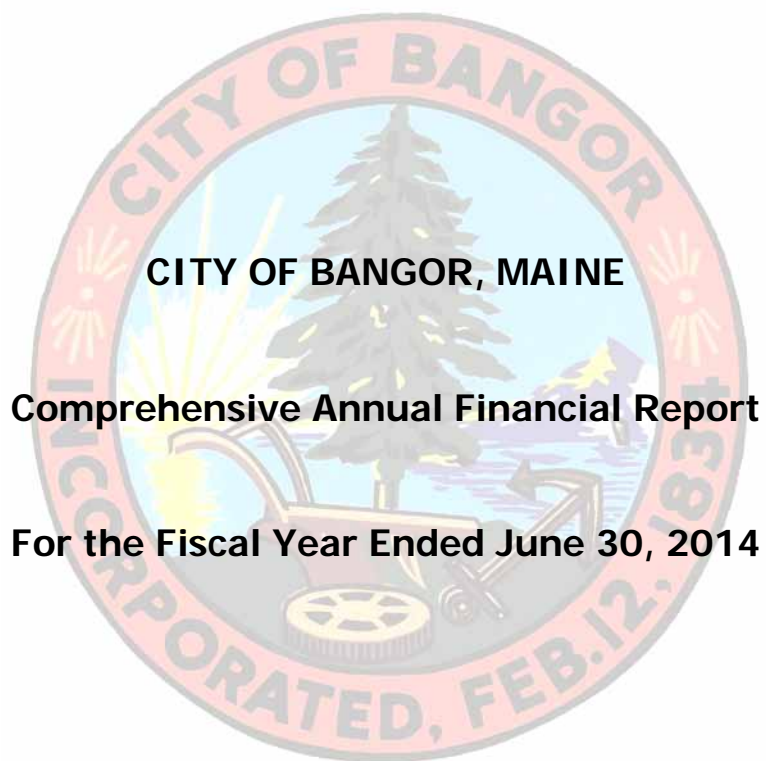




2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2014



CITY OF BANGOR, MAINE

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

Prepared by:

Debbie Cyr, Finance Director

David Little, Tax Collector/Deputy Treasurer

CITY OF BANGOR, MAINE
Comprehensive Annual Financial Report
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INTRODUCTORY SECTION



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FINANCE DEPARTMENT
Deborah A. Cyr, Finance Director

January 26, 2015

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

In accordance with the requirements of both our City Charter and state statutes, the City of Bangor's comprehensive annual financial report for the fiscal year ended June 30, 2014 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Bangor. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the City of Bangor on a government wide and fund basis.

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

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

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

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

Profile of the Government

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

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

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

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

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

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

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

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

Factors Affecting Financial Condition

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

Bangor has a stable and varied economic base. Major employers include a diversified mix of health care, educational, professional, retail, manufacturing, and governmental entities. Bangor's 2014 unemployment rate of 5.4% continues to be on par with or below both country and state rates of 6.1% and 5.5%, respectively.

Bangor is the largest retail market in Maine. The Bangor Mall, Airport Mall, Broadway commercial center, Union Street commercial corridor, and the Bangor Center Development District (downtown) have long established Bangor as the hub of the six county eastern Maine retail market. Bangor's retail sector serves an extensive geographic area ranging from eastern Maine to the Canadian Maritimes, with a population exceeding 3.1 million. With less than three percent of the State's population, Bangor's share of the State's retail sales is proportionally higher. In FY 2014, Bangor's retail taxable sales were \$1.63 billion, the highest within the State, and represent 8.82% of total State retail taxable sales.

Further evidence of continuing sustained growth is the change in the City's assessed value of real and personal property. The annual increase in assessed value is a combination of three factors: 1) market adjustments to existing property, 2) new construction/additions, and 3) personal property depreciation. While assessed value has remained relatively flat since the economic downturn realized in FY 2011, the City has seen modest to average increases in assessed value of 4.19% over the last ten years. A stable tax base and the City's focus on controlling budgetary growth has resulted in a 5.67% reduction in its tax rate from 2005 to 2014, in spite of significant state funding reductions and costs shifts.

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

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

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

- Ø Construction of the Cross Insurance Center, a 5,800 seat state of the art arena and adjoining conference center;
- Ø Redevelopment of nearly a mile of prime Penobscot River frontage extending from the City's downtown area to the Bass Park Complex, which provides a significant regional entertainment and recreational area;
- Ø Relocation of C&L Aerospace, which provides worldwide operators with aircraft parts, service, maintenance, sales and leasing services;
- Ø Revitalization of the City's core downtown to encourage mixed use development, including residential, commercial and cultural opportunities;
- Ø Improvements to our local environment and protection of natural resources, the major emphasis being storm water management with the implementation of a storm water utility in order to fund the associated costs.

Beginning in FY 2013, the City began to proactively address quality of life issues and housing opportunities. Key initiatives to date include:

- Ø Implementation of the west side neighborhood revitalization plan;
- Ø Enactment of disruptive property ordinance and foreclosed property registration program;
- Ø Community engagement with residents through enhanced technology, including a new website, mobile app and social media as well as departmental outreach to address public safety concerns;
- Ø Provided assistance to homeowners through CDBG funding including expansion of two programs;
- Ø Sustained commitment to academic excellence for all;
- Ø Continued support of arts and culture.

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

By Charter, the City is to maintain an unassigned fund balance of no more than 16.66% and no less than 8.33% of prior year expenditures and the Council has determined that a reasonable target is 8.33%. Unassigned fund balance in the general fund as of June 30, 2014 was 10.88% 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, 2013 for the eighteenth consecutive year. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Debbie Cyr
Finance Director



Government Finance Officers Association

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

Presented to

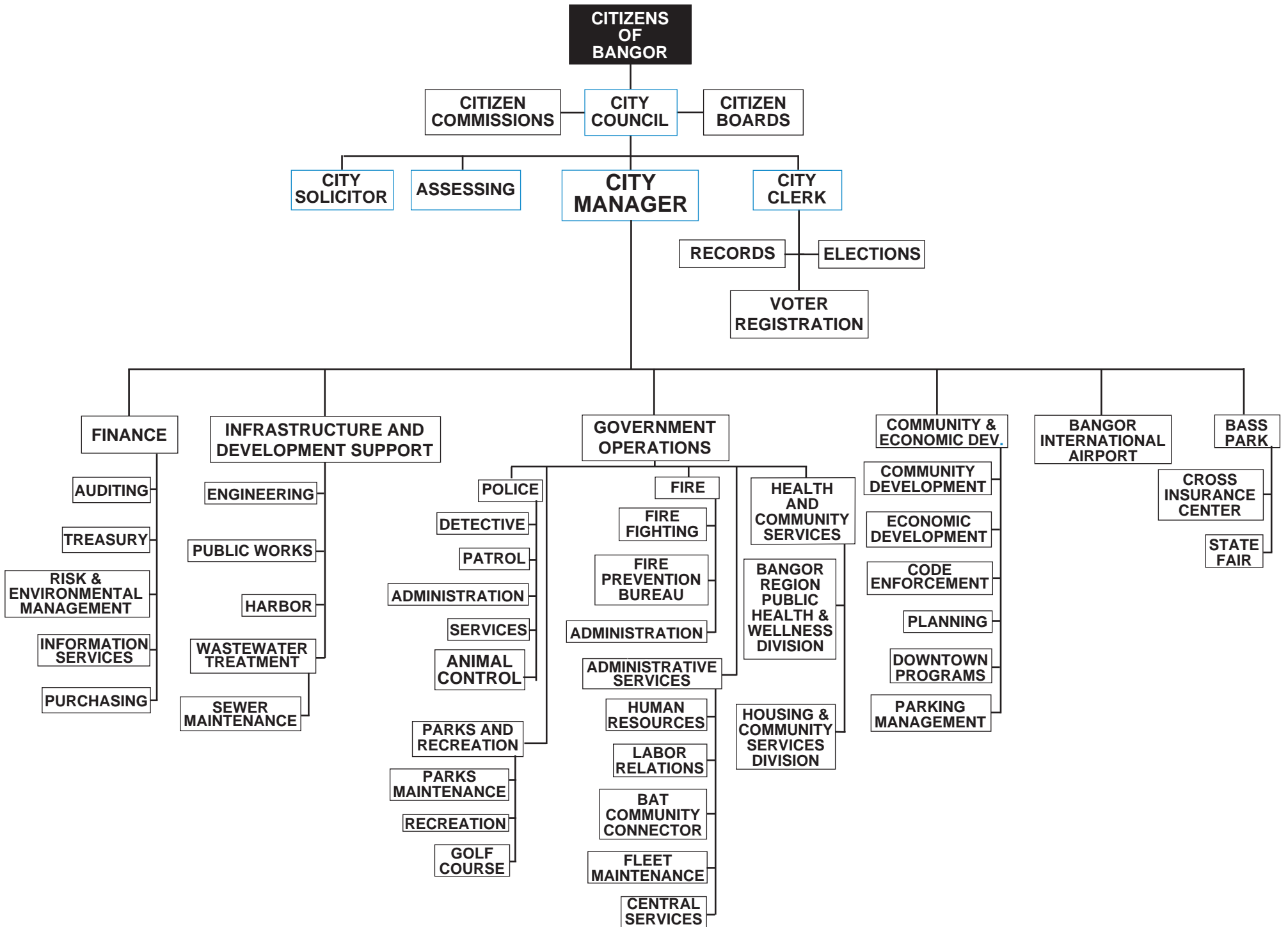
**City of Bangor
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

CITY OF BANGOR ORGANIZATIONAL CHART Revised (09-13)



**City of Bangor, Maine
Elected Officials and Principal Administrative Officers
June 30, 2014**

City Council

Benjamin Sprague, Chair

Joseph Baldacci
Pauline Civiello
James Gallant
David Nealley

Patricia Blanchette
Nelson Durgin
Gibran Graham
Joshua Plourde

City Staff

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

School Committee

Warren Caruso, Chair

Marc Eastman
Susan Hawes
Christine Szal

Phyllis Guerette
Sarah Smiley
Jay Ye, Vice Chair

School Staff

Betsy Webb, Superintendent of Schools

FINANCIAL SECTION

Independent Auditor's Report

City Council
City of Bangor, Maine:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

City Council
City of Bangor, Maine

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

City Council
City of Bangor, Maine

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2015, on our consideration of the City of Bangor, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bangor, Maine's internal control over financial reporting and compliance.



January 26, 2015
South Portland, Maine

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Bangor offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. In addition to comparative information from the government-wide statements, comparative data is also presented on key information from the fund financial statements. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in our letter of transmittal, which can be found on pages I-1 to I-6 of this report.

