infrastructure, specifically within the Airport Fund. Airport infrastructure investments are typically funded via the federal/state Airport Improvement Plan, which provides 97.5% of the funding for projects or the Passenger Facility Charges, which is a federally regulated program whereby per passenger fees are collected from the airlines.

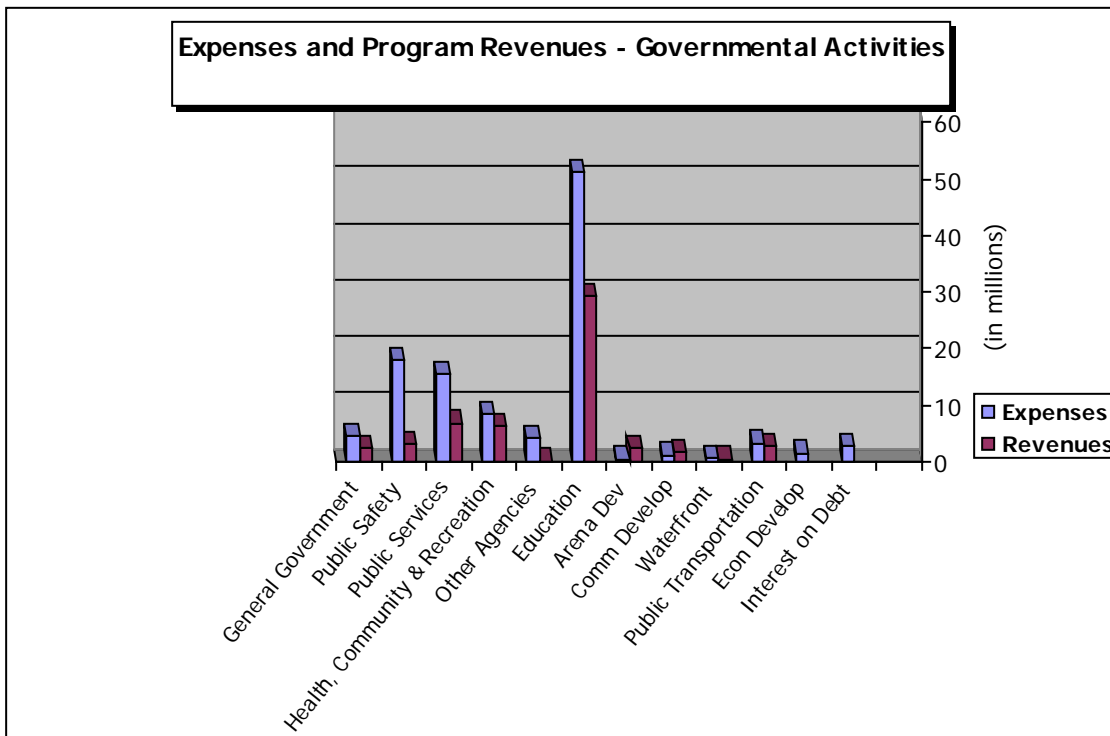
## Changes in Net Assets

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program Revenues						
Charges for services	18,191,551	19,076,163	23,613,090	24,357,732	41,804,641	43,433,895
Operating grants & contributions	33,137,275	35,604,940	-	-	33,137,275	35,604,940
Capital grants & contributions	3,725,432	4,935,614	2,351,779	3,717,755	6,077,211	8,653,369
General Revenues						
Property and other taxes	53,646,508	53,072,633	-	-	53,646,508	53,072,633
Grants and contributions not restricted to specific programs	4,963,161	4,859,811	-	-	4,963,161	4,859,811
Other	547,329	657,705	543,493	752,891	1,090,822	1,410,596
Total Revenues	114,211,256	118,206,866	26,508,362	28,828,378	140,719,618	147,035,244
<b>Expenses</b>						
General government	4,490,599	9,223,718	-	-	4,490,599	9,223,718
Public safety	18,016,430	17,018,427	-	-	18,016,430	17,018,427
Health, community and recreation	8,455,977	9,523,225	-	-	8,455,977	9,523,225
Public services	15,399,933	12,413,601	-	-	15,399,933	12,413,601
Other agencies	4,209,428	4,479,888	-	-	4,209,428	4,479,888
Education	51,223,806	50,986,350	-	-	51,223,806	50,986,350
Arena development	536,251	61,334	-	-	536,251	61,334
Community development	1,152,289	1,542,975	-	-	1,152,289	1,542,975
Waterfront	606,249	1,439,065	-	-	606,249	1,439,065
Public transportation	3,276,780	1,701,112	-	-	3,276,780	1,701,112
Interest on debt	2,710,135	2,151,172	-	-	2,710,135	2,151,172
Economic development (tif)	1,502,503	1,383,662	-	-	1,502,503	1,383,662
Sewer Utility	-	-	6,758,495	6,202,202	6,758,495	6,202,202
Airport	-	-	20,752,350	20,458,552	20,752,350	20,458,552
Economic Development	-	-	615,816	618,980	615,816	618,980
Park Woods	-	-	533,671	496,478	533,671	496,478
Parking	-	-	995,631	1,206,989	995,631	1,206,989
Bass Park	-	-	1,919,301	2,075,644	1,919,301	2,075,644
Municipal Golf Course	-	-	671,113	664,311	671,113	664,311
Total Expenses	111,580,380	111,924,529	32,246,377	31,723,156	143,826,757	143,647,685
Excess (deficiency) before transfers	2,630,876	6,282,337	(5,738,015)	(2,894,778)	(3,107,139)	3,387,559
Transfers	(417,042)	(637,898)	417,042	637,898	-	-
<b>Change in net assets</b>	2,213,834	5,644,439	(5,320,973)	(2,256,880)	(3,107,139)	3,387,559

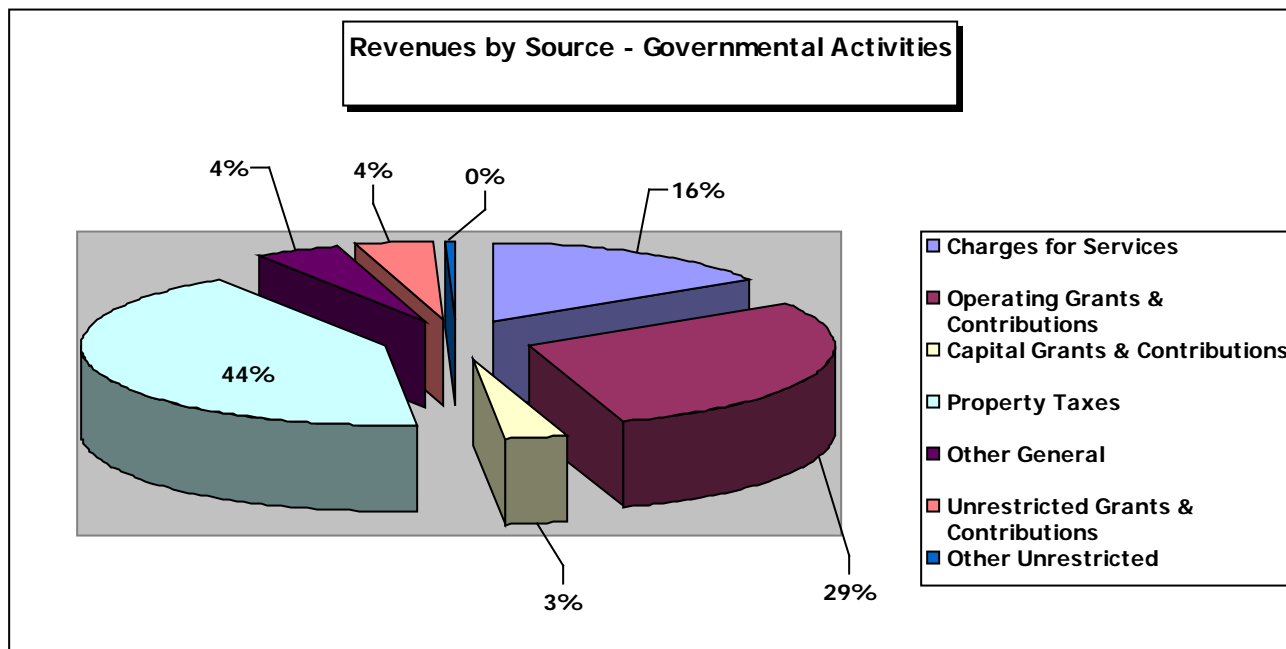
## Governmental Activities

The cost of all governmental activities was \$111.6 million. As shown on the Statement of Activities, the total amount financed by the property tax was \$48.5 million, or 43.5% of expenses. Those who directly benefit from an activity provided \$18.2 million in payments. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$33.1 million. Capital grants and contributions accounted for \$3.7 million. The City also received \$10.6 million in other general revenues such as state revenue sharing, motor vehicle and boat excise taxes, homestead exemptions, and interest earnings.



Total governmental activities expenses remained relatively flat over the prior year with a decrease of \$300 thousand. During FY 2012, City employees did not receive a cost of living adjustment and due to lower than anticipated utilization coupled with employee/insurer driven wellness initiatives there were no increase in health insurance costs.



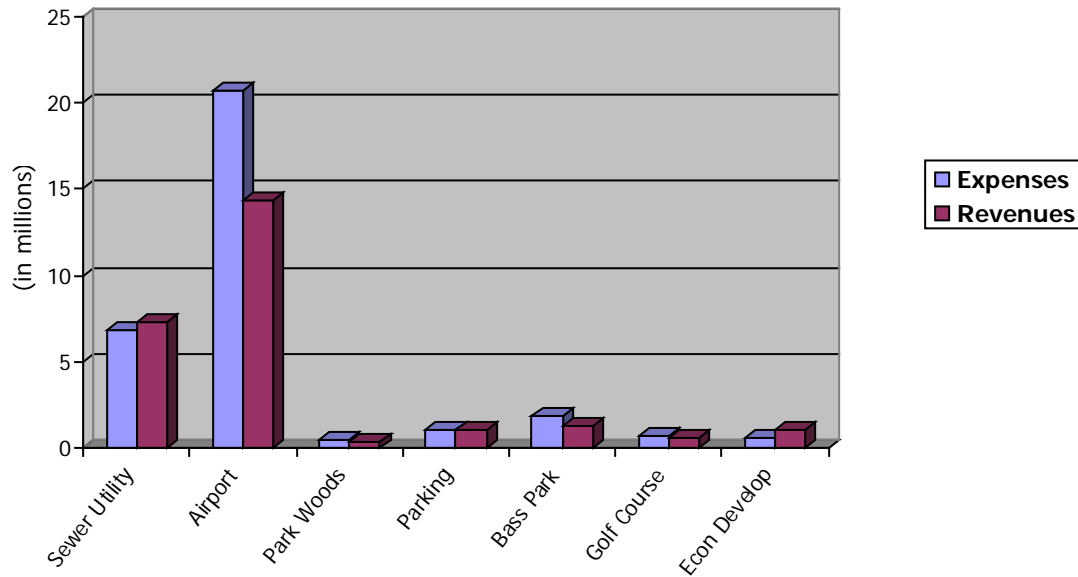


Total governmental activities' revenues decreased \$4.0 million, or 3.4%. The largest single source of revenue continues to be the property tax, which increased \$493 thousand. Capital grants and contributions decreased \$1.2 million due to receipt of a \$1.5 million ARRA grant for busses received in FY 2011. In total, charges for services decreased \$885 thousand, of that amount \$672 thousand was due to decreased ambulance service billings.

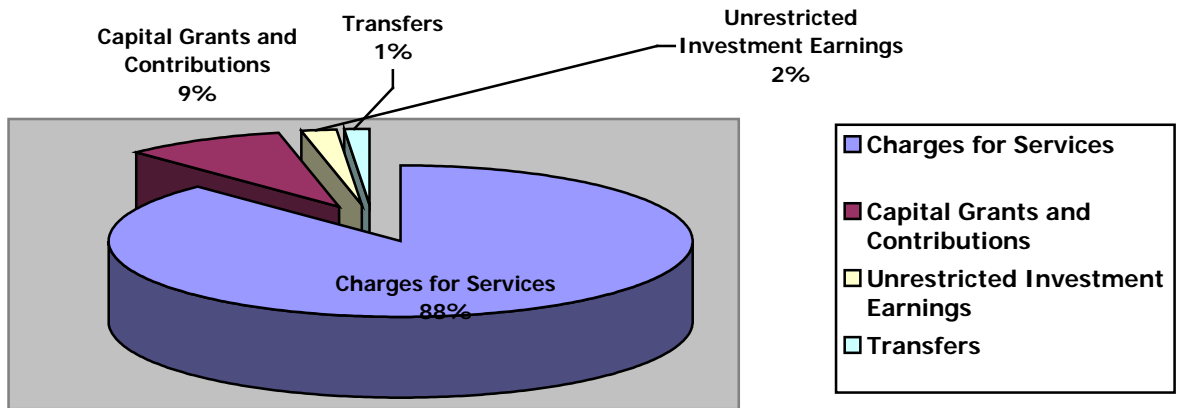
### **Business-type Activities**

Total business-type activities expenses were increased slightly compared to prior year levels, with an increase of 1.6%, or \$523 thousand. For FY 2012, the City employees working in business-type activities did not receive a cost of living adjustment and due to lower than anticipated utilization coupled with employee/insurer driven wellness initiatives there were no increase in health insurance costs.

### Expenses and Program Revenues - Business-type Activities



### Revenues by Source - Business-type Activities



In total, business-type activities revenue decreased significantly \$2.3 million or 8.0%, \$1.4 million of which was attributable to a reduction in capital contributions. Airport related federal grants vary year to year due to the biannual funding cycle. Business activities realized \$209 thousand less in investment earnings and required \$200 thousand less in transfers.

## 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 \$17.3 million, a decrease of \$10.2 million from the prior year balance, primarily due to the construction of the City's new arena and meeting complex. Of the ending balance of \$17.3 million, approximately 58% of this total (\$10 million) is either , committed, assigned or unassigned and is available for spending by formal action of the City Council and \$4 million, or 23.2%, is restricted. The remainder is nonspendable, indicating that it is in the form of nonspendable assets such as inventory, prepaid expenses 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 \$16.8 million, a \$252 thousand decrease from the prior year's balance of \$17 million. Generally, the overall decrease in fund balance is related to the anticipated spend down of education related restricted fund balances. The municipal unassigned fund balance decreased by \$455 thousand. As part of the FY 2012 budget process, \$250 thousand of unassigned fund balance was transferred to assigned fund balances and \$744 thousand was transferred to the Capital Projects Fund to partially fund Penobscot River remediation work and to increase operating efficiencies and customer service through technological advancements. This planned use of unassigned fund balance in the amount of \$984 thousand was partially offset by positive variances within both municipal operating revenues and expenditures.

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 2012 were relatively flat in comparison to the prior year, which was as expected based on the annual grant award of approximately \$900 thousand annually. As anticipated, the annual federal award amount decreased by nearly 16% for FY 2013.

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 replace the current Bangor Auditorium and Civic Center. During the year, the City expended \$33.6 million to replace this facility. Additional information related to this project can be found within the Cross Insurance Center section of this letter

The Capital projects fund varies significantly from year to year depending upon City Council priorities and available funding opportunities. Total expenditures increased \$5.5 million over the prior year. The current year includes a significant one-time expenditure of \$4.3 million to

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

**Proprietary funds.** Information on the City of Bangor's proprietary funds is similar to that found in the government-wide financial statements, but in more detail. The net assets of the seven enterprise funds decreased \$5.3 million to a total of \$166 million. With the exceptions of lower margins on fuel sales within the Airport Fund operating revenue and increased operating expenses within the Sewer Fund due to the development of a capacity management and operations and maintenance program, all other operating revenues and expenses remained relatively flat. The decrease in net assets is related to depreciation expense exceeding capital acquisitions.

## **General Fund Budgetary Highlights**

For budgetary financial statement purposes, all balances carried from the prior year are added to the subsequent year's total appropriation. This resulted in an overall budgetary increase of \$4.3 million. There were minimal additional amendments to the originally adopted budget. The City's commitment to budgetary integrity continues, with actual operating revenues exceeding budget estimates by .8%, or \$781 thousand, while municipal expenditures were under budget by 5.2%, or \$5 million. Education expenditures were under budget by \$4.8 million or 9.3%, and general assistance expenditures were over budget by \$377 thousand. General assistance is a state mandated program, for which the each municipality is partially reimbursed. General assistance costs are directly impacted by economic conditions. By statute, education balances must be segregated from municipal balances.

## **Capital Asset and Debt Administration**

**Capital assets.** As of June 30, 2012, the City of Bangor's investment in capital assets for its governmental and business-type activities amounted to \$287.6 million (net of accumulated depreciation), an increase of \$29.3 million over the prior year. This investment includes land, buildings, machinery and equipment, roads, runways, and sewer lines. The increase in the City's investment in capital assets for the current fiscal year is due to a \$33 million increase in construction in progress related to the City's Arena and meeting complex. Governmental activities invested \$38.9 million, and business-type activities invested \$4.8 million and depreciation expense was \$3.9 million and \$10.4 million, respectively.

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

- The school department utilized its allocation of Qualified School Construction Bonds to capitalize \$3.6 million in rehabilitating and upgrading the City's various school facilities. These bonds were issued at a taxable rate with a federal interest rate subsidy under the provisions of the American Recovery and Reinvestment Act.
- Construction of the City's Arena and meeting complex began in August of 2012. During the year, the City invested \$33 million in this project and the total estimated project cost is approximately \$68.7 million.
- The City continues to enhance its recreational infrastructure on our waterfront with an additional \$230 thousand investment this year.
- Additionally, the City continues to invest in its core functions of infrastructure and vehicle replacements. This year the City expanded its surface infrastructure with traffic

enhancements, additional sidewalks and acceptance of new streets, which amounted to \$638 thousand in additions and replaced \$925 thousand of vehicles.

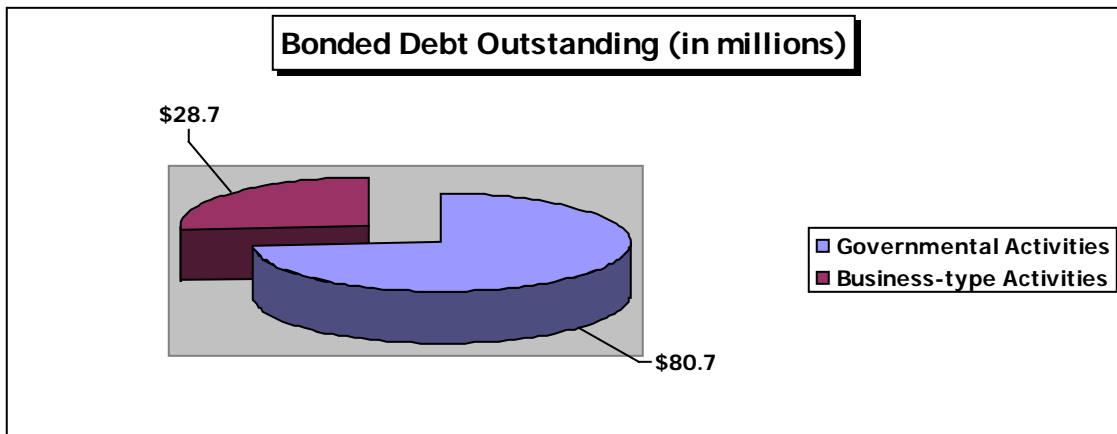
- The Airport Fund invested \$4.2 million in operational assets at Bangor International Airport including apron improvements, general building improvements, snow removal equipment, as well as the replacement of the primary underground power system. Nearly \$963 thousand of this investment was funded through the Federal Department of Transportation’s Airport Improvement Plan, which provides 92.5% federal and 2.5% state funding for approved projects and additional \$1.6 million was funded with Passenger Facility Charges.

**Capital Assets (net of depreciation)**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Land and improvements	11,405,309	5,353,746
Buildings and improvements	42,991,955	14,085,775
Machinery and equipment	2,676,268	1,391,795
Vehicles	6,917,147	-
Infrastructure	11,171,411	46,205,789
Parking structures	-	3,149,947
Aircraft operational assets	-	103,546,788
Construction in process	36,216,764	2,455,176
<b>Total</b>	<b>111,378,854</b>	<b>176,189,016</b>

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 \$109.4 million, an increase of \$19 million during the year.

The City’s general obligation debt obtained a “AA” rating from Standard & Poor’s and a “A1” 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 \$368 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-42 to II-45 of this report.

### **Cross Insurance Center**

Since the 1980's, the City Council has been actively working to replace the City's current auditorium and civic center. In 2003, the City Council supported the introduction of gaming within the City, the primary impetus being that such an operation would generate a revenue stream that could be dedicated to fund the costs associated with replacing the City's 50 year old auditorium and outdated, undersized civic center. Since gaming began in November 2005 the City Council has directed all rents and state taxes received from the operation of the casino be deposited into a separate special revenue fund, the Arena Fund. The City Council has adopted and maintained a policy specifying that the primary use for funds in the Arena Fund is to finance the cost to replace the City's current facility. Penn National Gaming operates the casino which includes, approximately 110,000 square feet for gaming, a 152 room seven story hotel and a 1,500 car parking garage.

Based upon the results of a market sizing and feasibility study, a schematic design and pricing for the replacement of the current auditorium and civic center, and a thorough initial review of the City's financial capacity, the City Council took action to contract for the design and construction of a new arena/meeting complex. In order to maximize the City's financial resources for this project, area legislators supported private and special legislation at the State level to exempt the debt issued for this project from current legislative constraints (i.e. statutory debt limits, TIF debt limits and the 20 year limit on use of TIF revenues to pay debt service). Based on all the available information in May 2011, the initial budget was established at \$65 million and ground was broken in August 2011.

In July 2012, the City was pleased to announce a naming rights agreement with the Cross Insurance Agency to name the facility the Cross Insurance Center. The naming rights agreement is for a period of 15 years in the amount of \$200,000 per year. On July 31, 2012, the City issued \$53.8 million in general obligation bonds to fund the project, \$20 million of which were used to extinguish a bond anticipation note. Based on available resources, and the private business use associated with the facility, the balance of the project costs will be paid for with accumulated Arena Fund monies. With naming rights secured and actual debt service requirements known, the City revised its project budget to \$68.7 million. This allowed certain aspects of the project previously deferred due to budget concerns to come to fruition such as; finishing out the meeting rooms and suites, increasing the furniture, fixture and equipment budget and finishing of the main parking lot. The debt service for this project is anticipated to

be funded by the revenue received by the City from the gaming operation coupled with a portion of the existing Downtown Development TIF.

### **American Recovery and Reinvestment Act (ARRA) of 2009**

Through the end of FY 2012, the City has received in excess of \$10 million of benefit from a variety of ARRA programs. Some funding came through a competitive grant process, such as Environmental Protection Agency and Department of Justice, other through entitlement programs such as Community Development Block Grant and further funding came as a pass through from the State of Maine, such as the Departments of Education and Transportation. These funds enabled the City to make significant capital investments it would otherwise not likely have made as well as provide crucial operational support for our education and police functions.

### **Economic Factors and Next Year's Budget and Rates**

- The unemployment rate for the City of Bangor for calendar year 2011 was 7.2%, which continues to be on par with or below both the county and State rates of 8.1% and 7.5%, respectively.
- While Bangor represents less than 3% of the state's population, the City's share of retail sales remains in excess of 9% of total statewide sales and 75% of Penobscot County sales.
- Bangor has experienced a slowing in the rate of appreciation of existing homes. We project that existing home values will remain flat or increase slightly in the coming year.
- Value of commercial properties has begun to increase slightly after realizing significant downward adjustments made in FY 2010 and remaining flat for FY 2011.
- Bangor businesses continue to reinvest in personal property. Business equipment tax exempt (BETE) investments are not subject to local taxation however, the State reimburses each municipality on an annually declining percentage of the calculated tax on the investment. BETE value (net of depreciation) for FY 2013 increased \$8.4 million, or 14.6%, for a total of \$57.6 million.

The City is subject to a state statutory 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 2012, the City's LD 1 tax levy limit was as follows:

Prior Year Base Municipal Commitment	\$ 21,410,926
Growth Factor:	4.80%
Average Real Personal Income	1.66%
Property Growth Factor	3.14%
Net New State Funds	-
Municipal Commitment Limit	\$ 25,320,691

The Fiscal Year 2012 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 2012 and 2013 in order to fund such services and programs and their actions were approved, as required via a local election.

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

The Maine State Legislature will return in January 2013. Based on current information, it appears that a supplemental budget appropriation will likely be necessary to address the State's current year budget shortfall. City and school management will closely monitor their actions, as resolution of their budget shortfall will undoubtedly impact municipal/education funding in one form or another. During FY 2010 and FY 2011, the State supplemented its appropriation for State Aid to Education with American Recovery and Reinvestment Act funds. In FY 2012, those funds were no longer available, but that reduction was partially offset by Federal jobs grant funds. The FY 2013 budget was able to absorb this reduction in funding without programmatic reductions.

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 2013 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 2013 budget, the City Council's goal was to minimize any tax rate increase, begin to rebound from austere budget trends and increase operating efficiencies. As always this goal was challenging due to relatively flat revenue projections and assessed value. These challenges were partially offset by continued historically lower benefit utilization rates in our health insurance program (increase of 7.34% July 2011, decrease of 2.9% in January 2012), strategic reductions in staffing, and a continued increase in BETE valuation. The afore referenced coupled with a small increase in property taxes of 2.3% allowed the City Council to provide a 1.5% cost of living increase to employees for the first time in three years, increased level of investment in infrastructure, as well as reinstatement of 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.



**BASIC FINANCIAL STATEMENTS**



**CITY OF BANGOR, MAINE**  
**Statement of Net Assets**  
**June 30, 2012**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 16,367,670	\$ 2,372,284	\$ 18,739,954
Investments	170,133	14,826,183	14,996,316
Receivables:			
Accounts (net of allowance of \$475,341 and \$674,974, respectively)	1,071,795	5,946,955	7,018,750
Intergovernmental	2,725,734	387,538	3,113,272
Taxes and liens receivable - prior years	1,346,541	-	1,346,541
Taxes receivable - current year	1,328,403	-	1,328,403
Deferred special assessments	30,130	87,664	117,794
Due from water district	-	103,748	103,748
Loans (net of \$170,317 allowance)	7,917,818	2,687,316	10,605,134
Internal balances	3,322,955	(3,322,955)	-
Inventories	819,345	305,522	1,124,867
Prepaid items	40,842	35,847	76,689
Other assets	-	314,767	314,767
Non-depreciable capital assets	41,257,312	6,432,214	47,689,526
Depreciable capital assets, net	70,121,542	169,756,802	239,878,344
Total assets	146,520,220	199,933,885	346,454,105
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	6,662,997	3,188,836	9,851,833
Accrued wages and benefits payable	4,020,939	230,574	4,251,513
Unearned revenues	5,118,005	14,494	5,132,499
Noncurrent liabilities:			
Due within one year	26,482,955	4,657,816	31,140,771
Due in more than one year	60,563,207	26,269,258	86,832,465
Total liabilities	102,848,103	34,360,978	137,209,081
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	67,253,588	152,749,709	220,003,297
Restricted for:			
Nonexpendable trust principal	588,515	-	588,515
Expendable income	449,974	-	449,974
Penobscot River	759	-	759
Unrestricted	(24,620,719)	12,823,198	(11,797,521)
Total net assets	\$ 43,672,117	\$ 165,572,907	\$ 209,245,024

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2012**

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net assets		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government							
Governmental activities:							
General government	\$ 4,490,599	\$ 2,501,326	\$ 4,149	\$ -	\$ (1,985,124)	\$ -	\$ (1,985,124)
Public safety	18,016,430	2,681,152	533,239	-	(14,802,039)	-	(14,802,039)
Health, community services and recreation	8,455,977	1,048,707	5,106,875	-	(2,300,395)	-	(2,300,395)
Public services	15,399,933	4,002,973	13,345	2,786,648	(8,596,967)	-	(8,596,967)
Other agencies	4,209,428	103,560	-	-	(4,105,868)	-	(4,105,868)
Education	51,223,806	3,806,614	25,389,518	-	(22,027,674)	-	(22,027,674)
Arena development	536,251	2,434,915	-	-	1,898,664	-	1,898,664
Community development	1,152,289	588,587	633,745	375,969	446,012	-	446,012
Waterfront	606,249	-	-	390,000	(216,249)	-	(216,249)
Public transportation	3,276,780	1,023,717	1,456,404	172,815	(623,844)	-	(623,844)
Economic development (tif)	1,502,503	-	-	-	(1,502,503)	-	(1,502,503)
Interest on debt	2,710,135	-	-	-	(2,710,135)	-	(2,710,135)
Total governmental activities	111,580,380	18,191,551	33,137,275	3,725,432	(56,526,122)	-	(56,526,122)
Business-type activities:							
Sewer Utility	6,758,495	7,320,469	-	-	-	561,974	561,974
Airport	20,752,350	12,540,347	-	1,793,479	-	(6,418,524)	(6,418,524)
Park Woods	533,671	397,426	-	-	-	(136,245)	(136,245)
Parking	995,631	1,012,109	-	-	-	16,478	16,478
Bass Park	1,919,301	1,304,384	-	-	-	(614,917)	(614,917)
Municipal Golf Course	671,113	628,869	-	-	-	(42,244)	(42,244)
Economic Development	615,816	409,486	-	558,300	-	351,970	351,970
Total business-type activities	32,246,377	23,613,090	-	2,351,779	-	(6,281,508)	(6,281,508)
<b>Total primary government</b>	<b>\$ 143,826,757</b>	<b>\$ 41,804,641</b>	<b>\$ 33,137,275</b>	<b>\$ 6,077,211</b>	<b>(56,526,122)</b>	<b>(6,281,508)</b>	<b>(62,807,630)</b>
General revenues:							
Property taxes, levied for general purposes					48,520,390	-	48,520,390
Payment in lieu of taxes					156,629	-	156,629
Excise taxes					4,596,947	-	4,596,947
Franchise taxes					372,542	-	372,542
Grants and contributions not restricted to specific programs:							
Homestead/BETE exemption					1,298,319	-	1,298,319
Other State aid					27,004	-	27,004
State Revenue Sharing					3,637,838	-	3,637,838
Unrestricted investment earnings					530,631	543,493	1,074,124
Miscellaneous revenues					16,698	-	16,698
Transfers					(417,042)	417,042	-
Total general revenues and transfers					58,739,956	960,535	59,700,491
Change in net assets					2,213,834	(5,320,973)	(3,107,139)
Net assets, beginning of year					41,458,283	170,893,880	212,352,163
<b>Net assets, end of year</b>					<b>\$ 43,672,117</b>	<b>\$ 165,572,907</b>	<b>\$ 209,245,024</b>

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	General	Community Development Block Grant	Arena Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Assets						
Cash and cash equivalents	\$ 13,164,922	\$ 412,266	\$ 27	\$ 2,012,662	\$ 777,793	\$ 16,367,670
Investments	50,000	-	-	759	119,374	170,133
Receivables:						
Taxes	2,674,944	-	-	-	-	2,674,944
Accounts (net of allowance of \$475,341)	725,537	-	164,258	182,000	-	1,071,795
Interfund	4,528,785	-	-	-	-	4,528,785
Intergovernmental	2,116,745	139,159	-	223,470	246,360	2,725,734
Loans/Notes (net of \$170,317 allowance)	884,339	4,819,070	-	-	2,214,409	7,917,818
Deferred special assessments	-	-	-	30,130	-	30,130
Inventory, at cost	819,345	-	-	-	-	819,345
Prepaid items	40,842	-	-	-	-	40,842
<b>Total assets</b>	<b>\$ 25,005,459</b>	<b>\$ 5,370,495</b>	<b>\$ 164,285</b>	<b>\$ 2,449,021</b>	<b>\$ 3,357,936</b>	<b>\$ 36,347,196</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 1,740,176	\$ 10,193	\$ 3,797,735	\$ 516,921	\$ 46,569	\$ 6,111,594
Accrued wages and benefits payable	3,993,853	7,946	-	-	19,140	4,020,939
Interfund loans payable	-	-	970,500	-	235,330	1,205,830
Deferred revenues	2,498,706	4,819,070	-	78,298	160,000	7,556,074
Due to rehabilitation recipients	-	117,330	-	-	-	117,330
<b>Total liabilities</b>	<b>8,232,735</b>	<b>4,954,539</b>	<b>4,768,235</b>	<b>595,219</b>	<b>461,039</b>	<b>19,011,767</b>
Fund balances (deficits) (Note J)						
Nonspendable	2,760,687	-	-	-	588,515	3,349,202
Restricted	1,285,520	415,956	-	759	2,312,966	4,015,201
Committed	373,753	-	-	-	-	373,753
Assigned	4,789,106	-	-	1,853,043	-	6,642,149
Unassigned	7,563,658	-	(4,603,950)	-	(4,584)	2,955,124
<b>Total fund balances (deficits)</b>	<b>16,772,724</b>	<b>415,956</b>	<b>(4,603,950)</b>	<b>1,853,802</b>	<b>2,896,897</b>	<b>17,335,429</b>
<b>Total liabilities and fund balances</b>	<b>\$ 25,005,459</b>	<b>\$ 5,370,495</b>	<b>\$ 164,285</b>	<b>\$ 2,449,021</b>	<b>\$ 3,357,936</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

111,378,854

Deferred taxes are not available to pay for current-period expenditure and, therefore, are deferred in the funds.

2,438,069

Long-term liabilities, including bonds payable \$80,674,158, accrued interest \$434,073, compensated absences \$2,407,571, self insurance liability \$1,982,446, and net OPEB obligation \$1,981,987 are not due and payable in the current period and, therefore, are not reported in the funds.