Financial Highlights

- The assets of the City of Bangor exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$199.7 million (net position).
- At the close of fiscal year 2014, the City of Bangor's governmental funds reported combined ending fund balances of \$26.0 million, which was in essence unchanged in total over the prior year balance of \$25.5 million. However, there were significant changes within individual government funds. The reduction in the Arena Fund was expected as the final construction costs for the Cross Insurance Center were incurred. The Capital Projects Fund balance can vary significantly from year to year depending upon specific near term projects. These decreases were offset by a \$1.9 million increase in the General Fund ending fund balance resulting from significant one time revenues related to permits and excise tax. Approximately 73% of the total amount, or \$19.0 million, is either committed, assigned or unassigned and is available for spending at the City Council's discretion, if needed.
- The City of Bangor has a fund balance policy. By Charter, the City is to maintain an unassigned fund balance of no more than 16.66% and no less than 8.33% of prior year expenditures, net of debt service and the Council has determined that a reasonable target is 8.33%. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9.6 million, or 10.88% of the general fund expenditure base. The annual calculation is included within the financial statements as Schedule F-2.
- The total liabilities and deferred inflows of resources of the City's governmental funds were relatively unchanged at \$14.5 million or an increase of \$200 thousand. Enterprise fund liabilities decreased by \$4.4 million (4.5%), primarily due to the repayment of interfund loans and general obligation debt payables. Accounts payable balances can vary drastically from year to year depending upon the timing of invoices received and/or the projects being undertaken.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements present the financial picture of the City from the point of view of economic resources measurement and using the accrual basis of accounting, which is similar to that used by

private-sector companies. These statements present governmental activities and business-type activities separately.

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that are accrued but not yet paid or collected but will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee vacation leave).

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

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

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

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

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

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

governmental funds is provided in the form of combining statements (Schedule B) elsewhere in this report.

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

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

The City maintains eight individual proprietary funds, of which the Sewer Utility, Airport, and Bass Park Funds are considered to be major. Data from five other proprietary funds is combined into a single aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements (Schedule C) elsewhere in this report. The City of Bangor adopts annual budgets for all of its proprietary funds. Budgetary comparison statements have been provided for each proprietary fund to demonstrate compliance with budgets (Schedule C4 – C11).

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages II-30 through II-56 of this report.

Government-wide Financial Analysis

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Current & other assets	40,224,214	39,522,674	25,355,267	26,067,159	65,579,481	65,589,833
Capital assets, net of						
accumulated depreciation	77,801,071	76,641,969	233,583,931	236,621,877	311,385,002	313,263,846
Total assets	118,025,285	116,164,643	258,939,198	262,689,036	376,964,483	378,853,679
Long-term debt outstanding	74,428,709	70,199,367	85,221,365	87,282,407	159,650,074	157,481,774
Other liabilities	6,941,010	6,637,178	5,463,473	4,978,188	12,404,483	11,615,366
Total liabilities	81,369,719	76,836,545	90,684,838	92,260,595	172,054,557	169,097,140
Deferred inflows of resources	5,200,850	5,082,840	-	-	5,200,850	5,082,840
Total deferred inflows	5,200,850	5,082,840	-	-	5,200,850	5,082,840
Net position:						
Net investment in capital assets	49,674,874	54,540,288	159,871,743	165,548,784	209,546,617	220,089,072
Restricted	1,027,484	1,041,443	-	-	1,027,484	1,041,443
Unrestricted	(19,247,642)	(21,336,473)	8,382,617	4,879,657	(10,865,025)	(16,456,816)
Total net position	31,454,716	34,245,258	168,254,360	170,428,441	199,709,076	204,673,699

By far the largest portion of the City's net position reflects its net investment in capital assets (i.e., land, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to satisfy these liabilities. Restricted net position refers to those resources that are subject to external restrictions on how they may be used; such as donor, legal or granting agency restrictions. While the remaining balance of unrestricted net position has a deficit of \$10.9 million, the governmental activities deficit of \$19.3 million is partially offset by the business type activities balance of \$8.4 million. The governmental activities deficit is primarily due to \$23.1 million in outstanding pension obligation bonds.

Governmental activities net position decreased \$2.8 million. The major component associated with the decrease in governmental activities net position is the reduction in the Arena fund associated with the construction costs of the Cross Insurance Center, net of the receipt of \$2.0 million of revenues that result from the casino operation.

Business-type net position decreased \$2.2 million. The decrease in net position is largely due to the fact that user fees cannot absorb annual depreciation expense, due to the significant cost of infrastructure, specifically within the Airport Fund. This was dampened by the fact that due to the newly implemented stormwater utility fee and increased sewer user fees generated approximately \$1.1 million in additional revenues.

Changes in Net Position

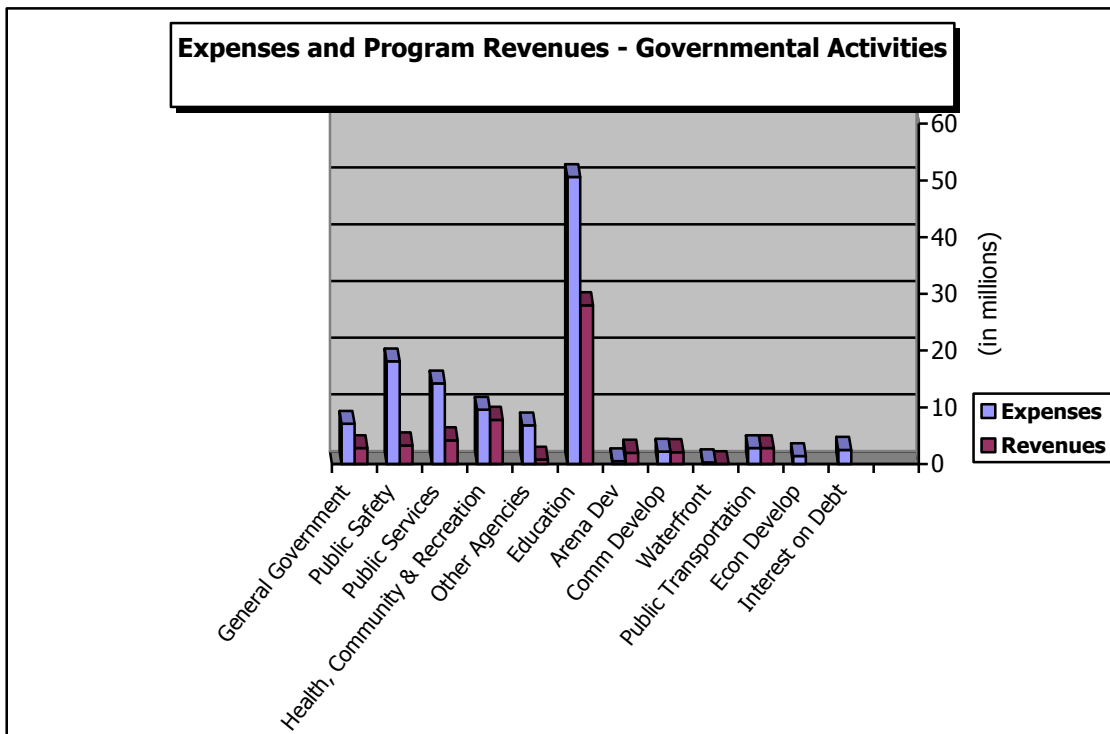
The following is a condensed version of the Statement of Activities.

	Governmental		Business-type		Total	
	Activities		Activities			
	2014*	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for services	17,634,792	17,728,344	26,221,323	23,460,843	43,856,115	41,189,187
Operating grants & contributions	34,600,320	31,901,386	-	-	34,600,320	31,901,386
Capital grants & contributions	1,720,879	2,345,794	4,039,968	6,121,523	5,760,847	8,467,317
General Revenues						
Property and other taxes	58,155,135	54,983,518	750,000	-	58,905,135	54,983,518
Grants and contributions not restricted to specific programs	3,787,128	4,857,030	-	-	3,787,128	4,857,030
Other	512,292	169,680	504,584	85,075	1,016,876	254,755
Total Revenues	116,410,546	111,985,752	31,515,875	29,667,441	147,926,421	141,653,193
Expenses						
General government	7,110,075	4,733,021	-	-	7,110,075	4,733,021
Public safety	18,050,107	17,864,294	-	-	18,050,107	17,864,294
Health, community and recreation	9,586,571	9,298,196	-	-	9,586,571	9,298,196
Public services	14,249,015	14,408,500	-	-	14,249,015	14,408,500
Other agencies	6,799,934	4,630,915	-	-	6,799,934	4,630,915
Education	50,594,050	50,145,937	-	-	50,594,050	50,145,937
Arena development	500,566	2,201,200	-	-	500,566	2,201,200
Community development	2,178,972	1,356,184	-	-	2,178,972	1,356,184
Waterfront	272,857	381,437	-	-	272,857	381,437
Public transportation	2,782,968	3,250,752	-	-	2,782,968	3,250,752
Interest on debt	2,464,804	3,343,590	-	-	2,464,804	3,343,590
Economic development (tif)	1,440,452	1,334,470	-	-	1,440,452	1,334,470
Sewer Utility	-	-	6,843,975	6,827,790	6,843,975	6,827,790
Airport	-	-	20,855,066	20,722,960	20,855,066	20,722,960
Park Woods	-	-	497,833	473,289	497,833	473,289
Stormwater Utility	-	-	149,590	-	149,590	-
Parking	-	-	925,595	972,327	925,595	972,327
Bass Park	-	-	6,317,039	3,314,865	6,317,039	3,314,865
Municipal Golf Course	-	-	643,323	687,317	643,323	687,317
Economic Development	-	-	628,252	586,140	628,252	586,140
Total Expenses	116,030,371	112,948,496	36,860,673	33,584,688	152,891,044	146,533,184
Excess (deficiency) before transfers	380,175	(962,744)	(5,344,798)	(3,917,247)	(4,964,623)	(4,879,991)
Transfers	(3,170,717)	(8,772,781)	3,170,717	8,772,781	-	-
Change in net position	(2,790,542)	(9,735,525)	(2,174,081)	4,855,534	(4,964,623)	(4,879,991)

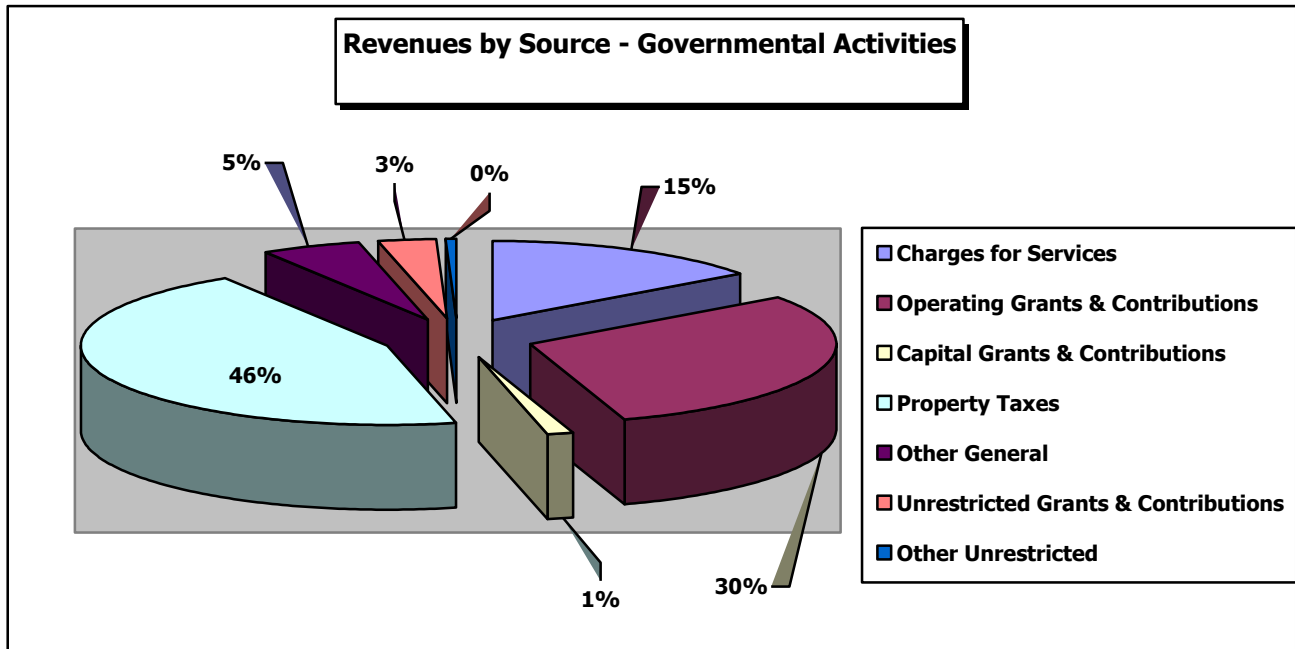
* - Beginning with 2014 certain departmental costs are reflected in General government expenses instead of other functional areas.