(87,480,235)

Net assets of governmental funds

**\$ 43,672,117**

*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, 2012**

	General	Community Development Block Grant	Arena Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 50,707,941	\$ -	\$ -	\$ 1,806,137	\$ 771,139	\$ 53,285,217
Intergovernmental	32,916,799	633,745	-	2,483,148	4,502,833	40,536,525
Licenses and permits	948,267	-	-	-	-	948,267
Charges for services	12,548,967	-	-	-	1,045,515	13,594,482
Program income	-	430,540	-	-	144,920	575,460
Revenue from use of money and property	947,722	1,631	2,440,973	538,721	113,834	4,042,881
Other	41,628	11,500	-	426,209	81,781	561,118
Total revenues	98,111,324	1,077,416	2,440,973	5,254,215	6,660,022	113,543,950
<b>Expenditures</b>						
Current:						
General government	5,390,049	-	-	-	-	5,390,049
Public safety	16,028,180	-	-	-	-	16,028,180
Health, community services and recreation	5,383,295	-	-	-	-	5,383,295
Public services	9,842,829	-	-	-	-	9,842,829
Other agencies	4,409,545	-	-	-	-	4,409,545
Education	50,159,407	-	-	-	-	50,159,407
Tax increment financing	524,013	-	-	-	-	524,013
Unclassified	33,100	-	227,585	-	-	260,685
Restricted grants	-	1,008,065	-	-	6,405,936	7,414,001
Capital outlay	366,021	-	33,325,577	11,786,637	-	45,478,235
Debt service	4,822,905	-	-	4,354,000	-	9,176,905
Total expenditures	96,959,344	1,008,065	33,553,162	16,140,637	6,405,936	154,067,144
Excess (deficiency) of revenues over (under) expenditures	1,151,980	69,351	(31,112,189)	(10,886,422)	254,086	(40,523,194)
<b>Other financing sources (uses)</b>						
Issuance of debt	-	-	20,000,000	10,659,143	-	30,659,143
Sale of assets	84,507	-	-	-	-	84,507
Transfers to other funds	(1,579,758)	-	(182,048)	(61,420)	(38,075.00)	(1,861,301)
Transfers from other funds	91,425	-	-	1,316,100	36,734	1,444,259
Total other financing sources (uses)	(1,403,826)	-	19,817,952	11,913,823	(1,341)	30,326,608
Changes in fund balances	(251,846)	69,351	(11,294,237)	1,027,401	252,745	(10,196,586)
Fund balances, beginning of year	17,024,570	346,605	6,690,287	826,401	2,644,152	27,532,015
<b>Fund balances (deficits), end of year</b>	<b>\$ 16,772,724</b>	<b>\$ 415,956</b>	<b>\$ (4,603,950)</b>	<b>\$ 1,853,802</b>	<b>\$ 2,896,897</b>	<b>\$ 17,335,429</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, 2012**

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Net change in fund balances - total governmental funds (from Exhibit 4)	\$	(10,196,586)
<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 \$38,893,499, of which \$470,415 was contributed, exceeded depreciation expense of \$3,945,810 and disposals of \$67,810.</p>		
		34,879,879
<p>Financing proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which financing proceeds of \$30,659,143 in general obligation bonds exceeded principal payments of \$8,440,651.</p>		
		(22,218,492)
<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 net OPEB obligation (\$221,492), self insurance liability (\$255,866), deferred taxes (\$180,193), and decrease in compensated absences (\$9,654) and accrued interest (\$36,544).</p>		
		(250,967)
<b>Change in net assets of governmental activities (see Exhibit 2)</b>		<b>\$ 2,213,834</b>

*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, 2012**

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 50,682,024	\$ 50,682,024	\$ 50,707,941	\$ 25,917
Intergovernmental	28,826,581	28,831,276	28,939,629	108,353
Licenses and permits	656,363	656,363	948,267	291,904
Charges for services:				
municipal	8,217,481	8,217,481	8,480,365	262,884
school	3,722,155	3,722,155	3,806,614	84,459
Fines, forfeits and penalties	32,500	32,500	41,628	9,128
Revenue from use of money and property municipal	708,483	708,483	706,353	(2,130)
Total revenues	92,845,587	92,850,282	93,630,797	780,515
<b>Expenditures</b>				
Current:				
General government	5,086,738	5,086,738	4,909,619	177,119
Public safety	16,078,284	16,082,979	16,023,342	59,637
Health, community services and recreation	4,949,167	4,949,167	5,420,029	(470,862)
Public buildings and services	10,286,968	10,286,968	9,845,436	441,532
Other agencies	4,393,235	4,412,268	4,409,545	2,723
Education	47,325,536	51,583,063	46,769,872	4,813,191
Unclassified	578,993	578,993	557,113	21,880
Debt service	4,822,905	4,822,905	4,822,905	-
Total expenditures	93,521,826	97,803,081	92,757,861	5,045,220
Excess (deficiency) of revenues over (under) expenditures	(676,239)	(4,952,799)	872,936	5,825,735
<b>Other financing sources (uses)</b>				
Appropriation from restricted, committed and assigned fund balances	1,288,328	1,288,328	158,328	(1,130,000)
Appropriation to assigned fund balances	-	-	(250,000)	(250,000)
Sale of assets	4,000	4,000	13,020	9,020
Contributions	-	-	200	200
Insurance Settlements	5,000	5,000	20,253	15,253
Transfers to other funds	(396,000)	(396,000)	(1,129,500)	(733,500)
Transfers from other funds	27,000	27,000	25,932	(1,068)
Operating transfers	(252,089)	(252,089)	(252,089)	-
Total other financing sources (uses)	676,239	676,239	(1,413,856)	(2,090,095)
Net change in fund balance	\$ -	\$ (4,276,560)	(540,920)	\$ 3,735,640
Unassigned fund balance, beginning of year			8,017,940	
Changes in fund balance classification in accordance with GAAP				
Changes in balances carried			(16,945)	
Inventory and prepaids (GASB 54)			103,583	
<b>Unassigned fund balance, end of year</b>			<b>\$ 7,563,658</b>	

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

**Business-type Activities - Enterprise Funds**

	Sewer Utility Fund	Airport Fund	Economic Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 1,065,249	\$ 483,497	\$ 95	\$ 823,443	\$ 2,372,284
Investments	-	8,036,550	-	-	8,036,550
Accounts receivable	2,051,335	4,397,929	-	172,485	6,621,749
Less allowance for uncollectible accounts	(22,601)	(642,193)	-	(10,000)	(674,794)
Net accounts receivable	2,028,734	3,755,736	-	162,485	5,946,955
Due from other governments	-	387,538	-	-	387,538
Due from water district	103,748	-	-	-	103,748
Inventories, at cost	-	287,483	-	18,039	305,522
Prepaid items	9,963	11,598	-	14,286	35,847
Total current assets	3,207,694	12,962,402	95	1,018,253	17,188,444
Noncurrent assets					
Capital Assets:					
Land and improvements	683,865	-	3,645,527	2,718,678	7,048,070
Buildings and improvements	28,624,961	-	4,318,516	11,587,217	44,530,694
Machinery and equipment	5,660,836	-	-	473,239	6,134,075
Infrastructure	57,256,601	-	683,189	-	57,939,790
Aircraft operational assets	-	256,005,417	-	-	256,005,417
Parking structures	-	-	-	11,312,409	11,312,409
Construction in process	10,056	2,445,120	-	-	2,455,176
	92,236,319	258,450,537	8,647,232	26,091,543	385,425,631
Less accumulated depreciation	(38,576,431)	(152,458,629)	(1,497,568)	(16,703,987)	(209,236,615)
Net capital assets	53,659,888	105,991,908	7,149,664	9,387,556	176,189,016
Investments	-	6,789,633	-	-	6,789,633
Loans receivable	-	1,111,429	1,575,887	-	2,687,316
Deferred special assessments	87,664	-	-	-	87,664
Due from bond trustee	294,767	-	-	-	294,767
Deposits	-	-	-	20,000	20,000
Total noncurrent assets	54,042,319	113,892,970	8,725,551	9,407,556	186,068,396
Total assets	57,250,013	126,855,372	8,725,646	10,425,809	203,256,840

*See accompanying notes to financial statements.*

Continued on next page



**CITY OF BANGOR, MAINE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

**Business-type Activities - Enterprise Funds**

	Sewer Utility Fund	Airport Fund	Economic Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	475,926	2,328,657	29,189	111,769	2,945,541
Accrued wages and benefits payable	37,064	167,082	-	26,428	230,574
Accrued interest	87,401	39,364	67,697	25,263	219,725
Workers' compensation	20,000	146,392	-	8,600	174,992
Unearned revenue	-	-	-	14,494	14,494
Accrued compensated absences	120,240	402,718	-	109,100	632,058
Interfund loans payable	-	-	631,400	2,691,555	3,322,955
General obligation debt payable	2,612,730	688,189	220,471	329,376	3,850,766
Other liabilities	-	23,570	-	-	23,570
<b>Total current liabilities</b>	<b>3,353,361</b>	<b>3,795,972</b>	<b>948,757</b>	<b>3,316,585</b>	<b>11,414,675</b>
Long-term liabilities					
Workers' compensation	-	261,008	-	11,400	272,408
General obligation debt payable	12,765,076	5,894,559	3,206,859	2,990,730	24,857,224
Net OPEB obligation	118,816	440,010	-	69,383	628,209
Other long-term liabilities	298,269	-	-	213,148	511,417
<b>Total long-term liabilities</b>	<b>13,182,161</b>	<b>6,595,577</b>	<b>3,206,859</b>	<b>3,284,661</b>	<b>26,269,258</b>
<b>Total liabilities</b>	<b>16,535,522</b>	<b>10,391,549</b>	<b>4,155,616</b>	<b>6,601,246</b>	<b>37,683,933</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	39,491,314	102,810,952	3,722,334	6,725,109	152,749,709
Unrestricted	1,223,177	13,652,871	847,696	(2,900,546)	12,823,198
<b>Total net assets</b>	<b>\$ 40,714,491</b>	<b>\$ 116,463,823</b>	<b>\$ 4,570,030</b>	<b>\$ 3,824,563</b>	<b>\$ 165,572,907</b>

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**Business-type Activities - Enterprise Funds**

	Sewer Utility Fund	Airport Fund	Economic Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Operating revenues					
Charges for services	\$ 7,320,469	\$ 12,529,076	\$ 409,486	\$ 3,342,788	\$ 23,601,819
Operating expenses					
Operating expenses other than depreciation and amortization	4,668,679	12,630,895	265,947	3,318,069	20,883,590
Depreciation and amortization	1,691,486	7,793,489	184,498	683,035	10,352,508
Total operating expenses	6,360,165	20,424,384	450,445	4,001,104	31,236,098
Operating income (loss)	960,304	(7,895,308)	(40,959)	(658,316)	(7,634,279)
Nonoperating revenue (expenses)					
Interest income	49,017	412,756	79,254	2,466	543,493
Interest expense	(398,330)	(327,966)	(165,371)	(118,612)	(1,010,279)
Miscellaneous income (expense)	-	11,271	-	-	11,271
Total nonoperating revenue (expenses)	(349,313)	96,061	(86,117)	(116,146)	(455,515)
Net income (loss) before grants/contributions and transfers	610,991	(7,799,247)	(127,076)	(774,462)	(8,089,794)
Grants/contributions received for capital assets	-	1,793,479	558,300	-	2,351,779
Transfers to other funds	(15,000)	-	-	(4,430)	(19,430)
Transfers from other funds	2,335	-	-	434,137	436,472
Change in net assets	598,326	(6,005,768)	431,224	(344,755)	(5,320,973)
Net assets, beginning of year	40,116,165	122,469,591	4,138,806	4,169,318	170,893,880
<b>Net assets, end of year</b>	<b>\$ 40,714,491</b>	<b>\$ 116,463,823</b>	<b>\$ 4,570,030</b>	<b>\$ 3,824,563</b>	<b>\$ 165,572,907</b>

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**

**Business-type Activities - Enterprise Funds**

	Sewer Utility Fund	Airport Fund	Economic Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Cash flows from operating activities					
Cash received from customers	\$ 7,303,123	\$ 13,591,291	\$ 409,486	\$ 3,247,656	\$ 24,551,556
Cash paid to suppliers for goods and services	(2,964,757)	(5,309,370)	(240,189)	(2,048,473)	(10,562,789)
Cash paid to employees for services	(1,418,957)	(6,710,578)	-	(1,245,653)	(9,375,188)
Net cash provided by (used in) operating activities	2,919,409	1,571,343	169,297	(46,470)	4,613,579
Cash flows from noncapital financing activities					
Interfund loans (repayments)	2,335	(94,000)	123,000	173,700	205,035
Transfers in	-	-	-	434,137	434,137
Transfers out	(15,000)	-	-	(4,430)	(19,430)
Net cash provided by (used in) noncapital financing activities	(12,665)	(94,000)	123,000	603,407	619,742
Cash flows from capital and related financing activities					
Proceeds from general obligation bonds	1,333,013	-	-	142,844	1,475,857
Acquisition and construction of capital assets	(208,515)	(3,814,917)	-	-	(4,023,432)
Principal paid on general obligation bonds	(3,387,411)	(659,191)	(212,614)	(493,988)	(4,753,204)
Interest paid on general obligation bonds	(436,572)	(333,251)	(169,499)	(133,837)	(1,073,159)
Proceeds from sale of property	-	11,271	-	-	11,271
Grant/contribution monies received for capital assets	-	1,793,479	-	-	1,793,479
Net cash provided by (used in) capital and related financing activities	(2,699,485)	(3,002,609)	(382,113)	(484,981)	(6,569,188)
Cash flows from investing activities					
Net sales (purchases) of investments	-	1,385,369	-	-	1,385,369
Investment of unexpended bond proceeds	201,126	-	-	-	201,126
Interest on investments	49,017	412,757	79,253	2,600	543,627
Loan repayments	-	206,824	7,970	-	214,794
Net cash provided by (used in) investing activities	250,143	2,004,950	87,223	2,600	2,344,916
Net increase (decrease) in cash	457,402	479,684	(2,593)	74,556	1,009,049
Cash, beginning of year	607,847	3,813	2,688	748,887	1,363,235
<b>Cash, end of year</b>	<b>\$ 1,065,249</b>	<b>\$ 483,497</b>	<b>\$ 95</b>	<b>\$ 823,443</b>	<b>\$ 2,372,284</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 \$730,651.

During the year, the Economic Development Fund had a non cash contribution to capital assets in the amount of \$558,300

*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, 2012**

**Business-type Activities - Enterprise Funds**

	Sewer Utility Fund	Airport Fund	Economic Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 960,304	\$ (7,895,308)	\$ (40,959)	\$ (658,316)	\$ (7,634,279)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	1,691,486	7,793,489	184,498	683,035	10,352,508
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(33,035)	1,320,821	-	(96,286)	1,191,500
(Increase) decrease in due from water district	15,689	-	-	-	15,689
(Increase) decrease in inventories	-	(28,499)	-	(174)	(28,673)
(Increase) decrease in prepaid items	(308)	45	-	6,527	6,264
Increase (decrease) in accounts payable	265,878	330,788	25,758	20,809	643,233
Increase (decrease) in unearned revenue	-	-	-	1,154	1,154
Increase (decrease) in other liabilities	19,395	50,007	-	(3,219)	66,183
Total adjustments	1,959,105	9,466,651	210,256	611,846	12,247,858
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 2,919,409</b>	<b>\$ 1,571,343</b>	<b>\$ 169,297</b>	<b>\$ (46,470)</b>	<b>\$ 4,613,579</b>

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

		<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$	119,749
<b>Total assets</b>		<b>\$ 119,749</b>
<b>LIABILITIES</b>		
Liabilities:		
Amounts held for others	\$	119,749
<b>Total liabilities</b>		<b>\$ 119,749</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, 2012**

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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. Based upon all pertinent facts derived from the analysis of the above criteria, it was determined that no additional entities should be included as part of these financial statements.

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, 2011 (most recent data available) the City of Bangor's share of the Joint Venture's net assets was \$5,952,477. Complete financial statements may be obtained from Municipal Review Committee, 40 Harlow Street, Bangor, ME 04401.

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or 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.

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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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.



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

Additionally, the City reports the following fund type:

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**D. Assets, Liabilities 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 account 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. 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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**4. Capital Assets**

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

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

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

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

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

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

**5. 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.

**6. 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 assets. Bond premiums and discounts, as well as issuance costs if material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

**7. 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 City Council.
- Assigned fund balances reflect the intended use of the resources. The City Council authorized itself and the Finance Director and City Manager within defined limits with this authority.
- 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.

**8. 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.

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

Deficiency of revenues over expenditures and other financing sources and uses (Budget)	\$ (540,920)
Activity in assigned fund balance	130,307
2012 encumbrances	1,540,508
2011 encumbrances paid	(1,365,707)
2011 encumbrances lapsed	<u>(16,034)</u>
Deficiency of revenues and other financing sources over expenditures and other uses (GAAP)	<u>\$ (251,846)</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 Assets:

Excess (deficiency) of revenues over expenditures and encumbrances:	
Sewer	\$ (1,980,843)
Airport	(8,110,119)
Park Woods	(136,442)
Parking	(187,644)
Bass Park	(297,660)
Municipal Golf Course	(77,740)
Economic Development	<u>(335,849)</u>
	(11,126,297)
Nonoperating revenues classification	(1,208,213)
Investments at market value	75,647
Capital outlay	(14,830)
Adjustments for accrual basis	(164,785)
Principal payments	3,796,204 *
2011 encumbrances	(34,299)
Nonoperating expenses classification	<u>1,042,294</u>
Operating loss	<u><u>\$ (7,634,279)</u></u>

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

**C. Excess of Expenditures Over Appropriations**

The following General Fund departments were over-expended by the indicated dollar amounts; Executive \$13,229, Legal \$742, Insurance \$7,233, Fire \$216,921, Health and Community Services \$337,195, and Parks and Recreation \$133,667. These over-expenditures were funded by receipt of revenues in excess of appropriations and under-expenditures within other General Fund departments.

The Park Woods Fund was over-expended by \$66,020, due to increased supplies and contractual services expenses.

**D. Deficit Fund Equity**

The Arena Fund has a deficit fund equity of \$4,603,950 which was funded in the subsequent year with bond proceeds. The Grant Fund has a deficit equity of \$4,584 which was funded in the subsequent year.

**E. Restricted Assets**

Donations received by the City whose use is limited are placed in the appropriate Special Revenue fund, depending upon whether or not the principal can be expended. All changes in market value are added to the earnings, which is allowable by State Statute. As these amounts are invested in a note receivable, there was no change in market value for fiscal year 2012.