Governmental Activities

The cost of all governmental activities was \$116.0 million. As shown on the Statement of Activities, the total amount financed by the property tax was \$52.2 million, or 45% of expenses. Those who directly benefit from an activity provided \$17.6 million in payments. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$34.6 million. Capital grants and contributions accounted for \$1.7 million. The City also received \$10.2 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 increased \$3.1 million over the prior year. Over the last two fiscal years, the Community Development Block Grant program had realized significant amounts of program income (\$1 million), which were fully expended during FY 2014, thereby increasing governmental activities expenses. In addition, the City received and expended approximately \$500 thousand of additional health and community services grant funding mainly surrounding public health issues. As these grant funds are made available on a competitive basis through the State of Maine, their continued existence is not guaranteed. As part of the FY 2014 budget, City employees did receive a cost of living adjustment of 1.5% and realized health insurance increases of 10.62% which resulted in increased expenses of approximately \$800 thousand.

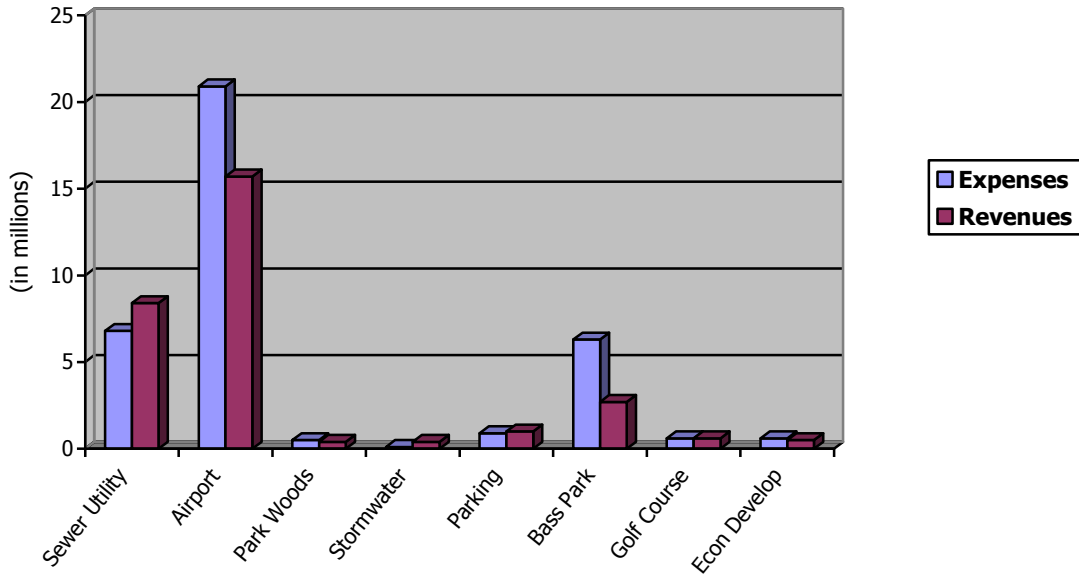


Total governmental activities' revenues increased \$4.4 million, or 4.0%. The largest single source of revenue continues to be the property tax, which increased \$2.3 million. In addition, the City realized one time increases in excise taxes and building permit fees of \$800 thousand and \$690 thousand, respectively. Capital grants and contributions decreased \$600 thousand due to fewer Bangor Area Comprehensive Transportation System (BACTS) funding. BACTS is the organization designated by federal and Maine state government to carry out transportation planning in the Greater Bangor urbanized area. Operating grants and contributions increased \$2.7 million due to an increase of \$1.1 million in State and Federal funding of education in FY 2014, increased draw on federal Community Development Block Grant funds in the amount of \$1.5 million, and increased health and community services public health grant funding of \$900 thousand. In total, charges for services remained relatively flat with a decrease of \$94 thousand.

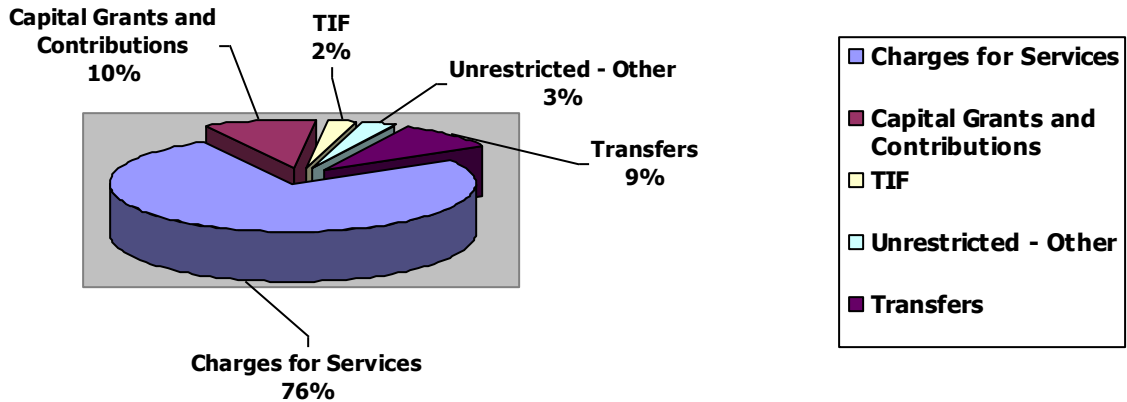
Business-type Activities

Total business-type activities expenses increased \$3.3 million compared to prior year levels. For FY 2014, the City employees working in business-type activities did receive a 1.5% cost of living adjustment and realized health insurance increases of 10.62%. Lastly, the most significant increase in business-type activities expenses of \$3 million is related to the operation of the City's new arena and conferences center, the Cross Insurance Center, which opened in September 2013 and is reported within the Bass Park Fund.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



In total, business-type activities revenue increased \$1.8 million or 6.1%, the decrease of \$2.1 million in capital grants and contribution was related to the Airport capital grants which vary year to year due to the biennial funding cycle. This decrease was more than offset by increased revenues from the operations of the Cross Insurance Center of \$2.2 million, gains on the sale of two properties resulting in increased revenues of \$800 thousand and \$1.1 million of increased sewer user fees and the implementation of a stormwater utility fee.

Financial Analysis of the Government's Funds

Governmental funds. The focus of the City's governmental funds reporting is to provide information on near-term inflows, outflows, and balances of spendable resources. Fund balance is the measure of a governmental fund's spendable resources. Governmental funds report fund balances in one of five possible classifications. The nonspendable portion of fund balance cannot be spent. Restricted fund balances are subject to externally enforceable legal restrictions. Committed fund balances are subject to limitations the City Council has imposed, that are binding unless removed in the same manner. Assigned fund balances reflect the intended use of resources. Unassigned fund balances are resources which have not been classified in any other category. Only the General Fund can report a positive unassigned fund balance amount.

At fiscal year end, the City of Bangor's governmental funds reported combined ending fund balances of \$26.0 million, an increase of \$500 thousand over the prior year balance. While overall ending fund balances remained stable, there were significant changes within individual government funds. The reduction in the Arena Fund fund balance is related to the Cross Insurance Center construction costs incurred in FY 2014. Annual changes in the Capital Projects Fund fund balance are not unexpected as its balances are dependent upon the funding and timing of specific near term projects. Decreases in other governmental fund fund balances were offset by a \$1.8 million increase in the General Fund ending fund balance owing to significant one time revenues related to permits and excise tax. Of the ending balance of \$26.0 million, approximately 73% of this total (\$19.0 million) is either committed, assigned or unassigned and is available for spending by formal action of the City Council and \$3.7 million, or 14.2%, is restricted. The remainder is nonspendable, indicating that it is in the form of nonspendable assets such as inventory, prepaid expenditures and allowance for advances made to other funds.

The General Fund is the chief operating fund of the City and is comprised of two major functions; education and municipal services. At the end of the fiscal year, the General Fund's total fund balance was \$17.0 million, a \$1.8 million increase from the prior year's balance of \$15.2 million. Generally, the overall increase in fund balance is related to one time permit fees and automobile excise tax receipts, which in turn increased the municipal unassigned fund balance by \$1.9 million.

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

The Arena Fund accounts for the allocation of slot and table game revenues received by the City from the operation of the casino. The fund was established to finance the cost to replace the aging Bangor Auditorium and Civic Center. During the year, the Arena provided an additional \$3.2 million towards the construction costs and annual debt service costs of the Cross Insurance Center.

The Capital Projects Fund varies significantly from year to year depending upon City Council priorities and available funding opportunities. Total expenditures increased \$3.3 million over the prior year. Significant project costs incurred in FY 2014 include \$2.5 to replace the Bangor Public Library dome and \$1.1 million to renovate Cameron Stadium, a multi-sport school based facility.

Proprietary funds. Information on the City of Bangor's proprietary funds is similar to that found in the government-wide financial statements, but in more detail. The net position of the eight enterprise funds decreased \$2.1 million to a total of \$168.3 million. With the exceptions of decreased capital grants received by the Airport Fund and increased revenues resulted from the newly opened Cross Insurance Center, increased sewer user fees and the implementation of a stormwater utility fee, all other operating revenues and expenses remained relatively flat. The overall decrease in net position is driven by the fact that depreciation expense within the Airport and Sewer Funds significantly exceeds 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 \$3.1 million. There were minimal additional amendments to the originally adopted budget. The City's commitment to budgetary integrity continues, actual operating revenues ended the year over budget estimates 1.68%, or \$1.6 million, municipal expenditures were under budget by 4.94%, or \$4.9 million. Education expenditures were under budget by \$4 million or 7.7% and by statute, education balances must be segregated from municipal balances.

Capital Asset and Debt Administration

Capital assets. As of June 30, 2014, the City of Bangor's investment in capital assets for its governmental and business-type activities amounted to \$311.4 million (net of accumulated depreciation), a decrease of \$1.9 million over the prior year. This investment includes land, buildings, machinery and equipment, roads, runways, and sewer lines. Depreciation expense of \$16.0 million exceeded the City's investment in capital assets for the current fiscal year of \$14.7 million. Governmental activities invested \$5.4 million, and business-type activities invested \$9.3 million and depreciation expense was \$4 million and \$12 million, respectively.