**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, 2012, \$0 of the City's bank balance of \$19,038,426 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At June 30, 2012, the City had the following investments and maturities:

Investment types	Fair Value	Not Applicable	Maturity (years)		
			<1	1-5	6-10
Mutual Funds	\$ 5,183,254	\$ 5,183,254	\$ -	\$ -	\$ -
US Treasuries	8,689,465	-	1,533,555	6,132,885	1,023,025
Common Stock	1,073,597	1,073,597	-	-	-
Certificate of Deposit	50,000	-	50,000	-	-
Totals	<u>\$ 14,996,316</u>	<u>\$ 6,256,851</u>	<u>\$ 1,583,555</u>	<u>\$ 6,132,885</u>	<u>\$ 1,023,025</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, 2012, 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, 2011, 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, 2011 and March 15, 2012. 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 revenues. 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, 2012 was as follows:

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,040,548	\$ -	\$ -	\$ 5,040,548
Construction in process	4,538,315	33,593,059	1,914,610	36,216,764
Total capital assets not being depreciated	<u>9,578,863</u>	<u>33,593,059</u>	<u>1,914,610</u>	<u>41,257,312</u>
Capital assets, being depreciated:				
Land improvements	8,108,835	1,584,586	-	9,693,421
Buildings and improvements	63,636,849	3,567,194	-	67,204,043
Machinery and equipment	10,598,715	528,564	-	11,127,279
Vehicles	16,408,214	924,591	416,843	16,915,962
Infrastructure	21,371,118	610,115	18,000	21,963,233
Total capital assets being depreciated	<u>120,123,731</u>	<u>7,215,050</u>	<u>434,843</u>	<u>126,903,938</u>
Less accumulated depreciation for:				
Land improvements	(2,932,451)	(396,209)	-	(3,328,660)
Buildings and improvements	(22,918,997)	(1,293,091)	-	(24,212,088)
Machinery and equipment	(7,792,974)	(658,037)	-	(8,451,011)
Vehicles	(9,218,746)	(1,129,282)	(349,213)	(9,998,815)
Infrastructure	(10,340,451)	(469,191)	(17,820)	(10,791,822)
Total accumulated depreciation	<u>(53,203,619)</u>	<u>(3,945,810)</u>	<u>(367,033)</u>	<u>(56,782,396)</u>
Total capital assets being depreciated, net	66,920,112	3,269,240	67,810	70,121,542
<b>Governmental activities capital assets, net</b>	<b><u>\$ 76,498,975</u></b>	<b><u>\$ 36,862,299</u></b>	<b><u>\$ 1,982,420</u></b>	<b><u>\$ 111,378,854</u></b>



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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,977,038	\$ -	\$ -	\$ 3,977,038
Construction in process	9,367,427	4,162,334	11,074,585	2,455,176
Total capital assets not being depreciated	<u>13,344,465</u>	<u>4,162,334</u>	<u>11,074,585</u>	<u>6,432,214</u>
Capital assets, being depreciated:				
Land improvements	3,071,032	-	-	3,071,032
Buildings and improvements	42,886,703	1,643,991	-	44,530,694
Machinery and equipment	6,113,438	31,397	10,760	6,134,075
Infrastructure	57,754,759	185,031	-	57,939,790
Airport operational assets	246,145,884	9,859,533	-	256,005,417
Parking structures	11,350,354	-	37,945	11,312,409
Total capital assets being depreciated	<u>367,322,170</u>	<u>11,719,952</u>	<u>48,705</u>	<u>378,993,417</u>
Less accumulated depreciation for:				
Land improvements	(1,623,185)	(71,139)	-	(1,694,324)
Buildings and improvements	(29,030,842)	(1,414,077)	-	(30,444,919)
Machinery and equipment	(4,534,278)	(218,762)	(10,760)	(4,742,280)
Infrastructure	(11,148,696)	(585,305)	-	(11,734,001)
Airport operational assets	(144,665,140)	(7,793,489)	-	(152,458,629)
Parking structures	(7,928,805)	(269,736)	(36,079)	(8,162,462)
Total accumulated depreciation	<u>(198,930,946)</u>	<u>(10,352,508)</u>	<u>(46,839)</u>	<u>(209,236,615)</u>
Total capital assets being depreciated, net	168,391,224	1,367,444	1,866	169,756,802
<b>Governmental activities capital assets, net</b>	<b><u>\$ 181,735,689</u></b>	<b><u>\$ 5,529,778</u></b>	<b><u>\$ 11,076,451</u></b>	<b><u>\$ 176,189,016</u></b>

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

Governmental Activities:	
General government	\$ 1,359,766
Public safety	903,488
Health, community services and recreation	132,512
Public building and services	603,443
Education	<u>946,601</u>
<b>Total depreciation expense - governmental activities</b>	<b><u>\$ 3,945,810</u></b>
Business-type activities:	
Sewer Utility Fund	\$ 1,691,486
Airport Fund	7,793,489
Park Woods	89,123
Parking Fund	269,736
Bass Park Fund	242,065
Municipal Golf Course	82,111
Economic Development Fund	<u>184,498</u>
<b>Total depreciation expense - business-type activities</b>	<b><u>\$ 10,352,508</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, 2012. The projects include construction of a new arena/meeting complex, reconstruction of runways, construction of additional infrastructure on the waterfront, 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, 2012 the balances were as follows:

	Receivable	Payable
General Fund	\$ 4,528,785	\$ -
Arena Fund	-	970,500
Nonmajor Special Revenue Funds	-	235,330
Park Woods Fund	-	378,300
Bass Park Fund	-	2,313,255
Economic Development	-	631,400
	<u>\$ 4,528,785</u>	<u>\$ 4,528,785</u>

Individual fund transfers to and from other funds for the fiscal year ended June 30, 2012 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	\$ 1,579,758	\$ 91,425
Arena Fund	182,048	-
Grant Fund	-	36,374
Dedicated Revenue Funds	5,575	-
Other Nonmajor Special Revenue Funds	3,500	-
Capital Projects Fund	61,420	1,316,100
Other Nonmajor Permanent Funds	29,000	-
Sewer Utility Fund	15,000	2,335
Nonmajor Proprietary Funds	4,430	434,137
	<u>\$ 1,880,731</u>	<u>\$ 1,880,371</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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**E. Due From Other Governments**

Due from other governments is comprised of the following amounts at June 30, 2012:

	Federal Government	State of Maine	Other	Total
General Fund	\$ 92,742	\$ 1,856,122	\$ 167,881	\$ 2,116,745
Community Development	139,159	-	-	139,159
Nonmajor Special Revenue Funds	144,121	102,239	-	246,360
Capital Projects Fund	32,057	191,413	-	223,470
Proprietary Funds	377,741	9,797	-	387,538

Of the General Fund's \$1,856,122 due from State of Maine, \$893,536 represents school grant and State agency billings, \$788,067 is due from the Department of Transportation and \$124,758 represents general assistance claims. Amounts due from other communities for tuition reimbursement to Bangor account for \$102,234 of the Due from Other in the General Fund.

**F. Leases**

Operating Leases

The Airport and Economic Development Proprietary Funds are the lessors of various buildings and land parcels under operating leases expiring in various years through 2040 and 2035, respectively. Minimum future rentals to be received on noncancelable leases as of June 30, 2012 are:

Fiscal year ending June 30,	Airport	Economic Development
2013	\$ 2,570,780	\$ 480,626
2014	1,373,320	381,334
2015	792,914	384,845
2016	473,380	336,266
2017	377,000	324,840
Subsequent to 2017	3,430,458	2,457,309
	<u>\$ 9,017,852</u>	<u>\$ 4,365,220</u>

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. The Airport received \$1,450,150 in contingent rentals in fiscal year 2012.

The carrying amounts of the leased assets are as follows:

	Airport	Economic Development
Land	\$ 565,532	\$ 2,747,811
Buildings	22,886,327	4,318,516
Less accumulated depreciation	(13,545,799)	(1,173,295)
Total	<u>\$ 9,906,060</u>	<u>\$ 5,893,032</u>

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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

**G. Other Assets**

Other assets are comprised of the following:

	Proprietary Fund
Due from bond trustee	\$ 294,767
Deposits	20,000
Total	\$ 314,767

**H. Deferred/Unearned Revenue**

General Fund deferred revenue consists of \$2,438,069 in deferred taxes and \$60,637 of advance deposits. Capital Fund deferred revenue of \$78,298 consists of advance deposits. Community Development Block Grant and Other Governmental Funds deferred revenue of \$4,819,070 and \$160,000, respectively, represents future revenue equal to loans made pursuant to the Community Development, Urban Development Action Grants and Economic Incentive Revolving Loan Fund. Under the terms of these grants, loans made are recognized as an expenditure in the Special Revenue Fund when they occur. Further, in accordance with regulations governing such funds, the repayments of such loans are considered program income as received and are available to the recipient for additional use within the program. Proprietary Funds unearned revenue of \$14,494 represents advance deposits.

**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 \$192,175,948. The following is a summary of general obligation bond and note transactions of the City for the fiscal year ended June 30, 2012:

Bonds and notes payable at June 30, 2011	\$ 90,441,003
Add: principal additions	12,135,000
Add: bond anticipation note	20,000,000
Less: principal repayments	13,193,855
Bonds and notes payable at June 30, 2012	\$ 109,382,148

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

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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Bonds and notes payable at June 30, 2012 are comprised of the following:

Long-term debt	Fiscal year of maturity	Interest rate	Governmental Activities		Business-type Activities	Total June 30, 2012
			City	School		
Treatment Plant	2013	7.00% - 7.10%	\$ -	\$ -	\$ 950,000	\$ 950,000
Combined sewer overflow	2014	2.46%	-	-	186,400	186,400
Combined sewer overflow	2014	2.45%	-	-	198,600	198,600
Combined sewer overflow	2017	3.52%	-	-	896,642	896,642
Tax increment financing note*	2016	4.50%	383,047	-	-	383,047
Combined sewer overflow	2018	3.03%	-	-	857,883	857,883
Tax increment financing note*	2018	4.50%	121,669	-	-	121,669
Maine Business Enterprise Park	2018	5.00%	-	-	105,832	105,832
Public improvements note*	2020	4.50%	449,848	-	-	449,848
Pension obligation bonds	2026	3.06% - 6.45%	23,269,300	1,483,162	4,972,538	29,725,000
Refunding bonds	2024	3.06% - 3.47%	314,902	330,000	635,098	1,280,000
Combined sewer overflow	2023	1.94%	-	-	1,753,261	1,753,261
Tax increment financing note*	2015	2.50% - 4.00%	51,214	-	-	51,214
Briggs Building note	2023	4.50%	-	-	884,339	884,339
Refunding/public improvements - 2004	2023	2.50% - 4.80%	2,075,000	-	-	2,075,000
Combined sewer overflow	2024	1.41%	-	-	1,835,798	1,835,798
Public improvements - 2005	2024	3.50% - 4.30%	1,565,000	-	650,000	2,215,000
Airport building sprinklers	2024	3.25% - 5.00%	-	-	1,495,000	1,495,000
Chancellor's property note	2025	5.00%	-	-	1,787,157	1,787,157
Public improvements/refunding	2025	4.00% - 4.20%	2,592,266	-	417,734	3,010,000
Combined sewer overflow	2027	1.64%	-	-	1,559,251	1,559,251
Public improvements - 2007	2027	4.00%	2,555,000	-	-	2,555,000
Combined sewer overflow	2028	1.81%	-	-	1,655,251	1,655,251
Public improvements - 2009	2029	2.00% - 4.375%	2,635,000	-	-	2,635,000
ARRA - CWSRF	2029	0.00%	-	-	823,572	823,572
ARRA - CWSRF	2030	0.00%	-	-	462,384	462,384
Public improvements/refunding	2020	2.00% - 3.25%	3,812,480	6,521,024	1,176,496	11,510,000
Public improvements/refunding	2021	2.00% - 3.25%	1,856,103	-	3,928,897	5,785,000
Qualified school construction bond	2028	4.65%	-	5,610,000	-	5,610,000
Refunding/public improvements	2022	2.00% - 2.25%	2,753,438	2,295,705	1,475,857	6,525,000
Bond anticipation note	2013	0.88%	20,000,000	-	-	20,000,000
<b>Total bonds and notes payable</b>			<b>\$ 64,434,267</b>	<b>\$ 16,239,891</b>	<b>\$ 28,707,990</b>	<b>\$ 109,382,148</b>

\* Notes aggregating \$1,005,778 are held by the City's Airport Fund at fixed, taxable market rates of interest.

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

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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

Fiscal year ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	Principal	Interest	Principal	Interest
2013	\$ 24,426,590	\$ 2,520,735	\$ 3,850,766	\$ 910,712
2014	4,306,571	2,361,591	2,322,722	819,994
2015	4,363,771	2,215,369	2,200,490	759,309
2016	4,484,677	2,055,526	2,271,474	696,526
2017	4,464,742	1,885,458	2,330,085	629,232
2018-2022	19,091,053	6,749,958	9,727,310	2,150,321
2023-2027	13,671,754	2,182,948	5,713,241	589,812
2028-2032	5,865,000	21,793	291,902	2,135
Total	<u>\$ 80,674,158</u>	<u>\$ 19,993,378</u>	<u>\$ 28,707,990</u>	<u>\$ 6,558,041</u>

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, 2012, the statutory limit for the City was \$368,467,500. The City's outstanding long-term debt of \$109,382,148 at June 30, 2012 was within the statutory limit.

**Bond Anticipation Note**

On June 8, 2012, the City issued \$30,000,000 of twelve month bond anticipation notes for the construction of its new arena. The City only drew down \$20,000,000 of funds at a rate of .88%. The principal plus accrued interest was permanently financed on July 31, 2012 and was therefore recognized as long-term debt as of June 30, 2012.

**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, 2012, \$155,000 remains authorized and unissued. The City expects to issue the debt within the next twenty four months.

**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, 2012 the City did not have any overlapping debt obligations.

**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, 2012, was as follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due within one year
Governmental activities:					
General obligation debt	\$ 58,455,666	\$ 30,659,143	\$ 8,440,651	\$ 80,674,158	\$ 24,426,590
Accrued compensated absences*	2,417,225	1,733,972	1,743,626	2,407,571	1,448,475
Net OPEB obligation*	1,760,495	262,174	40,682	1,981,987	-
Long-term obligation for self insurance	1,726,580	748,736	492,870	1,982,446	607,890
Governmental activities long-term liabilities	<u>\$ 64,359,966</u>	<u>\$ 33,404,025</u>	<u>\$ 10,717,829</u>	<u>\$ 87,046,162</u>	<u>\$ 26,482,955</u>
Business-type activities:					
General obligation debt	\$ 31,985,337	\$ 1,475,857	\$ 4,753,204	\$ 28,707,990	\$ 3,850,766
Accrued compensated absences	619,016	448,561	435,519	632,058	632,058
Net OPEB obligation	562,628	81,969	16,388	628,209	-
Long-term obligation for self insurance	447,400	74,031	74,031	447,400	174,992
Other	511,283	134	-	511,417	-
Business-type activities long-term liabilities	<u>\$ 34,125,664</u>	<u>\$ 2,080,552</u>	<u>\$ 5,279,142</u>	<u>\$ 30,927,074</u>	<u>\$ 4,657,816</u>

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

**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, 2012, fund balances components consisted of the following:

	Nonspendable	Restricted	Committed	Assigned
General Fund:				
Advances to other funds	\$ 1,900,500	\$ -	\$ -	\$ -
Inventory and prepaid items	860,187	-	-	-
PEG capital support	-	27,705	-	-
Arbitrage	-	264,380	-	-
Credit reserve	-	26,764	-	-
Pickering Square Develop Dist	-	30,513	-	-
School Department				
Regular	-	293,184	-	-
Adult education	-	119,985	-	-
Reading assessment	-	247	-	-
Special revenue	-	38,361	-	-
School lunch	-	230,803	-	-
Trust and agency	-	253,578	-	-
Cultural Commission	-	-	1,583	-
Arena Pre-Opening	-	-	372,170	-
Subsequent year expenditures	-	-	-	1,548,268
Pooled equipment reserve	-	-	-	39,561
Bus equipment reserve	-	-	-	42,369
Fire equipment reserve	-	-	-	107,533
Self insurance reserve	-	-	-	1,982,446
Improvement reserve	-	-	-	353,345
Cameron Stadium reserve	-	-	-	354,683
Demolition reserve	-	-	-	52,343
Benefit reserve	-	-	-	293,365
Parks & Recreation reserve	-	-	-	15,193
Subtotal	<u>2,760,687</u>	<u>1,285,520</u>	<u>373,753</u>	<u>4,789,106</u>
Community Development Block Grant	-	415,956	-	-
Capital Projects Fund:				
Capital project funds	-	759	-	-
Encumbrances	-	-	-	1,853,043
Subtotal	<u>-</u>	<u>759</u>	<u>-</u>	<u>1,853,043</u>
Other Governmental Funds:				
Nonexpendable trust principal	588,515	-	-	-
Nonmajor Special Revenue Funds	-	1,862,992	-	-
Nonmajor Permanent Funds	-	449,974	-	-
Subtotal	<u>588,515</u>	<u>2,312,966</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,349,202</u>	<u>\$ 4,015,201</u>	<u>\$ 373,753</u>	<u>\$ 6,642,149</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 \$31,531 for municipal General Fund, \$1,516,737 for school General Fund, \$59,093 for Community Development Block Grant, \$1,330,401 for Capital Projects Fund, \$5,492,811 for Airport Fund, and \$456,286 for Sewer Utility Fund.

**K. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are 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 assets invested in capital assets, net of related debt was calculated as follows at June 30, 2012:

	Governmental	Business-type
Capital assets	\$ 168,161,250	\$ 385,425,631
Accumulated depreciation	(56,782,396)	(209,236,615)
Bonds payable	(80,674,158)	(28,707,990)
Non capital related bonds payable	36,548,892	4,973,916
Unspent bond proceeds	-	294,767
Total invested in capital assets net of related debt	\$ 67,253,588	\$ 152,749,709

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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, 2012, 2011 and 2010.

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, 2012, the amount of self-insurance liabilities was \$2,429,846. 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, 2010 resulted from the following:

	Workers' Compensation	All other self- insured risks	Total
Unpaid claims as of July 1, 2010	\$ 1,785,322	\$ 215,786	\$ 2,001,108
Incurred claims	330,368	-	330,368
Payments	(520,029)	(763)	(520,792)
Changes in estimates and other adjustments	362,744	552	363,296
Unpaid claims as of July 1, 2011	1,958,405	215,575	2,173,980
Incurred claims	475,912	-	475,912
Payments	(581,099)	(17,798)	(598,897)
Changes in estimates and other adjustments	264,108	114,743	378,851
Unpaid claims as of July 1, 2012	<u>\$ 2,117,326</u>	<u>\$ 312,520</u>	<u>\$ 2,429,846</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.

**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. The EPA has indicated that the City will now need to undertake additional projects related to long term control and asset management plans, and a capacity management operations and maintenance program. The City has not yet entered into any agreement with the EPA, but has begun work on the areas identified to date by the EPA.

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

**D. Retirement**

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

**Defined Contribution Plan**

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

Funding Policy – Plan members not covered by employment contracts are required to contribute 6.5% of their annual covered salary and the City is required to contribute either 8% or 10% depending upon the employee's classification. For fiscal year 2012 covered payroll was \$14,696,711 and City contributions were \$1,254,952. 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 \$462,404 and \$53,075 respectively, in fiscal year 2012.

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

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**OTHER INFORMATION, CONTINUED**

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**Defined Benefit Pension Plan**

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

Funding Policy – Plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute an actuarially determined rate. The current rate ranges from 4.40% to 10.20% of annual covered payroll. The contribution rates of plan members and the City are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. The City's contributions to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2012, 2011, and 2010 were \$942,629, \$794,677, and \$702,525 respectively, equal to the required contributions for each year.

**Teachers' Group**

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

Funding Policy – Plan members are required to contribute 7.65% of their compensation to the retirement system. The same statute requires the State of Maine Department of Education, to contribute the employer contribution, which amounts to \$3,977,170 (16.36%) for fiscal year 2012. This amount has been reported as an intergovernmental revenue and education expenditure in the GAAP basis financial statements. There is no contribution required by the school department except for federally funded teachers, for which they contributed 16.36% of their compensation. This cost is charged to the applicable grant.