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

- The school department utilized its allocation of Qualified School Construction Bonds to capitalize \$1.2 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.
- The school department invested \$1.1 million to replace aging electrical infrastructure and bleachers at Cameron stadium, a multi-sport facility.
- Construction of the Cross Insurance Center was completed in September 2013. During the year, the City invested \$2.6 million towards the total project cost of approximately \$68.7 million.
- The City continues to invest in its core functions of infrastructure and vehicle replacements. This year the City expanded its surface infrastructure with traffic enhancements and open space infrastructure upgrades, which amounted to \$800 thousand and spent \$1.8 million to replace vehicles.

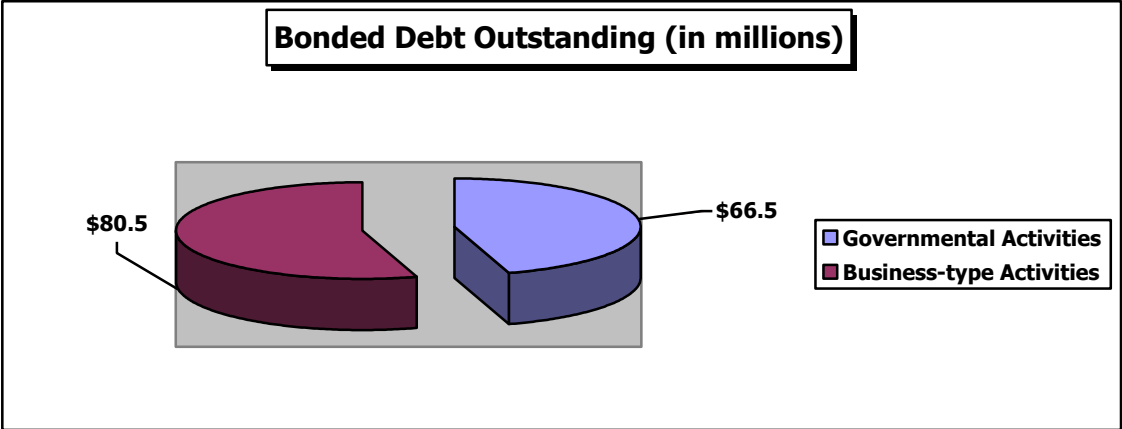
- The Airport Fund invested \$5.3 million in operational assets at Bangor International Airport including rental building improvements, runway system upgrades and domestic terminal renovations. Nearly \$2.4 million of this investment was funded through the Federal Department of Transportation’s Airport Improvement Plan and an Economic Development Administration grant.

Capital Assets (net of depreciation)

	Governmental Activities	Business-type Activities
Land and improvements	12,118,627	4,950,664
Buildings and improvements	42,551,907	74,084,903
Machinery and equipment	1,938,218	3,138,666
Vehicles	6,911,867	-
Infrastructure	11,371,924	46,069,009
Parking structures	-	2,690,740
Aircraft operational assets	-	95,528,033
Construction in process	2,908,528	7,121,916
Total	77,801,071	233,583,931

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 \$147.0 million, an increase of \$1.8 million during the year.

The City’s general obligation debt obtained a “AA-” rating from Standard & Poor’s and a “Aa2” rating from Moody’s.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total State assessed valuation. The current debt limit for the City is \$369.6 million, an amount which is significantly in excess of existing general obligation debt.

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

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

Cross Insurance Center

For nearly thirty years, City Councils had actively worked to replace the City's aging, inadequately sized and equipped auditorium and civic center. Their long term goal and vision came to its long awaited realization in September 2013, with the opening of a state-of-the-art 5,800 fixed seat arena and conference center, known as the Cross Insurance Center.

Just prior to its grand opening, the University of Maine Orono chose the facility as its home for both its men's and women's basketball teams. As could be expected, the facility did experience some growing pains initially, but by the end of the fiscal year the facility was operating more effectively and as anticipated. During its first year of operations, the Cross Insurance Center hosted 215 events ranging from trade and consumer shows, to banquets and meetings, sporting events as well as musical and theatrical entertainment performances. The facility grossed \$7.5 million in revenues and played host to over 280,000 attendees. The facility has spurred additional development in the construction of an adjacent 100+ room hotel, which is expected to be completed in 2015. After a year of operations, the facility continues to garner and build upon the support of promoters and is focused on enhancing conference and convention bookings. The facility is expected to generate sufficient income to cover its operating costs and the City expects to receive sufficient revenues from naming rights, Arena Fund revenues and Downtown Tax Increment Financing District funds to pay the debt service costs.

State of Maine Biennial Budget

The Governor recently released the proposed FY2016-2017 State Biennial budget. This proposal once again proves challenging to Maine municipalities. The proposal contains substantial changes that would have a significant negative impact on individual property owners and municipalities alike.

The largest fiscal challenge will be the proposed elimination of revenue sharing in FY 2017. Revenue sharing was established to share a portion of sales and income taxes generated by municipally based economic activity in order to contribute to the increased operating and capital costs necessary to support this municipal activity. Over the last seven fiscal years, the State has transferred \$310.2 million of revenue sharing funds to its General Fund. It is estimated that had revenue sharing been maintained as proscribed by Statute, the City would have received an additional \$10.8 million over this period. The impact of these actions is especially relevant to the City, as Bangor businesses generate the highest amount of retail sales tax in the State of Maine. For FY 2014, Bangor generated \$1.63 billion in taxable retail sales or \$87.5 million in sales tax receipts alone. If the State complied with existing Statute, the City would be entitled to in excess of \$5 million in revenue sharing versus \$2.0 million currently anticipated.

To date, through cost containment measures, the City has absorbed the loss of \$3 million in revenue sharing funds. Should the elimination of revenue sharing be enacted, there will need to be significant reductions in services and level of services offered.

Beginning with FY 2014, the State of Maine transferred a portion of teacher retirement costs to the local school districts. Prior to that time, the State of Maine provided 100% of the employer's retirement contribution for teachers. While the shift is only for the normal cost portion of the employer's contribution and funding was added to the State Aid to Education funding to offset the costs, this change in practice bears watching to ensure that other portions of the costs are not shifted to the local school districts without additional state funding or a reduction in existing state funding levels of education.

The largest challenge faced by all municipalities, but especially service centers such as Bangor, is the incremental nature of federal and state budget decisions. At the State level, Legislative changes are reviewed at the Committee level. While individual changes implemented over a number of sessions, seem tolerable, the totality of these actions has resulted in a significant municipal tax shift and there isn't enough growth in the tax base to offset these actions. The City has reduce/limited spending by limiting cost of living increases, reducing its workforce, managing health care costs, participating in regional efforts, investing in energy efficiency improvements and technology, as well as limiting its long term exposure by not contributing to retiree health coverage and no longer offering a defined benefit pension plan. The estimated tax shift of the legislative mandates with no funding and statutory funding not upheld by the Legislature represents \$3.77 of the City's FY 2015 tax rate of \$21.80.

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

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the City of Bangor in 2014 was 5.4%, which continues to be on par with or below both the national and State rates of 6.1% and 5.5%, respectively.
- While Bangor represents less than 3% of the state's population, businesses within the City generate the highest amount of retail sales tax within the State at 8.8% of the statewide total.
- Bangor has experienced a slowing in the rate of appreciation of existing homes. We project that existing home values will remain flat or increase slightly in the coming year.
- Value of commercial properties has begun to increase slightly after realizing significant downward adjustments made in FY 2010 and remaining flat since.
- Bangor businesses continue to reinvest in personal property. While not subject to local taxation, the State reimburses each municipality on an annually declining percentage of the calculated tax on the investment. BETE value (net of depreciation) for FY 2015 increased \$14.4 million, or 20%, for a total of \$87 million.

The City is subject to a state statutory tax levy calculation system (known as LD 1). Generally, the growth of the tax levy is limited to an increase equal to the ten year average percentage change in real statewide personal income plus taxes from property value resulting from new construction, major renovations to existing properties, or the subdivision of property less any "net new state funding". For Fiscal Year 2014, the City's LD 1 tax levy limit was as follows:

Prior Year Base Municipal Commitment		\$ 27,741,178
Growth Factor:		4.47%
Average Real Personal Income	1.05%	
Property Growth Factor	3.42%	
Net New State Funds		-
Municipal Commitment Limit		\$ 23,666,134

The Fiscal Year 2014 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 2014 and 2015 in order to fund such services and programs and their actions were approved, as required, via a local election.

In response to the continued uncertainty surrounding the national economy, management has been closely tracking not only revenues and expenditures, but also foreclosure, liens, unemployment rates, construction starts and related building permit levels, and the State of Maine’s budgetary projections. The City continues to see only slight increases in foreclosure and lien rates and will continue to monitor these levels and take steps to assist our tax/rate payers in obtaining assistance wherever possible. Both residential and commercial construction and permitting has begun to increase slightly. We continue to monitor key revenue areas such as: flat investment yield curves, automobile excise taxes, property tax collection and State sales and income tax collections that impact the City’s share of State Revenue Sharing. The fiscal year 2015 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 2015 budget, the City Council’s goal was to minimize any tax rate increase, continue to recover from austere budget trends and increase operating efficiencies. As always this goal was challenging due to continued reductions in State and Federal funding, relatively flat non-property tax revenue projections and assessed value. These challenges were partially offset by strategic reductions in staffing and a continued increase in BETE valuation. The afore referenced actions coupled with a small increase in property taxes of 4.8% allowed the City Council to provide a 2% cost of living increase to employees, maintain increased levels of investment in infrastructure, as well as the practice of funding assigned fund balances for future capital purchases on a current basis.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



CITY OF BANGOR, MAINE
Statement of Net Position
June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bangor Public Library
ASSETS				
Cash and cash equivalents	\$ 18,468,814	\$ 3,151,404	\$ 21,620,218	\$ 3,538,662
Investments	1,930,150	15,685,070	17,615,220	13,507,985
Receivables:				
Accounts (net of allowance of \$465,108 and \$705,000, respectively)	912,174	6,150,012	7,062,186	748,958
Intergovernmental	4,281,493	982,902	5,264,395	-
Taxes and liens receivable - prior years	1,423,484	-	1,423,484	-
Taxes receivable - current year	1,342,476	-	1,342,476	-
Unearned special assessments	30,130	87,664	117,794	-
Loans	7,704,929	2,237,344	9,942,273	-
Internal balances	3,277,299	(3,277,299)	-	-
Inventories	748,711	292,018	1,040,729	-
Prepaid items	104,554	26,152	130,706	-
Other assets	-	20,000	20,000	-
Non-depreciable capital assets	8,000,896	10,737,912	18,738,808	-
Depreciable capital assets, net	69,800,175	222,846,019	292,646,194	9,253,750
Total assets	118,025,285	258,939,198	376,964,483	27,049,355
LIABILITIES				
Accounts payable and other current liabilities	2,769,045	5,283,433	8,052,478	206,906
Accrued wages and benefits payable	4,006,652	180,040	4,186,692	-
Unearned revenues	165,313	-	165,313	-
Noncurrent liabilities:				
Due within one year	7,275,627	3,970,959	11,246,586	104,471
Due in more than one year	67,153,082	81,250,406	148,403,488	447,420
Total liabilities	81,369,719	90,684,838	172,054,557	758,797
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - loans	5,200,850	-	5,200,850	-
Total deferred inflows of resources	5,200,850	-	5,200,850	-
NET POSITION				
Net investment in capital assets	49,674,874	159,871,743	209,546,617	8,831,161
Restricted for:				
Nonexpendable trust principal	544,200	-	544,200	4,381,312
Expendable income	483,284	-	483,284	11,932,385
Unrestricted	(19,247,642)	8,382,617	(10,865,025)	1,145,700
Total net position	\$ 31,454,716	\$ 168,254,360	\$ 199,709,076	\$ 26,290,558

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Activities
For the Fiscal Year Ended June 30, 2014

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position			Component Unit Bangor Public Library
		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	\$ 7,110,075	\$ 2,764,659	\$ 3,151	\$ -	\$ (4,342,265)	\$ -	\$ (4,342,265)	\$ -
Public safety	18,050,107	2,682,248	208,532	439,792	(14,719,535)	-	(14,719,535)	-
Health, community services and recreation	9,586,571	1,164,090	6,669,871	-	(1,752,610)	-	(1,752,610)	-
Public services	14,249,015	3,758,666	-	459,920	(10,030,429)	-	(10,030,429)	-
Other agencies	6,799,934	46,882	-	789,984	(5,963,068)	-	(5,963,068)	-
Education	50,594,050	3,446,006	24,576,067	-	(22,571,977)	-	(22,571,977)	-
Arena development	500,566	196,087	-	-	1,460,310	-	1,460,310	-
Community development	2,178,972	994,546	1,144,538	-	(39,888)	-	(39,888)	-
Waterfront	272,857	-	-	-	(272,857)	-	(272,857)	-
Public transportation	2,782,968	816,819	1,998,161	31,183	63,195	-	63,195	-
Economic development (tif)	1,440,452	-	-	-	(1,440,452)	-	(1,440,452)	-
Interest on debt	2,464,804	-	-	-	(2,464,804)	-	(2,464,804)	-
Total governmental activities	116,030,371	17,634,792	34,600,320	1,720,879	(62,074,380)	-	(62,074,380)	-
Business-type activities:								
Sewer Utility	6,843,975	8,426,054	-	-	-	1,582,079	1,582,079	-
Airport	20,855,066	12,220,328	-	3,824,968	-	(4,809,770)	(4,809,770)	-
Park Woods	497,833	440,295	-	-	-	(57,538)	(57,538)	-
Stormwater Utility	149,590	359,029	-	-	-	209,439	209,439	-
Parking	925,595	1,002,164	-	-	-	76,569.00	76,569	-
Bass Park	6,317,039	2,683,094	-	215,000	-	(3,418,945)	(3,418,945)	-
Municipal Golf Course	643,323	575,020	-	-	-	(68,303)	(68,303)	-
Economic Development	628,252	515,339	-	-	-	(112,913)	(112,913)	-
Total business-type activities	36,860,673	26,221,323	-	4,039,968	-	(6,599,382)	(6,599,382)	-
Total primary government	\$ 152,891,044	\$ 43,856,115	\$ 34,600,320	\$ 5,760,847	(62,074,380)	(6,599,382)	(68,673,762)	-
Component unit								
Bangor Public Library	\$ 2,645,273	1,868,436	2,173,569	2,981,834	-	-	-	\$ 4,378,566
General revenues:								
Property taxes, levied for general purposes					52,243,583	750,000	52,993,583	-
Payment in lieu of taxes					161,438	-	161,438	-
Excise taxes					5,400,100	-	5,400,100	-
Franchise taxes					350,014	-	350,014	-
Grants and contributions not restricted to specific programs:								
Homestead/BETE exemption					1,455,388	-	1,455,388	-
Other State aid					26,015	-	26,015	-
State Revenue Sharing					2,305,725	-	2,305,725	-
Unrestricted investment earnings					510,429	504,584	1,015,013	153,792
Miscellaneous revenues					1,863	-	1,863	-
Transfers					(3,170,717)	3,170,717	-	-
Total general revenues and transfers					59,283,838	4,425,301	63,709,139	153,792
Change in net position					(2,790,542)	(2,174,081)	(4,964,623)	4,532,358
Net position, beginning of year (Restated see Other Information Note G)					34,245,258	170,428,441	204,673,699	21,758,200
Net position, end of year					\$ 31,454,716	\$ 168,254,360	\$ 199,709,076	\$ 26,290,558

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Balance Sheet
Governmental Funds
June 30, 2014

	General	Community Development Block Grant	Arena Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 12,701,394	\$ 62,419	\$ 922,416	\$ 3,718,847	\$ 1,063,738	\$ 18,468,814
Investments	50,000	-	-	1,751,353	128,797	1,930,150
Receivables:						
Taxes	2,765,960	-	-	-	-	2,765,960
Accounts (net of allowance of \$465,108)	751,691	-	129,164	-	31,319	912,174
Interfund	3,455,129	-	-	-	-	3,455,129
Intergovernmental	3,438,342	25,661	-	623,431	194,059	4,281,493
Loans/Notes	753,992	5,010,721	-	-	1,940,216	7,704,929
Unearned special assessments	-	-	-	30,130	-	30,130
Inventory, at cost	748,711	-	-	-	-	748,711
Prepaid items	104,554	-	-	-	-	104,554
Total assets	\$ 24,769,773	\$ 5,098,801	\$ 1,051,580	\$ 6,123,761	\$ 3,358,129	\$ 40,402,044
LIABILITIES						
Accounts payable	\$ 1,138,907	\$ 2,563	\$ 446	\$ 1,147,085	\$ 21,418	\$ 2,310,419
Accrued wages and benefits payable	4,000,984	5,668	-	-	-	4,006,652
Interfund loans payable	-	-	-	-	177,830	177,830
Unearned revenues	36,919	50,096	-	78,298	-	165,313
Due to rehabilitation recipients	-	33,029	-	-	-	33,029
Total liabilities	5,176,810	91,356	446	1,225,383	199,248	6,693,243
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - property taxes	2,557,443	-	-	-	-	2,557,443
Unavailable revenues - loans	-	5,010,720	-	-	160,000	5,170,720
Unavailable revenues - special assessments	-	-	-	30,130	-	30,130
Total deferred inflows of resources	2,557,443	5,010,720	-	30,130	160,000	7,758,293
FUND BALANCES (DEFICITS) (Note J)						
Nonspendable	2,753,765	-	-	-	544,200	3,297,965
Restricted	1,262,869	-	-	-	2,454,681	3,717,550
Committed	2,623	-	1,051,134	-	-	1,053,757
Assigned	3,417,791	-	-	4,868,248	-	8,286,039
Unassigned	9,598,472	(3,275)	-	-	-	9,595,197
Total fund balances (deficits)	17,035,520	(3,275)	1,051,134	4,868,248	2,998,881	25,950,508
Total liabilities, deferred inflows of resources and fund balances	\$ 24,769,773	\$ 5,098,801	\$ 1,051,580	\$ 6,123,761	\$ 3,358,129	

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

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

77,801,071

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

2,557,443

Long-term liabilities, including bonds payable \$66,518,975, accrued interest \$425,597, compensated absences \$2,672,339, self insurance liability \$1,857,752, net OPEB obligation \$2,466,252, bond premium \$635,663, and capital leases \$277,728 are not due and payable in the current period and, therefore, are not reported in the funds.

(74,854,306)

Net position of governmental funds

\$ 31,454,716

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, 2014

	General	Community Development Block Grant	Arena Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 56,005,218	\$ -	\$ -	\$ 1,328,575	\$ 814,460	\$ 58,148,253
Intergovernmental	30,285,356	1,144,538	-	1,638,526	6,957,554	40,025,974
Licenses and permits	1,389,717	-	-	-	-	1,389,717
Charges for services	11,970,430	-	-	-	811,606	12,782,036
Program income	-	752,817	-	-	12,325	765,142
Revenue from use of money and property	769,067	211	1,960,876	263,244	121,419	3,114,817
Other	27,263	1,851	-	52,223	75,322	156,659
Total revenues	100,447,051	1,899,417	1,960,876	3,282,568	8,792,686	116,382,598
Expenditures						
Current:						
General government	5,172,972	-	-	-	-	5,172,972
Public safety	16,409,651	-	-	-	-	16,409,651
Health, community services and recreation	4,826,149	-	-	-	-	4,826,149
Public services	10,052,683	-	-	-	-	10,052,683
Other agencies	4,566,380	-	-	-	-	4,566,380
Education	50,771,925	-	-	-	-	50,771,925
Tax increment financing	632,364	-	-	-	-	632,364
Unclassified	90,061	-	500,566	-	-	590,627
Restricted grants	-	2,155,171	-	-	8,574,321	10,729,492
Capital outlay	64,768	-	-	12,470,015	-	12,534,783
Debt service	5,102,600	-	-	77,000	-	5,179,600
Total expenditures	97,689,553	2,155,171	500,566	12,547,015	8,574,321	121,466,626
Excess (deficiency) of revenues over (under) expenditures	2,757,498	(255,754)	1,460,310	(9,264,447)	218,365	(5,084,028)
Other financing sources (uses)						
Issuance of debt	-	-	-	8,369,000	-	8,369,000
Premium on debt issuance	-	-	-	133,552	-	133,552
Sale of assets	106,930	-	-	80,830	-	187,760
Transfers to other funds	(1,090,500)	-	(3,170,717)	(110,554)	(35,000)	(4,406,771)
Transfers from other funds	80,976	-	-	1,105,500	49,578	1,236,054
Total other financing sources (uses)	(902,594)	-	(3,170,717)	9,578,328.00	14,578	5,519,595
Changes in fund balances	1,854,904	(255,754)	(1,710,407)	313,881	232,943	435,567
Fund balances, beginning of year	15,180,616	252,479	2,761,541	4,554,367	2,765,938	25,514,941
Fund balances (deficits), end of year	\$ 17,035,520	\$ (3,275)	\$ 1,051,134	\$ 4,868,248	\$ 2,998,881	\$ 25,950,508

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, 2014

Net change in fund balances - total governmental funds (from Exhibit 4)	\$	435,567
<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 \$5,369,647, exceeded depreciation expense of \$4,024,648 and loss on disposal of assets of \$185,897.</p>		
		1,159,102
<p>Financing proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which general obligation bond proceeds of \$8,369,000 exceeded principal payments of \$4,577,592 and \$83,281 in general obligation bonds and capital leases, respectively.</p>		
		(3,708,127)
<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 (\$239,289), compensated absences (\$411,279), accrued interest (\$48,402) and decrease unavailable revenues (\$107,467), self insurance liability (\$125,166), and bond premium (\$4,187).</p>		
		(677,084)
Change in net position of governmental activities (see Exhibit 2)		\$ (2,790,542)