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

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**OTHER INFORMATION, CONTINUED**

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**Deferred Compensation Plan**

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

**Social Security**

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

**E. Other Postemployment Benefits**

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

Description of the Plan - The City sponsors a single-employer post-retirement benefit plan providing health insurance to retiring employees through CIGNA. CIGNA issues a publicly available financial report that may be obtained through their website [www.cigna.com](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)	\$ 385,564
Amortization adjustment to ARC	(134,346)
Interest on net OPEB obligation	<u>92,925</u>
Annual OPEB cost	<u>\$ 344,143</u>

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

**OTHER INFORMATION, CONTINUED**

Funding Status and Funding Progress – The City’s annual OPEB cost, the net OPEB obligation and the percentage of annual OPEB cost contributed to the plan for the years ending June 30, 2010, 2011 and 2012 are as follows:

	June 30, 2010	June 30, 2011	June 30, 2012
Annual OPEB cost	\$ 1,138,705	\$ 357,467 *	\$ 344,143
City contributions	(136,659)	(38,436)	(57,070)
Increase in net OPEB obligation	1,002,046	319,031	287,073
Net OPEB obligation, beginning of year	1,002,046	2,004,092	2,323,123
Net OPEB obligation, end of year	<u>\$ 2,004,092</u>	<u>\$ 2,323,123</u>	<u>\$ 2,610,196</u>
Percentage contributed	12.00%	10.75%	16.58%

\* Information provided by the actuary included changes to the participation assumptions resulting in a large decrease of the annual OPEB cost.

The unfunded actuarial accrued liability as a percentage of covered payroll for June 30, 2012 is as follows:

	Governmental Activities	Business-type Activities	Total June 30, 2012
Actuarial accrued liability (AAL)	\$ 3,430,307	\$ 1,072,491	\$ 4,502,798
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 3,430,307</u>	<u>\$ 1,072,491</u>	<u>\$ 4,502,798</u>
Covered payroll	<u>\$ 17,175,024</u>	<u>\$ 5,369,798</u>	<u>\$ 22,544,822</u>
UAAL as a percentage of covered payroll	19.97%		

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 four 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	1/1/11
Actuarial cost method	Projected unit credit cost method
Amortization method	Level dollar
Amortization period	30 years - open
Actuarial assumptions:	
Investment rate of return	4.0%
Claims aging	3.0%
Healthcare cost trend rate	8.7% - 4.0%

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

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**OTHER INFORMATION, CONTINUED**

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**F. Landfill Closure and Postclosure Care Costs**

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

**G. Subsequent Events**

On July 31, 2012, the City issued \$53,800,000 in general obligation bonds for the purpose of funding the arena/meeting complex project. The City Council has identified a portion of the City's Downtown Tax Increment Financing District proceeds, as well as the gaming revenue received by the City as the source of repayment for this debt. A portion of the proceeds were used to extinguish a \$20,000,000 bond anticipation note issued in June 2012.

On August 13, 2012 the City Council authorized the issuance of up to \$4,939,000 in general obligations bonds for the purpose of funding street and bridge work, Wastewater Infrastructure, the City's annual fleet/equipment replacement, and a fire engine.

On October 23, 2012, the City issued \$2,800,000 in general obligation federally taxable direct payment Qualified School Construction Bonds, under the provisions of the American Recovery and Reinvestment Act of 2009. The bond proceeds will finance the rehabilitation, reconstruction, repair, upgrading and equipping of the City's various school facilities. The bonds were issued at a taxable interest rate of 4.05% for a period of twenty-three years. The City will be entitled to receive interest subsidy payments equal to the full 4.05%, as the applicable tax credit rate on the date of the issuance was in excess of the stated rate, from the United States Department of Treasury for the life of the issue. This subsidy is subject to action by the United States Congress.

On November 6, 2012, Bangor residents voted to approve a citizen-initiated Charter amendment to require voter ratification of certain debt issuances. The amendment will require voter ratification of any order authorizing the issuance of debt for an individual project in excess of five one-hundredths of one percent of the City's last certified State Valuation. The amendment also exempts certain borrowings from the voter ratification requirement such as; streets, sewers, self-supporting enterprise funds, refunding, etc.

On November 6, 2012, Bangor residents voted to approve a Charter amendment to increase the target limits of the City's unassigned fund balance from no more than 10% and no less than 5% of the City's prior year expenditures less debt service to no more than 16.66% and no less than 8.33% of prior year expenditures.

**CITY OF BANGOR, MAINE**  
**Required Supplemental Information**  
**Schedule of Funding Progress - Retiree Healthcare Plan**  
**For the Fiscal Year Ended June 30, 2012**

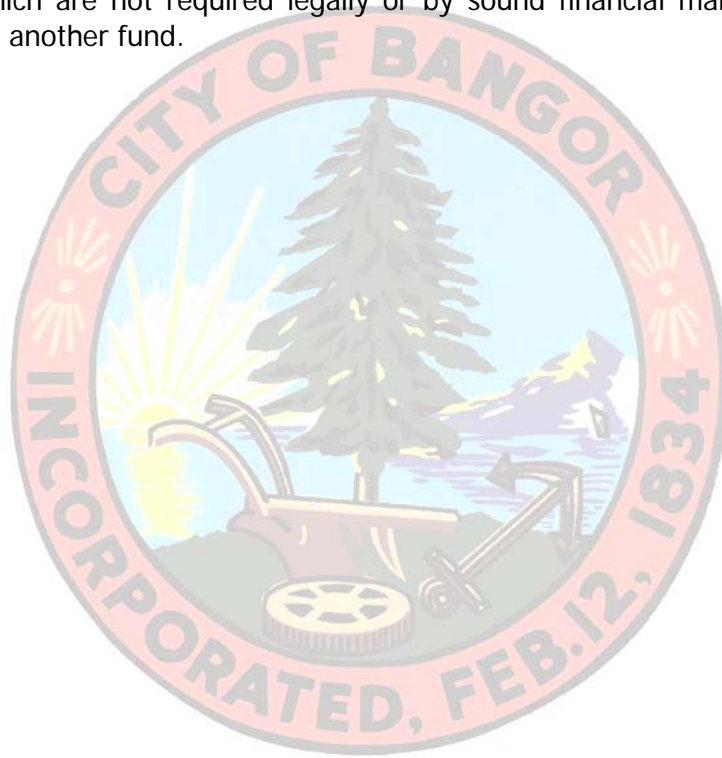
	Fiscal Year			
	2009 7/1/2008	2010 7/1/2008	2011 1/1/2011	2012 1/1/2011
Actuarial Valuation Date				
Governmental activities:				
Actuarial value of assets	\$ -	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	8,488,427	8,488,427	3,407,638	3,430,307
Unfunded actuarial accrued liability (UAAL)	\$ 8,488,427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

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



## GENERAL FUND

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



**CITY OF BANGOR, MAINE**  
**Balance Sheet**  
**General Fund**  
**June 30, 2012**

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<b>ASSETS</b>	
Cash and cash equivalents	\$ 13,164,922
Investments	50,000
Receivables:	
Taxes	2,674,944
Accounts (net of allowance of \$475,341)	725,537
Interfund	4,528,785
Intergovernmental	2,116,745
Loans	884,339
Inventory, at cost	819,345
Prepaid items	40,842

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**Total assets** **\$ 25,005,459**

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**LIABILITIES AND FUND BALANCE**

Liabilities	
Accounts payable	\$ 1,740,176
Accrued wages and benefits payable	3,993,853
Deferred revenue	2,498,706
<b>Total liabilities</b>	<b>8,232,735</b>

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Fund balances	
Nonspendable	2,760,687
Restricted	1,285,520
Committed	373,753
Assigned	4,789,106
Unassigned	7,563,658
<b>Total fund balance</b>	<b>16,772,724</b>

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**Total liabilities and fund balance** **\$ 25,005,459**

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**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, 2012**

	Balances			Variance	
	Carried 7/1/2011	Budget	Actual	Surplus	Carried
Revenues					
Taxes					
Real and personal property	\$ -	\$ 48,121,538	\$ 48,233,620	\$ 112,082	\$ -
Change in deferred property tax	-	-	(180,193)	(180,193)	-
Tax increment financing district	-	(2,290,514)	(2,290,505)	9	-
Payment in lieu of taxes	-	115,000	156,629	41,629	-
Excise	-	4,528,000	4,596,945	68,945	-
Interest on delinquent taxes	-	208,000	191,445	(16,555)	-
Total taxes	-	50,682,024	50,707,941	25,917	-
Intergovernmental					
State revenue sharing	-	3,700,000	3,637,838	(62,162)	-
School subsidy	-	16,657,164	16,812,421	-	155,257
Other -					
municipal	-	3,746,030	3,889,443	143,413	-
school	-	4,728,082	4,599,927	-	(128,155)
Total intergovernmental	-	28,831,276	28,939,629	81,251	27,102
Other revenue					
Licenses and permits	-	656,363	948,267	23,294	268,610
Charges for service -					
municipal	-	8,217,481	8,480,365	159,324	103,560
school	-	3,722,155	3,806,614	-	84,459
Fines, forfeits and penalties	-	32,500	41,628	9,128	-
Revenue from use of money and property -					
municipal	-	708,483	706,353	(2,130)	-
Total other	-	13,336,982	13,983,227	189,616	456,629
Total revenues	-	92,850,282	93,630,797	296,784	483,731

**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, 2012**

	Balances			Variance	
	Carried 7/1/2011	Budget	Actual	Surplus	Carried
Expenditures					
General government					
Council	-	30,676	27,393	3,283	-
Executive	-	818,670	831,899	(13,229)	-
Human resources	-	123,123	115,545	7,578	-
City clerk	-	394,531	357,975	36,556	-
Assessing	-	449,334	441,863	7,471	-
Legal	-	284,033	284,775	(742)	-
Finance	-	1,604,696	1,497,717	106,979	-
Insurance	-	147,500	154,733	(7,233)	-
Planning, econ dev, code enforcement	-	1,234,175	1,197,719	36,456	-
Total general government	-	5,086,738	4,909,619	177,119	-
Public safety					
Police	-	8,209,631	7,933,073	276,558	-
Fire	-	7,873,348	8,090,269	(216,921)	-
Total public safety	-	16,082,979	16,023,342	59,637	-
Health, community services and recreation					
Health and community services	-	3,406,479	3,743,674	(337,195)	-
Parks and recreation	-	1,542,688	1,676,355	(133,667)	-
Total health, commun. serv and rec.	-	4,949,167	5,420,029	(470,862)	-
Public buildings and services	-	10,286,968	9,845,436	441,532	-

**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, 2012**

	Balances			Variance	
	Carried 7/1/2011	Budget	Actual	Surplus	Carried
Expenditures, continued					
Other agencies					
County tax	-	2,876,620	2,876,620	-	-
Downtown Development District	-	52,507	52,507	-	-
Public library	-	1,383,733	1,382,732	1,001	-
Other agencies	19,033	80,375	97,686	139	1,583
Total other agencies	19,033	4,393,235	4,409,545	1,140	1,583
Education					
Regular	3,184,598	40,916,799	40,280,389	-	3,821,008
Adult education	137,283	500,403	492,699	-	144,987
School lunch	346,552	1,356,150	1,525,936	-	176,766
Special revenue	225,716	3,349,172	3,280,515	-	294,373
Trust and agency	363,378	1,203,012	1,190,333	-	376,057
Total education	4,257,527	47,325,536	46,769,872	-	4,813,191
Other appropriations					
Pensions and other fringe benefits	-	1,992,553	1,975,679	16,874	-
Debt service	-	2,590,976	2,590,462	514	-
Tax increment financing payments	-	818,369	813,877	4,492	-
Total other appropriations	-	5,401,898	5,380,018	21,880	-
Total expenditures	4,276,560	93,526,521	92,757,861	230,446	4,814,774
Excess (deficiency) of revenues over/under expenditures	(4,276,560)	(676,239)	872,936	527,230	5,298,505

**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, 2012**

	Balances			Variance	
	Carried 7/1/2011	Budget	Actual	Surplus	Carried
Other financing sources (uses)					
Appropriation from restricted, committed and assigned fund balances	-	1,288,328	158,328	(125,000)	(1,005,000)
Appropriation to assigned fund balances	-	-	(250,000)	(250,000)	-
Sale of assets	-	4,000	13,020	9,020	-
Contributions	-	-	200	200	-
Insurance Settlements	-	5,000	20,253	15,253	-
Transfers to other funds	-	(396,000)	(1,129,500)	(733,500)	-
Transfers from other funds	-	27,000	25,932	(1,068)	-
Operating transfers	-	(252,089)	(252,089)	-	-
Total other financing sources (uses)	-	676,239	(1,413,856)	(1,085,095)	(1,005,000)
Net change in unassigned fund balance	\$ (4,276,560)	\$ -	\$ (540,920)	(557,865)	\$ 4,293,505
Unassigned fund balance, beginning of year				8,017,940	
Changes in amounts required to be shown as nonspendable fund balance					
Inventory and prepaids				103,583	
<b>Unassigned fund balance, end of year</b>				<b>\$ 7,563,658</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, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 777,793	\$ -	\$ 777,793
Investments	-	119,374	119,374
Receivables:			
Loans /Notes (net of \$170,317 allowance)	1,295,294	919,115	2,214,409
Intergovernmental	246,360	-	246,360
<b>Total assets</b>	<b>\$ 2,319,447</b>	<b>\$ 1,038,489</b>	<b>\$ 3,357,936</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 46,569	\$ -	\$ 46,569
Accrued wages and benefits payable	19,140	-	19,140
Deferred revenue	160,000	-	160,000
Interfund loans payable	235,330	-	235,330
<b>Total liabilities</b>	<b>461,039</b>	<b>-</b>	<b>461,039</b>
Fund balances			
Nonspendable	-	588,515	588,515
Restricted	1,862,992	449,974	2,312,966
Unassigned	(4,584)	-	(4,584)
<b>Total fund balances</b>	<b>1,858,408</b>	<b>1,038,489</b>	<b>2,896,897</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,319,447</b>	<b>\$ 1,038,489</b>	<b>\$ 3,357,936</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, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>Revenues</b>			
Taxes	\$ 771,139	\$ -	\$ 771,139
Intergovernmental	4,502,833	-	4,502,833
Charges for services	1,045,515	-	1,045,515
Program income	144,920	-	144,920
Revenue from use of money and property	69,452	-	69,452
Other revenue	77,606	4,175	81,781
Interest revenue	-	44,382	44,382
Total revenues	6,611,465	48,557	6,660,022
<b>Expenditures</b>			
Current:			
Personnel	1,143,050	-	1,143,050
Payments to beneficiaries	802,556	-	802,556
Other	1,979,994	-	1,979,994
Bus operations	2,480,221	-	2,480,221
Program expenditures	-	115	115
Total expenditures	6,405,821	115	6,405,936
Excess of revenues over expenditures	205,644	48,442	254,086
<b>Other financing sources (uses)</b>			
Transfers to other funds	(9,075)	(29,000)	(38,075)
Transfers from other funds	36,734	-	36,734
Total other financing sources (uses)	27,659	(29,000)	(1,341)
Net change in fund balances	233,303	19,442	252,745
Fund balances, beginning of year	1,625,105	1,019,047	2,644,152
<b>Fund balances, end of year</b>	<b>\$ 1,858,408</b>	<b>\$ 1,038,489</b>	<b>\$ 2,896,897</b>

**CITY OF BANGOR, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2012**

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 335,447	\$ 42,443	\$ -	\$ 399,903	\$ 777,793
Receivables:					
Loans/Notes (net of \$170,317 allowance)	160,000	-	842,157	293,137	1,295,294
Intergovernmental	-	246,360	-	-	246,360
<b>Total assets</b>	<b>\$ 495,447</b>	<b>\$ 288,803</b>	<b>\$ 842,157</b>	<b>\$ 693,040</b>	<b>\$ 2,319,447</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ -	\$ 38,917	\$ -	\$ 7,652	\$ 46,569
Accrued wages and benefits payable	-	19,140	-	-	19,140
Deferred revenue	160,000	-	-	-	160,000
Interfund loans payable	-	235,330	-	-	235,330
<b>Total liabilities</b>	<b>160,000</b>	<b>293,387</b>	<b>-</b>	<b>7,652</b>	<b>461,039</b>
Fund balances (deficits)					
Restricted	335,447	-	842,157	685,388	1,862,992
Unassigned	-	(4,584)	-	-	(4,584)
<b>Total fund balances (deficits)</b>	<b>335,447</b>	<b>(4,584)</b>	<b>842,157</b>	<b>685,388</b>	<b>1,858,408</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 495,447</b>	<b>\$ 288,803</b>	<b>\$ 842,157</b>	<b>\$ 693,040</b>	<b>\$ 2,319,447</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, 2012**

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ 771,139	\$ 771,139
Intergovernmental	-	4,502,833	-	-	4,502,833
Charges for services	-	1,045,515	-	-	1,045,515
Program income	144,920	-	-	-	144,920
Revenue from use of money and property	-	-	34,762	34,690	69,452
Contributions	-	25,856	17,323	34,427	77,606
Total revenues	144,920	5,574,204	52,085	840,256	6,611,465
<b>Expenditures</b>					
Current:					
Personnel	-	1,143,050	-	-	1,143,050
Payments to beneficiaries	-	-	593	801,963	802,556
Other	-	1,979,994	-	-	1,979,994
Bus operations	-	2,480,221	-	-	2,480,221
Total expenditures	-	5,603,265	593	801,963	6,405,821
Excess (deficiency) of revenues over (under) expenditures	144,920	(29,061)	51,492	38,293	205,644
<b>Other financing sources (uses)</b>					
Transfers to other funds	-	-	(5,575)	(3,500)	(9,075)
Transfers from other funds	-	36,734	-	-	36,734
Total other financing sources (uses)	-	36,734	(5,575)	(3,500)	27,659
Net change in fund balances	144,920	7,673	45,917	34,793	233,303
Fund balances (deficits), beginning of year	190,527	(12,257)	796,240	650,595	1,625,105
<b>Fund balances (deficits), end of year</b>	<b>\$ 335,447</b>	<b>\$ (4,584)</b>	<b>\$ 842,157</b>	<b>\$ 685,388</b>	<b>\$ 1,858,408</b>

**CITY OF BANGOR, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2012**

	<b>Other Funds</b>	<b>Revolving Loan Funds</b>	<b>Totals</b>
<b>ASSETS</b>			
Investments	\$ -	\$ 119,374	\$ 119,374
Loans receivable	891,858	27,257	919,115
<b>Total assets</b>	<b>\$ 891,858</b>	<b>\$ 146,631</b>	<b>\$ 1,038,489</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Fund balances			
Nonspendable	441,884	146,631	588,515
Restricted	449,974	-	449,974
<b>Total fund balances</b>	<b>891,858</b>	<b>146,631</b>	<b>1,038,489</b>
<b>Total liabilities and and fund balances</b>	<b>\$ 891,858</b>	<b>\$ 146,631</b>	<b>\$ 1,038,489</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, 2012**

	<b>Other Funds</b>	<b>Revolving Loan Funds</b>	<b>Totals</b>
<b>Revenues</b>			
Investment income	\$ 39,745	\$ 4,637	\$ 44,382
Lot sales	4,175	-	4,175
Total revenues	43,920	4,637	48,557
<b>Expenditures</b>			
Current:			
Payments to beneficiaries	115	-	115
Total expenditures	115	-	115
Excess of revenues over expenditures	43,805	4,637	48,442
<b>Other financing sources (uses)</b>			
Transfer to other funds	(29,000)	-	(29,000)
Total other financing source (uses)	(29,000)	-	(29,000)
Net change in fund balances	14,805	4,637	19,442
Fund balances, beginning of year	877,053	141,994	1,019,047
<b>Fund balances, end of year</b>	<b>\$ 891,858</b>	<b>\$ 146,631</b>	<b>\$ 1,038,489</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.