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, 2014

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 55,067,630	\$ 55,067,630	\$ 56,005,218	\$ 937,588
Intergovernmental	26,744,242	26,751,989	26,700,013	(51,976)
Licenses and permits	677,759	677,759	1,389,717	711,958
Charges for services:				
municipal	8,678,761	8,678,761	8,423,681	(255,080)
school	3,194,042	3,194,042	3,446,006	251,964
Fines, forfeits and penalties	32,000	32,000	27,263	(4,737)
Revenue from use of money and property				
municipal	721,400	721,400	700,557	(20,843)
Total revenues	95,115,834	95,123,581	96,692,455	1,568,874
Expenditures				
Current:				
General government	5,055,090	5,055,673	4,982,683	72,990
Public safety	16,767,249	16,774,996	16,410,045	364,951
Health, community services and recreation	4,992,146	4,992,146	4,824,616	167,530
Public buildings and services	10,283,684	10,283,684	10,047,240	236,444
Other agencies	4,539,005	4,549,005	4,566,381	(17,376)
Education	48,483,537	51,609,961	47,581,964	4,027,997
Unclassified	756,814	756,814	722,425	34,389
Debt service	5,102,419	5,102,419	5,102,600	(181)
Total expenditures	95,979,944	99,124,698	94,237,954	4,886,744
Excess (deficiency) of revenues over (under) expenditures	(864,110)	(4,001,117)	2,454,501	6,455,618
Other financing sources (uses)				
Appropriation from restricted, committed and assigned fund balances	1,480,760	1,480,760	68,339	(1,412,421)
Appropriation from unassigned fund balance	91,350	91,350	(288,450)	(379,800)
Sale of assets	21,500	21,500	53,253	31,753
Contributions	-	-	485	485
Insurance settlements	23,500	23,500	53,192	29,692
Transfers to other funds	(780,000)	(780,000)	(830,000)	(50,000)
Transfers from other funds	27,000	27,000	21,113	(5,887)
Total other financing sources (uses)	864,110	864,110	(922,068)	(1,786,178)
Net change in fund balance	\$ -	\$ (3,137,007)	1,532,433	\$ 4,669,440
Unassigned fund balance, beginning of year			7,727,014	
Changes in fund balance classification in accordance with GAAP				
Changes in balances carried			318,576	
Inventory and prepaids (GASB 54)			20,449	
Unassigned fund balance, end of year			\$ 9,598,472	

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2014

Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 930,036	\$ 16,746	\$ 1,288,938	\$ 915,684	\$ 3,151,404
Investments	-	8,176,246	-	-	8,176,246
Interfund loans receivable	89,000	-	-	-	89,000
Accounts receivable	3,318,916	3,016,291	265,110	254,695	6,855,012
Less allowance for uncollectible accounts	(45,000)	(660,000)	-	-	(705,000)
Net accounts receivable	3,273,916	2,356,291	265,110	254,695	6,150,012
Due from other governments	-	982,902	-	-	982,902
Inventories, at cost	-	292,018	-	-	292,018
Prepaid items	13,151	13,001	-	-	26,152
Total current assets	4,306,103	11,837,204	1,554,048	1,170,379	18,867,734
Noncurrent assets					
Capital Assets:					
Land and improvements	683,865	-	579,157	5,524,242	6,787,264
Buildings and improvements	28,665,849	-	68,830,406	7,164,184	104,660,439
Machinery and equipment	5,950,856	-	2,020,234	328,811	8,299,901
Infrastructure	58,301,449	-	-	683,189	58,984,638
Aircraft operational assets	-	263,928,910	-	-	263,928,910
Parking structures	-	-	-	11,317,169	11,317,169
Construction in process	-	7,009,247	112,669	-	7,121,916
	93,602,019	270,938,157	71,542,466	25,017,595	461,100,237
Less accumulated depreciation	(42,052,369)	(168,400,877)	(3,012,454)	(14,050,606)	(227,516,306)
Net capital assets	51,549,650	102,537,280	68,530,012	10,966,989	233,583,931
Investments	648,788	6,860,036	-	-	7,508,824
Loans receivable	-	747,001	-	1,490,343	2,237,344
Unearned special assessments	87,664	-	-	-	87,664
Deposits	-	-	-	20,000	20,000
Total noncurrent assets	52,286,102	110,144,317	68,530,012	12,477,332	243,437,763
Total assets	56,592,205	121,981,521	70,084,060	13,647,711	262,305,497

See accompanying notes to financial statements.

Continued on next page

CITY OF BANGOR, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2014

Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
LIABILITIES					
Current liabilities					
Accounts payable	411,936	1,757,003	277,447	71,834	2,518,220
Accrued wages and benefits payable	35,459	127,382	-	17,199	180,040
Accrued interest	65,891	38,018	1,019,915	74,076	1,197,900
Workers' compensation	20,000	117,351	-	3,665	141,016
Interfund loans payable	-	226,325	1,967,574	1,172,400	3,366,299
General obligation debt payable	1,383,712	396,586	1,037,386	554,795	3,372,479
Capital lease obligation payable	-	-	8,631	-	8,631
Accrued compensated absences	83,975	249,085	-	25,061	358,121
Other liabilities	-	11,280	1,646,745	-	1,658,025
Total current liabilities	2,000,973	2,923,030	5,957,698	1,919,030	12,800,731
Long-term liabilities					
Workers' compensation	-	207,649	-	6,335	213,984
General obligation debt payable	10,848,460	7,206,957	53,323,080	5,684,547	77,063,044
Capital lease obligation	-	-	33,068	-	33,068
Accrued compensated absences	52,303	157,352	-	22,933	232,588
Net OPEB obligation	150,481	551,197	-	41,359	743,037
Other long-term liabilities	294,503	-	2,456,776	213,406	2,964,685
Total long-term liabilities	11,345,747	8,123,155	55,812,924	5,968,580	81,250,406
Total liabilities	13,346,720	11,046,185	61,770,622	7,887,610	94,051,137
NET POSITION					
Net investment in capital assets	40,174,618	98,233,206	15,373,761	6,090,158	159,871,743
Unrestricted	3,070,867	12,702,130	(7,060,323)	(330,057)	8,382,617
Total net position	\$ 43,245,485	\$ 110,935,336	\$ 8,313,438	\$ 5,760,101	\$ 168,254,360

See accompanying notes to financial statements.

Continued from previous page

CITY OF BANGOR, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Business-type Activities - Enterprise Funds					
Operating revenues					
Charges for services	\$ 8,422,958	\$ 12,220,328	\$ 2,683,094	\$ 2,891,847	\$ 26,218,227
Total operating revenues	8,422,958	12,220,328	2,683,094	2,891,847	26,218,227
Operating expenses					
Operating expenses other than depreciation and amortization	4,760,209	12,466,736	2,853,348	2,010,319	22,090,612
Depreciation and amortization	1,750,496	8,062,412	1,574,826	618,307	12,006,041
Total operating expenses	6,510,705	20,529,148	4,428,174	2,628,626	34,096,653
Operating income (loss)	1,912,253	(8,308,820)	(1,745,080)	263,221	(7,878,426)
Nonoperating revenue (expenses)					
Interest income	39,786	400,902	-	63,896	504,584
Interest expense	(333,270)	(325,918)	(1,888,865)	(215,967)	(2,764,020)
Taxes (Downtown TIF)	-	-	750,000	-	750,000
Gain(loss) on sale of assets	-	347,540	215,000	-	562,540
Miscellaneous income (expense)	3,096	-	-	-	3,096
Total nonoperating revenue (expenses)	(290,388)	422,524	(923,865)	(152,071)	(943,800)
Net income (loss) before grants/contributions and transfers	1,621,865	(7,886,296)	(2,668,945)	111,150	(8,822,226)
Grants/contributions received for capital assets	-	3,477,428	-	-	3,477,428
Transfers from other funds	-	-	3,170,717	-	3,170,717
Change in net position	1,621,865	(4,408,868)	501,772	111,150	(2,174,081)
Net position, beginning of year (Restated Note G)	41,623,620	115,344,204	7,811,666	5,648,951	170,428,441
Net position, end of year	\$ 43,245,485	\$ 110,935,336	\$ 8,313,438	\$ 5,760,101	\$ 168,254,360

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2014
Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Cash flows from operating activities					
Cash received from customers	\$ 7,688,604	\$ 13,157,567	\$ 4,120,582	\$ 2,662,803	\$ 27,629,556
Cash paid to suppliers for goods and services	(3,053,112)	(5,205,597)	(2,655,528)	(1,385,792)	(12,300,029)
Cash paid to employees for services	(1,583,830)	(6,608,536)	(6,509)	(595,509)	(8,794,384)
Net cash provided by (used in) operating activities	3,051,662	1,343,434	1,458,545	681,502	6,535,143
Cash flows from noncapital financing activities					
Interfund loans (repayments)	(310,995)	(2,275,000)	(445,000)	120,600	(2,910,395)
Taxes (Downtown TIF)	-	-	750,000	-	750,000
Transfers in	-	-	3,170,717	-	3,170,717
Net cash provided by (used in) noncapital financing activities	(310,995)	(2,275,000)	3,475,717	120,600	1,010,322
Cash flows from capital and related financing activities					
Proceeds from general obligation bonds	300,000	-	-	-	300,000
Acquisition and construction of capital assets	(761,759)	(6,565,222)	(3,696,323)	-	(11,023,304)
Principal paid on general obligation bonds	(1,532,904)	(229,193)	(54,828)	(539,775)	(2,356,700)
Interest paid on general obligation bonds	(338,149)	(323,770)	(2,063,075)	(218,661)	(2,943,655)
Proceeds from sale of property	3,096	347,540	565,000	-	915,636
Grant/contribution monies received for capital assets	-	3,192,619	-	-	3,192,619
Net cash provided by (used in) capital and related financing activities	(2,329,716)	(3,578,026)	(5,249,226)	(758,436)	(11,915,404)
Cash flows from investing activities					
Net sales (purchases) of investments	(648,788)	8,646	-	-	(640,142)
Investment of unexpended bond proceeds	225,600	-	-	-	225,600
Interest on investments	39,799	400,902	-	90,153	530,854
Loan repayments	-	186,159	-	-	186,159
Net cash provided by (used in) investing activities	(383,389)	595,707	-	90,153	302,471
Net increase (decrease) in cash	27,562	(3,913,885)	(314,964)	133,819	(4,067,468)
Cash, beginning of year	902,474	3,930,631	1,603,902	781,865	7,218,872
Cash, end of year	\$ 930,036	\$ 16,746	\$ 1,288,938	\$ 915,684	\$ 3,151,404

Schedule of noncash investing, capital and financing activities:

During the year, the Airport Fund had an unrealized gain on investments in the amount of \$524,674.

During the year, the Bass Park Fund executed capital leases for capital assets in the amount of \$52,837.