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.

Bass Park Fund – This fund accounts for the operation of the Bangor auditorium, Bangor Civic Center, and 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.

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 Assets**  
**Nonmajor Proprietary Funds**  
**June 30, 2012**

**Business-type Activities - Enterprise Funds**

	Park Woods	Parking Fund	Bass Park Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 246	\$ 235,013	\$ 7,930	\$ 580,254	\$ 823,443
Accounts receivable	5,377	-	167,108	-	172,485
Less allowance for uncollectible accounts	-	-	(10,000)	-	(10,000)
Net accounts receivable	5,377	-	157,108	-	162,485
Inventories, at cost	-	-	18,039	-	18,039
Prepaid items	-	-	14,286	-	14,286
Total current assets	5,623	235,013	197,363	580,254	1,018,253
Noncurrent assets					
Capital Assets:					
Land and improvements	295,025	-	828,921	1,594,732	2,718,678
Buildings and improvements	1,933,061	-	8,741,549	912,607	11,587,217
Machinery and equipment	22,952	-	144,428	305,859	473,239
Parking structures	-	11,312,409	-	-	11,312,409
	2,251,038	11,312,409	9,714,898	2,813,198	26,091,543
Less accumulated depreciation	(1,543,565)	(8,162,462)	(5,319,242)	(1,678,718)	(16,703,987)
Net capital assets	707,473	3,149,947	4,395,656	1,134,480	9,387,556
Deposits	20,000	-	-	-	20,000
Total noncurrent assets	727,473	3,149,947	4,395,656	1,134,480	9,407,556
Total assets	733,096	3,384,960	4,593,019	1,714,734	10,425,809

Continued on next page

**CITY OF BANGOR, MAINE**  
**Combining Statement of Net Assets**  
**Nonmajor Proprietary Funds**  
**June 30, 2012**

**Business-type Activities - Enterprise Funds**

	Park Woods	Parking Fund	Bass Park Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	58,975	690	37,560	14,544	111,769
Accrued wages and benefits payable	914	3,947	11,296	10,271	26,428
Accrued interest	-	14,600	4,506	6,157	25,263
Workers' compensation	-	4,084	4,516	-	8,600
Unearned revenue	-	986	13,508	-	14,494
Accrued compensated absences	13,137	9,711	66,669	19,583	109,100
Interfund loans payable	378,300	-	2,313,255	-	2,691,555
General obligation debt payable	-	193,763	102,847	32,766	329,376
<b>Total current liabilities</b>	<b>451,326</b>	<b>227,781</b>	<b>2,554,157</b>	<b>83,321</b>	<b>3,316,585</b>
Long-term liabilities					
Workers' compensation	-	5,916	5,484	-	11,400
General obligation debt payable	-	1,907,275	615,294	468,161	2,990,730
Net OPEB obligation	7,324	10,362	34,822	16,875	69,383
Other long-term liabilities	193,061	20,087	-	-	213,148
<b>Total long-term liabilities</b>	<b>200,385</b>	<b>1,943,640</b>	<b>655,600</b>	<b>485,036</b>	<b>3,284,661</b>
<b>Total liabilities</b>	<b>651,711</b>	<b>2,171,421</b>	<b>3,209,757</b>	<b>568,357</b>	<b>6,601,246</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	707,473	1,205,574	4,095,316	716,746	6,725,109
Unrestricted	(626,088)	7,965	(2,712,054)	429,631	(2,900,546)
<b>Total net assets</b>	<b>\$ 81,385</b>	<b>\$ 1,213,539</b>	<b>\$ 1,383,262</b>	<b>\$ 1,146,377</b>	<b>\$ 3,824,563</b>

Continued from previous page



**CITY OF BANGOR, MAINE**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**

<b>Business-type Activities - Enterprise Funds</b>					
	<b>Park Woods</b>	<b>Parking Fund</b>	<b>Bass Park Fund</b>	<b>Municipal Golf Course</b>	<b>Total Nonmajor Proprietary Funds</b>
Operating revenues					
Charges for services	\$ 397,426	\$ 1,012,109	\$ 1,304,384	\$ 628,869	\$ 3,342,788
Operating expenses					
Operating expenses other than depreciation and amortization	444,548	665,241	1,641,963	566,317	3,318,069
Depreciation and amortization	89,123	269,736	242,065	82,111	683,035
<b>Total operating expenses</b>	<b>533,671</b>	<b>934,977</b>	<b>1,884,028</b>	<b>648,428</b>	<b>4,001,104</b>
<b>Operating income (loss)</b>	<b>(136,245)</b>	<b>77,132</b>	<b>(579,644)</b>	<b>(19,559)</b>	<b>(658,316)</b>
Nonoperating revenue (expenses)					
Interest income	-	1,400	-	1,066	2,466
Interest expense	-	(60,654)	(35,273)	(22,685)	(118,612)
<b>Total nonoperating revenue (expenses)</b>	<b>-</b>	<b>(59,254)</b>	<b>(35,273)</b>	<b>(21,619)</b>	<b>(116,146)</b>
<b>Net income (loss) before grants/contributions and transfers</b>	<b>(136,245)</b>	<b>17,878</b>	<b>(614,917)</b>	<b>(41,178)</b>	<b>(774,462)</b>
Transfers to other funds	-	-	-	(4,430)	(4,430)
Transfers from other funds	-	-	434,137	-	434,137
<b>Change in net assets</b>	<b>(136,245)</b>	<b>17,878</b>	<b>(180,780)</b>	<b>(45,608)</b>	<b>(344,755)</b>
<b>Net assets, beginning of year</b>	<b>217,630</b>	<b>1,195,661</b>	<b>1,564,042</b>	<b>1,191,985</b>	<b>4,169,318</b>
<b>Net assets, end of year</b>	<b>\$ 81,385</b>	<b>\$ 1,213,539</b>	<b>\$ 1,383,262</b>	<b>\$ 1,146,377</b>	<b>\$ 3,824,563</b>

**CITY OF BANGOR, MAINE**  
**Combining Statement of Cash Flows - Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**

<b>Business-type Activities - Enterprise Funds</b>					
	<b>Park Woods</b>	<b>Parking Fund</b>	<b>Bass Park Fund</b>	<b>Municipal Golf Course</b>	<b>Total Nonmajor Proprietary Funds</b>
Cash flows from operating activities					
Cash received from customers	\$ 396,000	\$ 1,006,193	\$ 1,214,594	\$ 630,869	\$ 3,247,656
Cash paid to suppliers for goods and services	(385,282)	(492,917)	(937,090)	(233,184)	(2,048,473)
Cash paid to employees for services	(31,675)	(180,521)	(693,944)	(339,513)	(1,245,653)
Net cash provided by (used in) operating activities	(20,957)	332,755	(416,440)	58,172	(46,470)
Cash flows from noncapital financing activities					
Interfund loans (repayments)	20,200	-	153,500	-	173,700
Transfers in	-	-	434,137	-	434,137
Transfers out	-	-	-	(4,430)	(4,430)
Net cash provided by (used in) noncapital financing activities	20,200	-	587,637	(4,430)	603,407
Cash flows from capital and related financing activities					
Proceeds from general obligation bonds	-	142,844	-	-	142,844
Principal paid on general obligation bonds	-	(324,652)	(136,912)	(32,424)	(493,988)
Interest paid on general obligation bonds	-	(73,422)	(37,317)	(23,098)	(133,837)
Net cash provided by (used in) capital and related financing activities	-	(255,230)	(174,229)	(55,522)	(484,981)
Cash flows from investing activities					
Interest on investments	-	1,534	-	1,066	2,600
Net cash provided by (used in) investing activities	-	1,534	-	1,066	2,600
Net increase (decrease) in cash	(757)	79,059	(3,032)	(714)	74,556
Cash, beginning of year	1,003	155,954	10,962	580,968	748,887
<b>Cash, end of year</b>	<b>\$ 246</b>	<b>\$ 235,013</b>	<b>\$ 7,930</b>	<b>\$ 580,254</b>	<b>\$ 823,443</b>

Continued on next page

**CITY OF BANGOR, MAINE**  
**Combining Statement of Cash Flows - Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Park Woods</b>	<b>Parking Fund</b>	<b>Bass Park Fund</b>	<b>Municipal Golf Course</b>	<b>Total Nonmajor Proprietary Funds</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (136,245)	\$ 77,132	\$ (579,644)	\$ (19,559)	\$ (658,316)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	89,123	269,736	242,065	82,111	683,035
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(1,426)	-	(96,860)	2,000	(96,286)
(Increase) decrease in inventories	-	-	(174)	-	(174)
(Increase) decrease in prepaid items	-	-	6,527	-	6,527
Increase (decrease) in accounts payable	28,603	(2,478)	(999)	(4,317)	20,809
Increase (decrease) in unearned revenue	-	(5,916)	7,070	-	1,154
Increase (decrease) in other liabilities	(1,012)	(5,719)	5,575	(2,063)	(3,219)
Total adjustments	115,288	255,623	163,204	77,731	611,846
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (20,957)</b>	<b>\$ 332,755</b>	<b>\$ (416,440)</b>	<b>\$ 58,172</b>	<b>\$ (46,470)</b>

Continued from previous page

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Sewer Utility Fund - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Charges for services	\$ 7,903,857	\$ 7,330,909	\$ (572,948)
Interest and other revenue	-	49,017	49,017
<b>Total revenues</b>	<b>7,903,857</b>	<b>7,379,926</b>	<b>(523,931)</b>
<b>Expenditures and encumbrances</b>			
Salaries	1,286,738	1,120,451	166,287
Fringe benefits	403,012	300,540	102,472
Supplies and materials	1,295,612	1,047,835	247,777
Contractual services	1,014,525	1,475,409	(460,884)
Interfund charges	474,541	395,353	79,188
Miscellaneous	27,595	17,249	10,346
Debt service	3,081,983	3,058,247	23,736
Depreciation	1,680,000	1,691,486	(11,486)
Outlay	314,610	254,199	60,411
<b>Total expenditures and encumbrances</b>	<b>9,578,616</b>	<b>9,360,769</b>	<b>217,847</b>
<b>Deficiency of revenues under expenditures and encumbrances</b>	<b>\$ (1,674,759)</b>	<b>\$ (1,980,843)</b>	<b>\$ (306,084)</b>

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Airport Fund - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Charges for services	\$ 13,786,782	\$ 12,529,076	\$ (1,257,706)
Interest and other revenue	917,595	700,709	(216,886)
<b>Total revenues</b>	<b>14,704,377</b>	<b>13,229,785</b>	<b>(1,474,592)</b>
<b>Expenditures and encumbrances</b>			
Salaries	5,611,731	5,363,583	248,148
Fringe benefits	1,434,000	1,344,178	89,822
Supplies and materials	2,314,120	2,109,312	204,808
Contractual services	2,598,834	2,567,875	30,959
Interfund charges	883,754	725,658	158,096
Miscellaneous	323,680	356,176	(32,496)
Debt service	992,441	992,442	(1)
Depreciation	7,400,000	7,793,489	(393,489)
Outlay	504,300	87,191	417,109
<b>Total expenditures and encumbrances</b>	<b>22,062,860</b>	<b>21,339,904</b>	<b>722,956</b>
<b>Deficiency of revenues under expenditures and encumbrances</b>	<b>\$ (7,358,483)</b>	<b>\$ (8,110,119)</b>	<b>\$ (751,636)</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, 2012**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Charges for services	\$ 382,500	\$ 397,426	\$ 14,926
Interest and other revenue	-	-	-
<b>Total revenues</b>	<b>382,500</b>	<b>397,426</b>	<b>14,926</b>
<b>Expenditures and encumbrances</b>			
Salaries	27,691	24,605	3,086
Fringe benefits	17,278	6,255	11,023
Supplies and materials	146,250	181,194	(34,944)
Contractual services	178,666	224,856	(46,190)
Interfund charges	740	173	567
Miscellaneous	8,100	7,662	438
Depreciation	89,123	89,123	-
<b>Total expenditures and encumbrances</b>	<b>467,848</b>	<b>533,868</b>	<b>(66,020)</b>
<b>Deficiency of revenues under expenditures and encumbrances</b>	<b>\$ (85,348)</b>	<b>\$ (136,442)</b>	<b>\$ (51,094)</b>

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Parking Fund - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Charges for services	\$ 1,062,115	\$ 1,006,193	\$ (55,922)
<b>Total revenues</b>	<b>1,062,115</b>	<b>1,006,193</b>	<b>(55,922)</b>
<b>Expenditures and encumbrances</b>			
Salaries	172,273	142,291	29,982
Fringe benefits	30,265	30,343	(78)
Supplies and materials	8,850	3,975	4,875
Contractual services	376,287	380,148	(3,861)
Interfund charges	115,325	107,404	7,921
Debt service	259,939	259,940	(1)
Depreciation	276,620	269,736	6,884
<b>Total expenditures and encumbrances</b>	<b>1,239,559</b>	<b>1,193,837</b>	<b>45,722</b>
<b>Deficiency of revenues under expenditures and encumbrances</b>	<b>\$ (177,444)</b>	<b>\$ (187,644)</b>	<b>\$ (10,200)</b>

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Bass Park Fund - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Charges for services	\$ 1,379,774	\$ 1,304,384	\$ (75,390)
Operating transfer	434,137	434,137	-
<b>Total revenues</b>	<b>1,813,911</b>	<b>1,738,521</b>	<b>(75,390)</b>
<b>Expenditures and encumbrances</b>			
Salaries	589,618	565,270	24,348
Fringe benefits	117,084	127,003	(9,919)
Supplies and materials	353,250	294,912	58,338
Contractual services	360,530	428,979	(68,449)
Interfund charges	138,000	129,039	8,961
Miscellaneous	46,200	47,037	(837)
Debt service	174,229	174,229	-
Depreciation	239,003	242,065	(3,062)
Outlay	45,000	37,647	7,353
Credits	(10,000)	(10,000)	-
<b>Total expenditures and encumbrances</b>	<b>2,052,914</b>	<b>2,036,181</b>	<b>16,733</b>
<b>Deficiency of revenues under expenditures and encumbrances</b>	<b>\$ (239,003)</b>	<b>\$ (297,660)</b>	<b>\$ (58,657)</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, 2012**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Charges for services	\$ 624,000	\$ 628,869	\$ 4,869
Interest and other revenue	2,000	1,066	(934)
<b>Total revenues</b>	<b>626,000</b>	<b>629,935</b>	<b>3,935</b>
<b>Expenditures and encumbrances</b>			
Salaries	294,042	295,978	(1,936)
Fringe benefits	42,294	41,180	1,114
Supplies and materials	87,550	106,197	(18,647)
Contractual services	73,700	57,804	15,896
Interfund charges	59,892	60,796	(904)
Debt service	56,522	55,109	1,413
Depreciation	115,300	82,111	33,189
Outlay	12,000	8,500	3,500
<b>Total expenditures and encumbrances</b>	<b>741,300</b>	<b>707,675</b>	<b>33,625</b>
<b>Deficiency of revenues under expenditures and encumbrances</b>	<b>\$ (115,300)</b>	<b>\$ (77,740)</b>	<b>\$ 37,560</b>

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Economic Development Fund - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Charges for services	\$ 614,395	\$ 409,486	\$ (204,909)
Interest and other revenue	90,860	87,223	(3,637)
<b>Total revenues</b>	<b>705,255</b>	<b>496,709</b>	<b>(208,546)</b>
<b>Expenditures and encumbrances</b>			
Supplies and materials	17,100	57,696	(40,596)
Contractual services	202,681	188,951	13,730
Miscellaneous	2,360	5,297	(2,937)
Debt service	382,114	382,114	-
Depreciation	244,278	184,498	59,780
Outlay	101,000	14,002	86,998
<b>Total expenditures and encumbrances</b>	<b>949,533</b>	<b>832,558</b>	<b>116,975</b>
<b>Deficiency of revenues under expenditures and encumbrances</b>	<b>\$ (244,278)</b>	<b>\$ (335,849)</b>	<b>\$ (91,571)</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, 2012**

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<b>ASSETS</b>				
Cash:				
Bangor Area Stormwater Group	\$ 7,710	\$ 35,630	\$ 24,745	\$ 18,595
School Activity Funds	105,167	227,806	231,819	101,154
<b>Total assets</b>	<b>\$ 112,877</b>	<b>\$ 263,436</b>	<b>\$ 256,564</b>	<b>\$ 119,749</b>
<b>LIABILITIES</b>				
Funds held for others:				
Bangor Area Stormwater Group	\$ 7,710	\$ 35,630	\$ 24,745	\$ 18,595
School Activity Funds	105,167	227,806	231,819	101,154
<b>Total liabilities</b>	<b>\$ 112,877</b>	<b>\$ 263,436</b>	<b>\$ 256,564</b>	<b>\$ 119,749</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, 2012**

<b>Function and Activity</b>	<b>Balance 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 2012</b>
General government				
BAT community connector	\$ 2,713,614	\$ 166,915	\$ 283,268	\$ 2,597,261
Central service	13,461	-	3,846	9,615
City clerk	7,460	-	3,988	3,472
City hall	558,915	81,026	20,130	619,811
Community and economic development	9,547,028	1,747,401	1,854,694	9,439,735
Engineering	38,883	-	6,921	31,962
Information services	94,560	53,437	36,392	111,605
Motor pool	3,441,222	432,251	654,935	3,218,538
Other - unclassified	326,744	-	74,525	252,219
Total general government	16,741,887	2,481,030	2,938,699	16,284,218
Public safety				
Fire	5,709,554	335,010	548,009	5,496,555
Police	10,599,941	121,489	381,211	10,340,219
Total public safety	16,309,495	456,499	929,220	15,836,774
Health, community services and recreation				
Parks and recreation	2,187,254	15,325	132,512	2,070,067
Total health, community services and recreation	2,187,254	15,325	132,512	2,070,067
Public building and services				
Public works	12,527,047	1,285,896	981,198	12,831,745
Total public buildings and services	12,527,047	1,285,896	981,198	12,831,745
Education	25,636,637	3,552,448	946,601	28,242,484
Arena Fund	3,096,655	33,016,911	-	36,113,566
<b>Total governmental fund capital assets</b>	<b>\$ 76,498,975</b>	<b>\$ 40,808,109</b>	<b>\$ 5,928,230</b>	<b>\$ 111,378,854</b>

**OTHER INFORMATION**



**CITY OF BANGOR, MAINE**  
**Assessed Valuation, Commitment and Collections**  
**For the Fiscal Year Ended June 30, 2012**

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**VALUATION**

Land and buildings	\$ 2,274,528,200
Land and buildings - Homestead exemption	54,283,600
Personal property	248,183,200
Personal property - BETE exemption	<u>40,467,690</u>
Total valuation	<u><u>\$ 2,617,462,690</u></u>

**COMMITMENT**

Real estate, personal property (excludes Homestead and BETE exemptions)	\$ 2,522,711,400
Tax rate	<u>0.01920</u>
Total commitment	48,436,059

**ADD**

Supplemental taxes committed	<u>93,775</u>
	48,529,834

**LESS**

Collections 2012	47,025,587
Abatements	<u>175,844</u>
2012 taxes receivable at June 30, 2012	<u><u>\$ 1,328,403</u></u>

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**CITY OF BANGOR, MAINE**  
**General Fund Unassigned Fund Balance Sufficiency Calculation**  
**For the Fiscal Year Ended June 30, 2012**

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It is the policy of the City to maintain a General Fund unassigned fund balance approximately 8.33% of operating expenditures. The following table sets forth the calculation as to the sufficiency of the June 30, 2012 General Fund unassigned fund balance.

General Fund expenditures/uses ( Schedule A-2)

General government	\$ 4,909,619
Public safety	16,023,342
Health, community services and recreation	5,420,029
Public buildings and services	9,845,436
Other agencies	4,409,545
Education	46,769,872
Other appropriations	5,380,018
Other uses, gross*	<u>648,089</u>
Gross expenditures and uses	93,405,950
General Fund debt service	<u>6,772,638</u>
Net expenditures and uses	<u><u>\$ 86,633,312</u></u>
Indicated unassigned fund balance @ 8.33%	\$ 7,216,555
Actual unassigned fund balance (Schedule A-2)	\$ 7,563,658
Actual unassigned fund balance as a percentage of net expenditures and uses	8.73%
Over (under) funded status	<u><u>\$ 347,103</u></u>

\* 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>	

**Table 1**

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

	<b>Fiscal Year</b>	
	<b>2011</b>	<b>2012</b>
Governmental activities:		
Invested in capital assets, net of related debt	\$ 40,176,260	\$ 67,253,588
Restricted	1,019,806	1,039,248
Unrestricted	262,217	(24,620,719)
Total governmental activities net assets	<u>41,458,283</u>	<u>43,672,117</u>
Business-type activities:		
Invested in capital assets, net of related debt	155,344,528	152,749,709
Restricted	-	-
Unrestricted	15,549,352	12,823,198
Total business-type activities net assets	<u>170,893,880</u>	<u>165,572,907</u>
Primary government:		
Invested in capital assets, net of related debt	195,520,788	220,003,297
Restricted	1,019,806	1,039,248
Unrestricted	15,811,569	(11,797,521)
Total primary government net assets	<u>\$ 212,352,163</u>	<u>\$ 209,245,024</u>

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

Table 2

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental activities:										
General government	\$ 6,060,687	\$ 6,487,572	\$ 6,435,386	\$ 6,947,106	\$ 7,052,860	\$ 8,744,549	\$ 7,868,247	\$ 8,279,943	\$ 9,223,718	\$ 4,490,599
Public safety	11,114,804	12,066,567	12,478,326	12,890,750	13,756,962	14,945,855	15,671,645	16,898,374	17,018,427	18,016,430
Health, community services and recreation	3,340,989	3,606,827	4,000,249	7,301,546	7,348,875	8,413,205	9,168,870	9,331,784	9,523,225	8,455,977
Public services**	7,050,085	7,360,360	7,609,989	11,167,397	11,544,128	10,501,253	11,812,548	16,380,337	12,413,601	15,399,933
Other agencies	3,322,395	3,273,003	3,514,658	3,610,935	3,787,970	4,829,547	4,580,661	4,658,904	4,479,888	4,209,428
Education	40,828,756	40,279,055	42,659,395	45,522,795	46,106,647	47,537,197	54,294,824	52,763,860	50,986,350	51,223,806
Unclassified	2,044,069	389,598	65,639	947,025	1,136	-	-	-	-	-
Restricted grants*	6,551,455	6,857,039	7,326,307	-	-	-	-	-	-	-
Arena development	-	-	-	-	417,030	41,091	51,332	39,075	61,334	536,251
Community development	-	-	-	2,419,594	1,865,026	2,156,241	912,992	1,506,038	1,542,975	1,152,289
Waterfront	-	-	-	990,961	399,015	1,754,281	9,252,263	79,911	1,439,065	606,249
Public transportation	-	-	-	1,798,968	1,841,516	2,118,374	3,042,434	2,792,904	1,701,112	3,276,780
Tax increment financing	-	-	-	1,092,770	1,101,078	1,066,192	1,114,112	1,630,081	1,383,662	1,502,503
Interest on debt	740,077	3,083,447	3,166,250	3,098,248	1,952,612	3,206,764	2,651,599	2,555,839	2,151,172	2,710,135
Capital maintenance expenses*	1,824,489	2,666,118	1,674,034	-	-	-	-	-	-	-
Total governmental activities expenses	82,877,806	86,069,586	88,930,233	97,788,095	97,174,855	105,314,549	120,421,527	116,917,050	111,924,529	111,580,380
Business-type activities:										
Sewer Utility	5,744,275	5,751,710	5,859,588	5,818,127	6,052,420	6,052,419	6,197,277	6,253,436	6,202,202	6,758,495
Airport	14,489,128	15,060,963	16,368,681	16,947,056	18,645,140	19,641,953	19,934,243	20,532,553	20,458,552	20,752,350
Park Woods	449,873	531,986	598,854	540,207	678,867	678,867	590,250	529,610	496,478	533,671
Parking	1,370,737	1,431,983	1,425,508	1,322,138	1,438,125	1,438,125	1,374,909	1,402,922	1,206,989	995,631
Bass Park	1,944,718	1,935,653	1,889,215	1,918,111	1,993,205	1,993,205	1,851,914	1,923,073	2,075,644	1,919,301
Municipal Golf Course	575,408	626,739	592,323	647,499	695,969	695,969	745,339	733,380	664,311	671,113
Economic Development	271,047	338,795	397,881	484,264	695,851	695,851	712,195	634,764	618,980	615,816
Total business-type activities expenses	24,845,186	25,677,829	27,132,050	27,677,402	30,199,577	31,196,389	31,406,127	32,009,738	31,723,156	32,246,377
Total primary government expenses	\$ 107,722,992	\$ 111,747,415	\$ 116,062,283	\$ 125,465,497	\$ 127,374,432	\$ 136,510,938	\$ 151,827,654	\$ 148,926,788	\$ 143,647,685	\$ 143,826,757

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

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

Continued on next page

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 934,540	\$ 1,103,382	\$ 1,447,058	\$ 1,672,854	\$ 2,334,040	\$ 2,282,374	\$ 1,869,711	\$ 2,386,637	\$ 2,070,189	\$ 2,501,326
Public safety	1,446,942	1,923,804	1,908,000	2,471,220	2,182,680	2,439,831	3,010,167	2,401,930	3,289,153	2,681,152
Health, community services and recreation	647,709	624,778	674,364	756,207	681,583	771,254	768,450	836,689	928,307	1,048,707
Public services	3,043,886	3,537,702	3,766,334	4,076,981	3,871,412	4,127,341	3,807,886	3,954,116	3,922,847	4,002,973
Other agencies	-	-	-	-	-	22,243	22,068	-	20,248.00	103,560
Education	3,742,385	3,857,798	4,549,286	4,561,352	4,408,431	4,539,787	4,386,457	4,533,041	5,165,261	3,806,614
Unclassified	26,830	19,719	20,036	859,682	61,128	-	-	-	-	-
Restricted grants*	5,392,472	1,368,366	1,079,690	-	-	-	-	-	-	-
Arena Development	-	-	-	-	1,630,360	1,689,657	2,205,771	2,380,158	2,331,584	2,434,915
Community development	-	-	-	672,459	658,141	297,394	301,019	332,295	323,494	588,587
Public transportation	-	-	-	536,491	659,960	809,531	944,804	923,433	1,025,080	1,023,717
Tax increment financing	-	-	-	-	-	-	1,711	-	-	-
Operating grants and contributions	21,566,478	24,743,028	25,986,614	29,577,430	30,534,706	41,370,518	34,155,649	35,683,710	35,604,940	33,137,275
Capital grants and contributions	3,814,705	2,098,577	4,117,072	3,788,485	2,604,652	2,119,150	2,068,478	6,578,917	4,935,614	3,725,432
Total governmental activities program revenues	40,615,947	39,277,154	43,548,454	48,973,161	49,627,093	60,469,080	53,542,171	60,010,926	59,616,717	55,054,258
Business-type activities:										
Charges for services										
Sewer Utility	6,569,790	6,281,870	5,970,615	6,206,605	6,663,408	6,745,112	7,537,879	7,288,499	7,340,935	7,320,469
Airport	9,291,513	11,398,518	11,527,061	12,074,504	13,555,003	14,475,879	13,953,287	13,767,394	13,080,217	12,540,347
Park Woods	283,052	279,588	310,389	287,452	340,494	340,494	369,478	371,832	372,715	397,426
Parking	807,645	892,820	943,990	963,697	1,001,697	1,001,697	997,111	1,050,579	1,057,710	1,012,109
Bass Park	1,362,054	1,253,421	1,238,707	1,460,931	1,426,599	1,426,599	1,253,236	1,382,947	1,276,869	1,304,384
Municipal Golf Course	623,233	595,852	586,956	604,365	655,834	655,834	608,930	658,053	643,501	628,869
Economic Development	388,165	316,062	433,694	391,658	422,716	422,716	569,549	507,867	585,785	409,486
Capital grants and contributions	11,274,222	3,376,637	7,749,367	2,581,874	4,377,242	3,426,732	4,113,557	8,684,860	3,717,755	2,351,779
Total business-type activities program revenues	30,599,674	24,394,768	28,760,779	24,571,086	28,442,993	28,495,063	29,403,027	33,712,031	28,075,487	25,964,869
Total primary government program revenues	\$ 71,215,621	\$ 63,671,922	\$ 72,309,233	\$ 73,544,247	\$ 78,070,086	\$ 88,964,143	\$ 82,945,198	\$ 93,722,957	\$ 87,692,204	\$ 81,019,127

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (42,261,859)	\$ (46,792,432)	\$ (45,381,779)	\$ (48,814,934)	\$ (47,547,762)	\$ (44,845,469)	\$ (66,879,356)	\$ (56,906,124)	\$ (52,307,812)	\$ (56,526,122)
Business-type activities	5,754,488	(1,283,061)	1,628,729	(3,106,316)	(1,756,584)	(2,701,326)	(2,003,100)	1,702,293	(3,647,669)	(6,281,508)
<b>Total primary government expense</b>	<b>(36,507,371)</b>	<b>(48,075,493)</b>	<b>(43,753,050)</b>	<b>(51,921,250)</b>	<b>(49,304,346)</b>	<b>(47,546,795)</b>	<b>(68,882,456)</b>	<b>(55,203,831)</b>	<b>(55,955,481)</b>	<b>(62,807,630)</b>
<b>General revenues and other changes in net assets</b>										
Governmental activities:										
Property taxes	37,624,392	39,936,976	40,302,810	40,666,758	41,702,775	43,775,938	46,977,792	48,182,455	48,027,330	48,520,390
Payment in lieu of taxes	113,575	135,000	186,500	160,457	145,000	122,510	141,595	117,770	161,879	156,629
Excise taxes	4,091,505	4,306,055	4,358,409	4,752,852	4,668,614	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947
Franchise taxes	233,874	225,224	265,598	274,986	296,566	300,768	322,526	348,163	367,672	372,542
Unrestricted grants and contributions	4,059,770	4,512,720	4,487,931	4,773,082	4,968,217	5,520,774	5,260,439	4,999,567	4,859,811	4,963,161
Unrestricted investment earnings	377,113	296,857	519,225	699,417	1,183,796	1,274,939	874,824	673,295	565,326	530,631
Indirect cost charges	557,165	483,439	472,056	-	-	-	-	-	-	-
Miscellaneous	598,515	131,733	8,353	32,550	260,733	161,439	93,967	135,849	92,379	16,698
Transfers	(798,618)	(948,416)	(837,806)	(861,290)	(871,864)	(539,088)	(739,179)	761,103	(637,898)	(417,042)
<b>Total governmental activities</b>	<b>46,857,291</b>	<b>49,079,588</b>	<b>49,763,076</b>	<b>50,498,812</b>	<b>52,353,837</b>	<b>55,258,600</b>	<b>57,683,969</b>	<b>59,913,138</b>	<b>57,952,251</b>	<b>58,739,956</b>
Business-type activities:										
Unrestricted investment earnings	1,097,155	206,665	895,064	635,454	1,346,799	1,326,787	1,025,098	1,035,753	752,891	543,493
Transfers	798,618	948,416	837,806	861,290	539,088	539,088	739,179	(761,103)	637,898	417,042
<b>Total business-type activities</b>	<b>1,895,773</b>	<b>1,155,081</b>	<b>1,732,870</b>	<b>1,496,744</b>	<b>1,885,887</b>	<b>1,865,875</b>	<b>1,764,277</b>	<b>274,650</b>	<b>1,390,789</b>	<b>960,535</b>
<b>Total primary government</b>	<b>48,753,064</b>	<b>50,234,669</b>	<b>51,495,946</b>	<b>51,995,556</b>	<b>54,239,724</b>	<b>57,124,475</b>	<b>59,448,246</b>	<b>60,187,788</b>	<b>59,343,040</b>	<b>59,700,491</b>
<b>Change in net assets</b>										
Governmental activities	4,595,432	2,287,156	4,381,297	1,683,878	4,806,075	10,413,131	(9,195,387)	3,007,014	5,644,439	2,213,834
Business-type activities	7,650,261	(127,980)	3,361,599	(1,609,572)	129,303	(835,451)	(238,823)	1,976,943	(2,256,880)	(5,320,973)
<b>Total primary government</b>	<b>\$ 12,245,693</b>	<b>\$ 2,159,176</b>	<b>\$ 7,742,896</b>	<b>\$ 74,306</b>	<b>\$ 4,935,378</b>	<b>\$ 9,577,680</b>	<b>\$ (9,434,210)</b>	<b>\$ 4,983,957</b>	<b>\$ 3,387,559</b>	<b>\$ (3,107,139)</b>

Continued from previous page

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Tax Revenues</b>										
Property taxes	\$ 37,624,392	\$ 39,936,976	\$ 40,302,810	\$ 40,666,758	\$ 41,702,775	\$ 43,775,938	\$ 46,977,792	\$ 48,182,455	\$ 48,027,330	\$ 48,520,390
Excise taxes	4,091,505	4,306,055	4,358,409	4,752,852	4,668,614	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947
Franchise taxes	233,874	225,224	265,598	274,986	296,566	300,768	322,526	348,163	367,672	372,542
Total tax revenues	\$ 41,949,771	\$ 44,468,255	\$ 44,926,817	\$ 45,694,596	\$ 46,667,955	\$ 48,718,026	\$ 52,052,323	\$ 53,225,554	\$ 52,910,754	\$ 53,489,879

Table 4

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

	Fiscal Year	
	2011	2012
<b>General Fund:</b>		
Nonspendable		
Advances to other funds	\$ 1,900,500	\$ 1,900,500
Inventory and prepaid items	963,770	860,187
Restricted		
Education purposes	1,213,508	936,158
Municipal purposes	405,119	349,362
Committed - municipal purposes	19,033	373,753
Assigned		
Encumbrances - education and municipal	1,389,501	1,548,268
Municipal purposes	3,115,199	3,240,838
Unassigned	8,017,940	7,563,658
Total general fund	<u>\$ 17,024,570</u>	<u>\$ 16,772,724</u>
<b>All other governmental funds:</b>		
Nonspendable		
Permanent Fund Principal	\$ 608,710	\$ 588,515
Restricted		
Community Development Block Grant	346,605	415,956
Penobscot River	759	759
Nonmajor Special Revenue Funds	1,637,362	1,862,992
Nonmajor Permanent Funds	410,337	449,974
Committed		
Arena Fund	6,690,287	-
Assigned		
Capital Project Fund Encumbrances	826,179	1,853,043
Unassigned		
Arena Fund	-	(4,603,950)
Capital Project Fund	(537)	-
Nonmajor Special Revenue Funds	(12,257)	(4,584)
Total all other governmental funds	<u>\$ 10,507,445</u>	<u>\$ 562,705</u>