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2014

Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 1,912,253	\$ (8,308,820)	\$ (1,745,080)	\$ 263,221	\$ (7,878,426)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	1,750,496	8,062,412	1,574,826	618,307	12,006,041
Allowance for uncollectible accounts	-	141,647	(10,000)	-	131,647
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(761,216)	937,239	(108,545)	(229,044)	(161,566)
(Increase) decrease in due from water district	26,863	-	-	-	26,863
(Increase) decrease in inventories	-	30,417	-	-	30,417
(Increase) decrease in prepaid items	(2,604)	(867)	17,980	-	14,509
Increase (decrease) in accounts payable	111,457	455,821	179,840	17,692	764,810
Increase (decrease) in unearned revenue	-	-	1,556,033	-	1,556,033
Increase (decrease) in other liabilities	14,413	25,585	(6,509)	11,326	44,815
Total adjustments	1,139,409	9,652,254	3,203,625	418,281	14,413,569
Net cash provided by (used in) operating activities	\$ 3,051,662	\$ 1,343,434	\$ 1,458,545	\$ 681,502	\$ 6,535,143

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

		Agency Fund
ASSETS		
Cash and cash equivalents	\$	120,448
Total assets	\$	120,448
LIABILITIES		
Amounts held for others	\$	120,448
Total liabilities	\$	120,448

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, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Bangor was incorporated under the laws of the State of Maine in 1834 and operates under a council/manager form of government. In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The criteria used to determine which entities, agencies, commissions, boards and authorities are part of the City's operations include how the budget is adopted, whether debt is secured by general obligation of the City, the City's duty to cover any deficits that may occur, and supervision over the accounting functions.

The Bangor Public Library is a nonprofit organization which operates under the control of a nine member Board of Trustees. The Bangor City Council appoints four members and the City of Bangor Charter appoints a fifth member. The Board has the power to hire officers, approve the budget and direct the operations of the Library. However, the Library is financially dependent upon the City in that the City provides approximately 61% of the operating financial support received by the Library during the year ended June 30, 2014. The City believes that the financial statements would be incomplete without the inclusion of the Library as a discretely presented component unit. Complete financial statements may be obtained from the Bangor Public Library, 145 Harlow Street, Bangor, ME 04401.

The City of Bangor is a member of the Joint Venture of the Equity Charter Municipalities of Municipal Review Committee, Inc (Joint Venture). The Joint Venture is an organization that resulted from a contractual arrangement between certain member municipalities, Penobscot Energy Recovery Company (PERC) and Bangor Hydro Electric Company. It was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of non-hazardous municipal solid waste. As of December 31, 2013 (most recent data available) the City of Bangor's share of the Joint Venture's net assets was \$5,839,499. Complete financial statements may be obtained from Municipal Review Committee, 395 State Street, Ellsworth, ME 04605.

B. Government-wide and Fund Financial Statements

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

The Arena Fund accounts for the percentage of slot revenues received by the City from the operation of the casino. Said funds will be used to fund a portion of the debt service related to the construction of the Cross Insurance Center.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund type:

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

1. Deposits and Investments

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

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

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

2. Interfund Receivables and Payables

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

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

5. Deferred Inflows/Outflows of Resources

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

6. Compensated Absences

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

7. Long-term Obligations

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

8. Fund Equity

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

- Nonspendable fund balance cannot be spent.
- Restricted fund balances are subject to externally enforceable legal restrictions.
- Committed fund balances are subject to limitations the City Council has imposed, that are binding unless removed or modified by the passage of a Council Order.
- Assigned fund balances reflect the intended use of the resources. The City Council adopted a comprehensive fund balance policy which authorized itself and the Finance Director and City Manager, within defined limits, with the authority to assign fund balances.
- Unassigned fund balances are resources which have not been classified in any other category. Only the General Fund can report a positive unassigned fund balance amount.

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

9. Allowance for Uncollectible Accounts and Loans

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

10. Use of Estimates

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

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

The budget is adopted at the department level through the passage of appropriation resolves. The City Manager may make transfers of appropriations within a department. Transfers between departments or additional appropriations require the approval of the City Council. The City Council made several supplementary budgetary appropriations throughout the year, none of which were material.

B. Reconciliation of Budgetary Basis Statements

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

Excess of revenues over expenditures and other financing sources and uses (Budget)	\$ 1,532,433
Activity in assigned fund balance	(160,000)
2014 encumbrances	1,246,557
2013 encumbrances paid	(757,097)
2013 encumbrances lapsed	<u>(6,989)</u>
Excess of revenues and other financing sources over expenditures and other uses (GAAP)	<u>\$ 1,854,904</u>

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

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

Excess (deficiency) of revenues over expenditures and encumbrances:	
Sewer	\$ (543,040)
Airport	(7,980,788)
Park Woods	(56,986)
Parking	(122,197)
Bass Park	(1,366,456)
Municipal Golf Course	(93,278)
Economic Development	(254,998)
Stormwater Utility	135,306
	(10,282,437)
Nonoperating revenues classification	(2,164,667)
Investments at market value	(10,396)
Capital outlay	(79,766)
Adjustments for accrual basis	598,075
Principal payments	2,367,838
2013 encumbrances	(249,418)
Nonoperating expenses classification	1,942,345
Operating loss	\$ (7,878,426)

C. Excess of Expenditures Over Appropriations

The following General Fund departments were over-expended by the indicated dollar amounts; Executive \$107,353, Legal \$14,109, Insurance \$1,012, Parks and Recreation \$98,795, Fire \$91,475 and Other Agencies \$19,999. These over-expenditures were funded by receipt of revenues in excess of appropriations and under-expenditures within other General Fund departments.

The Economic Development Fund was over-expended by \$6,972, due to increased utility costs associated with vacant properties.

D. Deficit Fund Equity

The Park Woods Fund has a deficit net position of \$32,035. The City is actively pursuing a sale of this property, which would fund this deficit. The Stormwater Utility Fund has a deficit net position of \$1,002,383 as a result of the transfer of outstanding debt related to stormwater improvements. The deficit will be funded in subsequent years through the collection of fees. The Community Development Block Grant Fund has a deficit fund equity of \$3,275 due to accrued expenses reimbursed in the subsequent year.

E. Restricted Assets

Donations received by the City whose use is limited are placed in the appropriate Special Revenue fund, depending upon whether or not the principal can be expended. All changes in market value are added to the earnings, which is allowable by State Statute. As these amounts are invested in a note receivable, there was no change in market value for fiscal year 2014.

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, 2014, \$0 of the City's bank balance of \$21,986,613 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At June 30, 2014, the City had the following investments and maturities:

Investment types	Fair Value	Not Applicable	Maturity (years)	
			<1	1-5
Mutual Funds	\$ 10,818,573	\$ 10,818,573	\$ -	\$ -
Repurchase Agreements	1,299,456	1,299,456	-	-
US Treasuries	4,736,665	-	2,574,975	2,161,690
Common Stock	710,526	710,526	-	-
Certificate of Deposit	50,000	-	50,000	-
Totals	\$ 17,615,220	\$ 12,828,555	\$ 2,624,975	\$ 2,161,690

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, 2014, the City had no investments that were subject to custodial risk. The City's investment policy states that all security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a "delivery vs. payment" basis.

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

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

Concentration of Credit Risk

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

B. Property Tax

Property taxes for the current year were levied July 9, 2013, 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 16, 2013 and March 18, 2014. Interest was charged at 7.00% on all taxes unpaid as of the due date.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred inflows. Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The City has the authority to foreclose on property eighteen months after the filing of the lien if the tax liens and associated costs remain unpaid.

C. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,092,368	\$ -	\$ -	\$ 5,092,368
Construction in process	467,131	2,573,888	132,491	2,908,528
Total capital assets not being depreciated	5,559,499	2,573,888	132,491	8,000,896
Capital assets, being depreciated:				
Land improvements	11,309,931	-	-	11,309,931
Buildings and improvements	68,346,864	1,213,214	-	69,560,078
Machinery and equipment	11,310,645	267,161	-	11,577,806
Vehicles	17,373,004	1,266,432	1,026,155	17,613,281
Infrastructure	22,733,494	181,443	-	22,914,937
Total capital assets being depreciated	131,073,938	2,928,250	1,026,155	132,976,033
Less accumulated depreciation for:				
Land improvements	(3,789,373)	(494,299)	-	(4,283,672)
Buildings and improvements	(25,590,632)	(1,417,539)	-	(27,008,171)
Machinery and equipment	(9,056,117)	(583,471)	-	(9,639,588)
Vehicles	(10,355,375)	(1,186,297)	(840,258)	(10,701,414)
Infrastructure	(11,199,971)	(343,042)	-	(11,543,013)
Total accumulated depreciation	(59,991,468)	(4,024,648)	(840,258)	(63,175,858)
Total capital assets being depreciated, net	71,082,470	(1,096,398)	185,897	69,800,175
Governmental activities capital assets, net	\$ 76,641,969	\$ 1,477,490	\$ 318,388	\$ 77,801,071

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,965,996	\$ -	\$ 350,000	\$ 3,615,996
Construction in process	6,329,946	6,791,521	5,999,551	7,121,916
Total capital assets not being depreciated	<u>10,295,942</u>	<u>6,791,521</u>	<u>6,349,551</u>	<u>10,737,912</u>
Capital assets, being depreciated:				
Land improvements	3,171,268	-	-	3,171,268
Buildings and improvements	102,276,401	2,384,038	-	104,660,439
Machinery and equipment	7,863,744	436,157	-	8,299,901
Infrastructure	58,546,938	437,700	-	58,984,638
Airport operational assets	258,713,164	5,268,230	52,484	263,928,910
Parking structures	11,317,169	-	-	11,317,169
Total capital assets being depreciated	<u>441,888,684</u>	<u>8,526,125</u>	<u>52,484</u>	<u>450,362,325</u>
Less accumulated depreciation for:				
Land improvements	(1,765,462)	(71,138)	-	(1,836,600)
Buildings and improvements	(27,898,754)	(2,676,782)	-	(30,575,536)
Machinery and equipment	(4,826,202)	(335,033)	-	(5,161,235)
Infrastructure	(12,323,267)	(592,362)	-	(12,915,629)
Airport operational assets	(160,390,949)	(8,062,412)	(52,484)	(168,400,877)
Parking structures	(8,358,115)	(268,314)	-	(8,626,429)
Total accumulated depreciation	<u>(215,562,749)</u>	<u>(12,006,041)</u>	<u>(52,484)</u>	<u>(227,516,306)</u>
Total capital assets being depreciated, net	<u>226,325,935</u>	<u>(3,479,916)</u>	<u>-</u>	<u>222,846,019</u>
Business-type activities capital assets, net	<u>\$ 236,621,877</u>	<u>\$ 3,311,605</u>	<u>\$ 6,349,551</u>	<u>\$ 233,583,931</u>

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

Governmental Activities:	
General government	\$ 1,511,813
Public safety	862,286
Health, community services and recreation	81,663
Public building and services	475,381
Education	<u>1,093,505</u>
Total depreciation expense - governmental activities	<u>\$ 4,024,648</u>
Business-type activities:	
Sewer Utility Fund	\$ 1,750,496
Airport Fund	8,062,412
Park Woods	89,123
Parking Fund	268,315
Bass Park Fund	1,574,826
Municipal Golf Course	76,371
Economic Development Fund	<u>184,498</u>
Total depreciation expense - business-type activities	<u>\$ 12,006,041</u>

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Construction commitments

The government has active construction projects as of June 30, 2014. The projects include traffic flow improvements, construction of a new athletic stadium, reconstruction of runways, terminal redesign and renovations, and continuation of the combined sewer overflow program.