Only two 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)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues:</b>										
Taxes:										
Property taxes	\$ 39,261,141	\$ 39,774,952	\$ 40,586,129	\$ 41,101,785	\$ 42,145,912	\$ 43,767,914	\$ 47,113,576	\$ 48,284,733	\$ 48,371,202	\$ 48,688,270
Excise taxes	4,091,505	4,306,055	4,358,409	4,752,852	4,668,614	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947
Total tax revenues	43,352,646	44,081,007	44,944,538	45,854,637	46,814,526	48,409,234	51,865,581	52,979,669	52,886,954	53,285,217
Intergovernmental	30,627,927	31,617,135	34,484,238	37,714,682	37,774,922	41,345,956	41,123,520	46,211,718	45,304,160	40,536,525
Licenses and permits	409,842	374,499	655,745	538,534	982,879	956,965	644,621	633,339	601,202	948,267
Charges for services	10,151,637	11,035,587	12,160,573	12,927,989	12,598,776	13,283,275	13,449,587	13,655,764	15,226,575	13,594,482
Program income	583,569	463,066	409,153	663,269	657,987	296,325	288,677	329,800	314,203	575,460
Revenue from money and property	1,420,582	1,162,796	1,255,959	2,349,812	3,621,988	3,812,356	3,836,654	3,864,984	3,473,975	4,042,881
Other	1,612,518	142,311	168,452	526,360	279,261	7,691,463	428,220	1,108,213	279,426	561,118
Total revenues	88,158,721	88,876,401	94,078,658	100,575,283	102,730,339	115,795,574	111,636,860	118,783,487	118,086,495	113,543,950
<b>Expenditures:</b>										
General government	4,223,670	4,619,401	4,732,331	4,642,935	4,736,885	5,122,152	5,103,378	5,422,805	4,858,721	5,390,049
Public safety	11,018,419	12,001,813	12,352,418	12,852,119	13,476,656	14,162,638	14,400,420	15,287,575	15,800,938	16,028,180
Health, community services and recreation	3,230,938	3,480,885	3,865,578	4,084,948	4,086,513	4,305,709	4,414,673	4,720,477	5,584,184	5,383,295
Public buildings and services	7,876,895	8,180,067	8,301,848	8,991,673	9,363,365	9,906,759	10,048,539	10,055,161	10,196,576	9,842,829
Other agencies	3,157,861	3,273,003	3,514,658	3,610,935	3,783,720	4,227,552	4,294,283	4,291,329	4,747,617	4,409,545
Education	39,428,576	40,341,426	42,228,691	44,817,879	45,224,974	48,293,846	50,380,309	51,590,324	51,391,657	50,159,407
Tax increment financing	-	-	-	-	-	-	215,483	432,033.00	165,133.00	524,013
Unclassified	327,812	389,598	65,639	263,702	597,262	166,994	63,115	54,451	118,216	260,685
Restricted grants	6,510,909	6,822,298	7,282,380	8,248,872	7,787,297	9,098,706	8,360,660	8,479,740	8,232,148	7,414,001
Capital outlay*	8,794,651	10,675,201	8,681,772	11,762,832	9,100,357	8,038,242	16,118,777	20,818,168	12,799,978	45,478,235
Debt service										
Principal	5,730,088	2,232,944	4,110,250	2,748,866	4,237,096	2,044,428	2,136,415	12,423,331	3,862,188	6,996,892
Interest	3,299,332	3,080,468	3,120,028	3,098,248	3,095,434	2,436,120	2,373,922	2,472,643	2,375,397	2,180,013
Other charges	10,028	5,570	37,467	5,070	4,850	299	6,000	61,952	45,988	-
Total expenditures	93,609,179	95,102,674	98,293,060	105,128,079	105,494,409	107,803,445	117,915,974	136,109,989	120,178,741	154,067,144
Excess (deficiency) of revenues over (under) expenditures	(5,450,458)	(6,226,273)	(4,214,402)	(4,552,796)	(2,764,070)	7,992,129	(6,279,114)	(17,326,502)	(2,092,246)	(40,523,194)
<b>Other financing sources/(uses)</b>										
Issuance of debt	4,397,511	5,443,400	2,650,000	4,333,000	3,555,000	-	3,100,000	3,100,000	2,086,100	30,659,143
Financing proceeds	-	-	-	-	-	-	7,091,928	9,596,640	-	-
Sale of assets	232,259	131,773	106,895	120,479	320,034	161,439	104,620	135,849	117,558	84,507
Transfers to other funds	(3,663,860)	(5,369,448)	(3,131,050)	(3,099,137)	(3,300,247)	(2,690,305)	(2,865,418)	(1,789,024)	(2,015,003)	(1,861,301)
Transfers from other funds	2,865,242	4,421,032	2,293,244	2,237,847	2,428,383	2,151,217	2,126,239	2,550,127	1,377,105	1,444,259
Total other financing sources	3,831,152	4,626,757	1,919,089	3,592,189	3,003,170	(377,649)	9,557,369	13,593,592	1,565,760	30,326,608
Net change in fund balances	\$ (1,619,306)	\$ (1,599,516)	\$ (2,295,313)	\$ (960,607)	\$ 239,100	\$ 7,614,480	\$ 3,278,255	\$ (3,732,910)	\$ (526,486)	\$ (10,196,586)
Debt service as a percentage of noncapital expenditures	11.16%	6.29%	8.22%	6.08%	7.74%	4.26%	4.00%	11.14%	5.52%	7.97%

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

Table 6

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

Fiscal Year	Real Property		Personal Property <sup>1</sup>	Total Taxable Assessed Value	Total Direct Tax Rate
	Estimated Residential	Estimated Commercial			
2003	896,351,100	516,447,000	278,430,400	1,691,228,500	22.52
2004	922,374,500	549,399,100	268,555,600	1,740,329,200	22.27
2005	990,170,000	618,388,000	259,687,300	1,868,245,300	20.97
2006	1,091,628,800	713,822,300	254,225,800	2,059,676,900	19.31
2007	1,178,745,758	785,599,342	259,703,500	2,224,048,600	18.33
2008	1,275,227,064	875,870,136	254,991,600	2,406,088,800	17.74
2009	1,219,093,120	1,081,082,580	244,740,100	2,544,915,800	17.99
2010	1,255,964,001	1,113,779,399	257,018,100	2,626,761,500	17.98
2011	1,227,148,219	1,088,225,781	256,321,000	2,571,695,000	18.09
2012	1,234,270,253	1,094,541,547	248,183,200	2,576,995,000	18.00

\* 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>
2003	9.51	0.74	12.27	22.52	1.08	23.60
2004	9.26	0.79	12.22	22.27	1.08	23.35
2005	8.20	1.18	11.59	20.97	1.08	22.05
2006	7.97	1.14	10.20	19.31	1.09	20.40
2007	7.79	1.18	9.36	18.33	1.07	19.40
2008	7.69	1.18	8.87	17.74	1.06	18.80
2009	8.12	1.16	8.71	17.99	1.06	19.05
2010	8.01	1.27	8.70	17.98	1.07	19.05
2011	7.94	1.40	8.75	18.09	1.11	19.20
2012	7.75	1.42	8.83	18.00	1.20	19.20

Table 8

**CITY OF BANGOR, MAINE**  
**Principal Property Taxpayers \***  
**June 30, 2012**

Taxpayer	Business	2012			2003		
		Assessed Value	Rank	% of Total Tax Base	Assessed Value	Rank	% of Total Tax Base
Bangor Historic Track	Racino	\$ 112,372,000	1	4.36%	-	-	-
General Electric	Manufacturer	64,318,500	2	2.50%	\$ 42,504,850	2	2.51%
Bangor Mall LLC	Shopping mall	57,809,500	3	2.24%	-	-	-
Bangor Hydro Electric	Utility	38,377,400	4	1.49%	28,451,200	3	1.68%
Inland Western Parkade	Shopping mall	28,358,500	5	1.10%	-	-	-
Wal Mart Stores	Retailer	21,249,800	6	0.82%	-	-	-
QV Realty Trust	Real estate interests	15,859,900	7	0.62%	12,409,300	6	0.73%
Grant Trailer Sales Inc	Real estate interests	15,354,400	8	0.60%	-	-	-
Harvest Sunbury Village	Retirement Living	14,106,400	9	0.55%	-	-	-
Airport Mall Associates	Shopping mall	13,667,200	10	0.53%	10,244,600	9	0.61%
BANMAK Associates	Shopping mall	-	-	-	49,148,600	1	2.91%
Bangor Savings Bank	Commercial bank	-	-	-	16,789,900	4	0.99%
Eastern Maine Healthcare	Medical institution	-	-	-	16,013,600	5	0.95%
May Department Stores	Retailer	-	-	-	10,783,200	7	0.64%
Cabrel Company	Real estate interests	-	-	-	10,703,400	8	0.63%
Sams Real Estate Trust	Retailer	-	-	-	9,698,700	10	0.57%
Totals		<u>\$ 381,473,600</u>		<u>14.80%</u>	<u>\$ 206,747,350</u>		<u>12.22%</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			
2003	39,081,183	311,677	38,769,506	37,785,056	97.46%	933,877	38,718,933	99.87%
2004	39,866,850	172,868	39,693,982	38,589,047	97.22%	1,045,494	39,634,541	99.85%
2005	40,474,184	160,117	40,314,067	39,206,172	97.25%	1,059,628	40,265,800	99.88%
2006	41,099,990	632,397	40,467,593	39,716,755	98.14%	671,591	40,388,346	99.80%
2007	41,990,985	269,636	41,721,349	40,819,923	97.84%	828,415	41,648,338	99.83%
2008	44,082,476	341,521	43,740,955	42,847,656	97.96%	796,497	43,644,153	99.78%
2009	47,235,370	275,489	46,959,881	45,688,356	97.29%	1,145,789	46,834,145	99.73%
2010	48,719,847	588,817	48,131,030	46,205,428	96.00%	1,685,841	47,891,269	99.50%
2011	48,362,646	168,932	48,193,714	46,857,606	97.23%	723,864	47,581,470	98.73%
2012	48,529,834	175,844	48,353,990	47,025,587	97.25%	-	47,025,587	97.25%

**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	Revenue Bonds		Per Capita*	Per Personal Income*
2003	\$ 57,669,023	326,159	47,854,061	-	105,849,243	3,345.32	11.25%
2004	\$ 60,879,479	3,491	47,994,390	-	108,877,360	3,430.18	11.53%
2005	\$ 59,419,229	-	46,774,080	-	106,193,309	3,412.49	11.47%
2006	\$ 61,003,363	-	45,781,229	-	106,784,592	3,438.67	11.56%
2007	\$ 60,321,264	-	43,809,953	-	104,131,217	3,279.83	11.03%
2008	\$ 56,998,022	-	41,722,545	-	98,720,567	3,157.85	10.62%
2009	\$ 56,687,684	7,091,928	37,623,522	-	101,403,134	3,236.72	10.88%
2010	\$ 61,689,447	-	34,956,548	-	96,645,995	3,073.00	10.33%
2011	\$ 58,455,666	-	31,985,337	-	90,441,003	2,737.40	7.06%
2012	\$ 80,674,158	-	28,707,990	-	109,382,148	3,314.61	9.47%

\* 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
2003	31,641	1,691,228,500	65,323,120	3.86%	2,064.51
2004	31,741	1,740,329,200	69,638,974	4.00%	2,193.98
2005	31,119	1,868,245,300	65,988,998	3.53%	2,120.54
2006	31,054	2,059,676,900	66,990,510	3.25%	2,157.23
2007	31,749	2,224,048,600	65,725,523	2.96%	2,070.16
2008	31,262	2,406,088,800	61,824,071	2.57%	1,977.61
2009	31,329	2,544,915,800	60,937,500	2.39%	1,945.08
2010	31,450	2,626,761,500	65,369,337	2.49%	2,078.52
2011	33,039	2,571,695,000	59,310,719	2.31%	1,795.17
2012	33,000	2,576,995,000	81,392,299	3.16%	2,466.43

\* Source: U.S. Census Bureau.

\*\* Net Bonded General Obligation Debt Consists of all non-self supporting general obligation debt, and excludes all Sewer Utility debt of \$15,377,806, Airport debt of \$6,582,748, Golf Course debt of \$500,927 Parking debt of \$2,101,038 and Economic Development debt of \$3,427,330.

**CITY OF BANGOR, MAINE**  
**Computation of Direct and Overlapping Debt**  
**June 30, 2012**

	<b>Total Debt Outstanding</b>	<b>Percentage Applicable to Bangor</b>	<b>Amount Applicable to Bangor</b>
Direct Debt			
City of Bangor			
General Obligation Bonds	\$ 109,382,148	100.00%	\$ 109,382,148
Overlapping Debt	\$ -		\$ -
Total Debt	<u>\$ 109,382,148</u>		<u>\$ 109,382,148</u>



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>
2003	\$ 241,387,500	105,523,084	135,864,416	43.72%
2004	\$ 261,240,000	108,873,869	152,366,131	41.68%
2005	\$ 279,202,500	106,193,307	173,009,193	38.03%
2006	\$ 309,495,000	106,784,592	202,710,408	34.50%
2007	\$ 332,092,500	104,131,217	227,961,283	31.36%
2008	\$ 353,737,500	98,720,567	255,016,933	27.91%
2009	\$ 356,670,000	94,311,206	262,358,794	26.44%
2010	\$ 365,400,000	96,645,995	268,754,005	26.45%
2011	\$ 369,997,500	90,441,003	279,556,497	24.44%
2012	\$ 368,467,500	109,382,148	259,085,352	29.69%

**Legal Debt Margin Calculation for Fiscal Year 2012**

Total State Valuation	\$ 2,456,450,000
Debt Limitation: 15 % of State Valuation	368,467,500
Debt Applicable to Debt Limitation:	
General Obligation Bonds:	
Municipal	77,764,451
School	16,239,891
Sewer	15,377,806
Total debt applicable to limit	<u>109,382,148</u>
Legal Debt margin	<u>\$ 259,085,352</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>
2003	31,641	29,740	19,295	36.1	4,019	3.40%
2004	31,741	29,740	19,295	36.1	4,006	4.30%
2005	31,119	29,740	19,295	36.1	3,989	4.50%
2006	31,054	29,740	19,295	36.1	3,962	4.40%
2007	31,749	29,740	19,295	36.1	3,913	4.40%
2008	31,262	29,740	19,295	36.1	3,886	5.10%
2009	31,329	29,740	19,295	36.1	3,878	7.80%
2010	31,450	29,740	19,295	36.1	3,821	7.60%
2011	33,039	38,775	25,344	36.7	3,830	7.30%
2012	33,000	34,993	25,344	37.5	4,019	7.40%

\* Source: U.S. Census.

\*\* Source: Bangor School Department.

\*\*\* Source: Maine Bureau of Labor Statistics.

Table 15

**CITY OF BANGOR, MAINE**  
**Principal Employers \***  
**Calendar Year**

<b>2011</b>			<b>2002</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			
500-999	Bangor Savings Bank	Bangor	500-999	Acadia Hospital	Bangor
	Wal Mart	Bangor		St. Joseph Hospital	Bangor
	Microdyne	Orono		Webber Energy Co	Bangor
	Acadia Hospital	Bangor		Georgia Pacific Corp	Old Town
	Verso Corp Paper Mill	Bucksport		General Electric Corp	Bangor
	St. Joseph Hospital	Bangor		Shop & Save Supermarkets	Throughout
	Community Health & Counseling	Bangor			
	General Electric	Bangor			

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

Table 16

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

<b>Function</b>	<b>2003</b>	<b>2004</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>
General government	91	90	87	88	94	85	80	78	78	80
Public safety										
Police	89	86	87	89	90	87	92	94	92	88
Fire	95	97	96	97	94	97	94	93	95	95
Health, community services and recreation	33	31	31	32	39	41	37	41	30	29
Public building and services	68	67	64	68	71	67	69	68	64	66
Education	574	561	571	573	562	618	618	621	621	610
Sewer Utility	23	23	23	23	23	23	23	23	24	23
Airport	72	73	75	76	81	87	88	81	82	83
Park Woods	3	3	3	3	3	3	3	2	2	2
Parking	2	2	2	2	2	2	2	2	2	2
Bass Park	9	8	9	9	9	7	8	8	7	6
Municipal Golf Course	3	3	3	3	9	3	3	3	3	3
Economic Development	2	3	3	3	3	3	2	3	4	4
<b>Totals</b>	<b>1,064</b>	<b>1,047</b>	<b>1,054</b>	<b>1,066</b>	<b>1,080</b>	<b>1,123</b>	<b>1,119</b>	<b>1,117</b>	<b>1,104</b>	<b>1,091</b>

\* Source - City of Bangor Human Resource Department.

Table 17

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

<b>Function</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Code enforcement										
Building permits	474	522	514	537	550	485	501	427	518	405
Certificates of occupancy	358	342	341	432	446	430	440	341	448	350
Sign permits	96	98	107	115	116	118	103	90	96	70
Police										
Calls for service	22,213	24,407	23,945	27,052	28,157	32,392	34,329	32,351	30,167	31,640
Fire										
Calls for service	7,528	7,470	7,805	7,492	7,992	7,477	7,990	7,357	8,000	9,020
Sewer										
Treated flow (billions of gallons)	3.14	3.42	2.75	4.23	3.62	3.21	3.89	3.55	2.81	3.10
Biosolids (cubic yards)	8,308	9,379	9,280	9,348	9,775	10,043	10,561	10,509	9,046	9,422

\* Source - City of Bangor Departmental records.

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

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	42	56	57	51	52	47	50	54	54	50
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	25	20	20	24	27	28	31	32	35	36
Public works										
Streets (miles)	422	422	422	422	422	427	429	429	429	431
Sidewalks (miles)	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6	101.4	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	1	2	2	2	2	2	2	2	2	2
Public golf courses	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Indoor ice arena	1	1	1	1	1	1	1	1	1	1
Semi-pro baseball stadium	1	1	1	1	1	1	1	1	1	1
Sewer										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Pump stations	5	5	5	5	5	5	5	5	5	5
Miles of sanitary sewers	103	103	103	103	103	103	103	103	103	103
Miles of combined sewers	44	44	44	44	44	44	44	44	44	44

\* Source - City of Bangor Departmental records.