D. Interfund Transactions

Individual fund interfund receivable and payable transactions are described in the Summary of Significant Accounting Policies Note D. 2. As of June 30, 2014 the balances were as follows:

	Receivable	Payable
General Fund	\$ 3,455,129	\$ -
Grant Fund	-	177,830
Airport Fund	-	226,325
Sewer Fund	89,000	-
Stormwater Utility Fund	-	89,000
Park Woods Fund	-	330,500
Bass Park Fund	-	1,967,574
Economic Development	-	752,900
	\$ 3,544,129	\$ 3,544,129

Individual fund transfers to and from other funds for the fiscal year ended June 30, 2014 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	\$ 1,090,500	\$ 80,976
Arena Fund	3,170,717	-
Dedicated Revenue Funds	-	49,141
Capital Projects Fund	110,554	1,105,500
Other Nonmajor Permanent Funds	35,000	437
Bass Park Fund	-	3,170,717
	\$ 4,406,771	\$ 4,406,771

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

E. Due From Other Governments

Due from other governments is comprised of the following amounts at June 30, 2014:

	Federal Government	State of Maine	Other	Total
General Fund	\$ 2,063,020	\$ 807,071	\$ 568,251	\$ 3,438,342
Community Development	25,661	-	-	25,661
Nonmajor Special Revenue Funds	188,686	5,373	-	194,059
Capital Projects Fund	439,528	183,903	-	623,431
Proprietary Funds	887,798	95,104	-	982,902

Amounts due from Federal Government are comprised of operating and capital grants for all fund types. Of the General Fund's \$807,071 due from State of Maine, \$349,989 represents school grant and State agency billings, and \$160,982 represents general assistance claims. Amounts owed to the Capital Projects and Proprietary funds by the State of Maine are for capital grant purposes. Amounts due from other communities for tuition reimbursement to Bangor account for \$399,844 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, 2014 are:

Fiscal year ending June 30,	Airport	Economic Development
2015	\$ 1,900,913	\$ 384,845
2016	1,288,534	336,266
2017	953,605	324,840
2018	838,745	296,404
2019	563,007	204,446
Subsequent to 2019	3,787,893	1,956,459
	<u>\$ 9,332,697</u>	<u>\$ 3,503,260</u>

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. The Airport received \$2,925,352 in contingent rentals in fiscal year 2014.

The carrying amounts of the leased assets are as follows:

	Airport	Economic Development
Land	\$ 565,532	\$ 2,736,769
Buildings	22,886,327	4,318,516
Less accumulated depreciation	(15,770,204)	(1,469,201)
Total	<u>\$ 7,681,655</u>	<u>\$ 5,586,084</u>

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Capital Leases

The City entered into several leases for financing the acquisition of heavy equipment and office equipment. These lease agreements qualify as capital leases for accounting purposes whereas they contain a bargain purchase option and, therefore, have been recorded at the present value of the future minimum lease payments. The following is an analysis of equipment leased under capital leases as of June 30, 2014:

	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 514,581	\$ 52,837
Less accumulated depreciation	(154,374)	(4,081)
Carrying value	\$ 360,207	\$ 48,756

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2014:

Fiscal Year ending June 30,	Governmental Activities	Business-type Activities
2015	\$ 95,572	\$ 10,074
2016	95,572	10,074
2017	95,575	10,074
2018	-	10,074
2019	-	7,929
Subsequent to 2019	-	2,938
Total minimum lease payments	286,719	51,163
Less: amount representing interest	(8,991)	(9,464)
Present value of future minimum lease payments	\$ 277,728	\$ 41,699

G. Other Assets

Other assets are comprised of the following:

	Proprietary Fund
Deposits	\$ 20,000
Total	\$ 20,000

H. Unearned Revenue

General Fund, Community Development Block Grant and Capital Projects Fund unearned revenues consist of \$36,919, \$50,096 and \$78,298 in advance deposits, respectively.

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

I. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital additions. General obligation bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund general obligation bonds and extinguish an existing retirement liability. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds.

The original amount of general obligation bonds issued is \$203,099,948. The following is a summary of general obligation bond and note transactions of the City for the fiscal year ended June 30, 2014:

Bonds and notes payable at June 30, 2013	\$ 145,219,790
Add: principal additions	8,669,000
Less: principal repayments	<u>6,934,292</u>
Bonds and notes payable at June 30, 2014	<u>\$ 146,954,498</u>

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Bonds and notes payable at June 30, 2014 are comprised of the following:

Long-term debt	Fiscal year of maturity	Interest rate	Governmental Activities		Business-type Activities	Total June 30, 2014
			City	School		
Combined sewer overflow	2017	3.52%	-	-	555,153	555,153
Tax increment financing note*	2016	4.50%	200,041	-	-	200,041
Combined sewer overflow	2018	3.03%	-	-	586,854	586,854
Tax increment financing note*	2018	4.50%	80,830	-	-	80,830
Maine Business Enterprise Park	2018	5.00%	-	-	73,935	73,935
Public improvements note*	2020	4.50%	375,015	-	-	375,015
Pension obligation bonds	2026	3.06% - 6.45%	21,757,695	1,390,190	4,662,115	27,810,000
Combined sewer overflow	2023	1.94%	-	-	1,456,213	1,456,213
Tax increment financing note*	2015	2.50% - 4.00%	17,180	-	-	17,180
Briggs Building note	2023	4.50%	-	-	753,991	753,991
Refunding/public improvements - 2004	2024	2.50% - 4.80%	210,000	-	-	210,000
Combined sewer overflow	2025	1.41%	-	-	1,582,335	1,582,335
Public improvements - 2005	2025	3.50% - 4.30%	155,000	-	50,000	205,000
Airport building sprinklers	2025	3.25% - 5.00%	-	-	115,000	115,000
Chancellor's property note	2026	5.00%	-	-	1,600,222	1,600,222
Public improvements/refunding	2026	4.00% - 4.20%	888,969	-	91,031	980,000
Combined sewer overflow	2027	1.64%	-	-	1,372,666	1,372,666
Public improvements - 2007	2027	4.00%	2,155,000	-	-	2,155,000
Combined sewer overflow	2028	1.81%	-	-	1,473,375	1,473,375
Public improvements - 2009	2029	2.00% - 4.375%	2,325,000	-	-	2,325,000
ARRA - CWSRF	2029	0.00%	-	-	749,438	749,438
ARRA - CWSRF	2030	0.00%	-	-	388,250	388,250
Public improvements/refunding	2020	2.00% - 3.25%	2,733,332	4,901,620	795,048	8,430,000
Public improvements/refunding	2021	2.00% - 3.25%	1,419,624	-	3,140,376	4,560,000
Qualified school construction bond	2028	4.65%	-	5,610,000	-	5,610,000
Refunding/public improvements	2022	2.00% - 2.25%	2,013,604	1,808,910	1,172,486	4,995,000
Arena	2043	3.25% - 5.00%	-	-	53,800,000	53,800,000
Qualified school construction bond	2035	4.05%	-	2,800,000	-	2,800,000
Refunding/public improvements	2032	2.00% - 4.00%	7,307,965	-	1,417,035	8,725,000
Refunding/airport improvements	2033	.50% - 4.25%	-	-	4,300,000	4,300,000
Public Improvements	2034	2.00% - 4.00%	7,169,000	1,200,000	300,000	8,669,000
Total bonds and notes payable			\$ 48,808,255	\$ 17,710,720	\$ 80,435,523	\$ 146,954,498

* Notes aggregating \$673,066 are held by the City's Airport Fund at fixed, taxable market rates of interest.

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

Fiscal year ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 5,120,781	\$ 2,484,297	\$ 3,372,479	\$ 2,861,605
2016	5,237,687	2,307,519	3,483,464	2,751,701
2017	5,204,002	2,136,271	3,595,825	2,634,691
2018	5,143,808	1,934,967	3,532,872	2,517,593
2019	4,718,052	1,745,903	3,323,824	2,393,085
2020-2024	20,559,493	5,945,604	16,254,724	10,000,511
2025-2029	16,370,152	1,243,883	12,716,647	6,957,528
2030-2034	1,450,000	161,738	11,295,688	5,061,866
2035-2039	2,715,000	-	11,785,000	3,182,613
2040-2043	-	-	11,075,000	901,175
Total	\$ 66,518,975	\$ 17,960,182	\$ 80,435,523	\$ 39,262,368

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Legal Debt Margin

The City is subject to the laws of the State of Maine, which limits the amount of long-term debt to 15% of the state's assessed valuation of the City. At June 30, 2014, the statutory limit for the City was \$369,637,500. The City's outstanding long-term debt of \$146,954,498 at June 30, 2014 was within the statutory limit.

Advance Refunding

In prior years, the City defeased general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2014, \$4,415,000 of defeased bonds remain outstanding.

Authorized and Unissued

On November 26, 2007, the City Council authorized the issuance of up to \$600,000 in general obligation bonds for the purpose of renovating and rehabilitating property located at 103 Texas Avenue. As of June 30, 2014, \$155,000 remains authorized and unissued. The City expects to issue the debt within the next twenty four months.

On August 8, 2011, the City Council authorized the issuance of up to \$2,000,000 in general obligation bonds to provide funding for remediation of the Penobscot River. As of June 30, 2014, no debt for this purpose had been issued. The City will continue to monitor when and if the debt will be issued.

On May 28, 2014, the City Council authorized the issuance of up to \$250,000 in general obligations bonds to provide funding for the regional school program building renovations. The City expects to issue the debt within the next twelve 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, 2014, Penobscot County had no debt outstanding.

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2014, was as follows:

	June 30, 2013	Additions	Reductions	June 30, 2014	one year
Governmental activities:					
General obligation debt	\$ 62,727,567	\$ 8,369,000	\$ 4,577,592	\$ 66,518,975	\$ 5,120,781
Accrued compensated absences*	2,261,060	2,044,224	1,632,945	2,672,339	1,445,363
Capital leases	361,009	-	83,281	277,728	90,476
Bond premium	639,850	-	4,187	635,663	6,280
Net OPEB obligation*	2,226,963	417,882	178,593	2,466,252	-
Long-term obligation for self insurance	1,982,918	512,921	638,087	1,857,752	612,727
Governmental activities long-term liabilities	<u>\$ 70,199,367</u>	<u>\$ 11,344,027</u>	<u>\$ 7,114,685</u>	<u>\$ 74,428,709</u>	<u>\$ 7,275,627</u>
Business-type activities:					
General obligation debt	\$ 82,492,223	\$ 300,000	\$ 2,356,700	\$ 80,435,523	\$ 3,372,479
Accrued compensated absences*	535,262	554,290	498,843	590,709	358,121
Capital leases	-	52,837	11,138	41,699	8,631
Net OPEB obligation*	666,966	132,847	56,776	743,037	-
Long-term obligation for self insurance	355,000	-	-	355,000	141,016
Other	3,232,956	-	177,559	3,055,397	90,712
Business-type activities long-term liabilities	<u>\$ 87,282,407</u>	<u>\$ 1,039,974</u>	<u>\$ 3,101,016</u>	<u>\$ 85,221,365</u>	<u>\$ 3,970,959</u>

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

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

J. Fund Balances

As of June 30, 2014, fund balances components consisted of the following:

	Nonspendable	Restricted	Committed	Assigned
General Fund:				
Advances to other funds	\$ 1,900,500	\$ -	\$ -	\$ -
Inventory and prepaid items	853,265	-	-	-
PEG capital support	-	23,769	-	-
Arbitrage	-	265,088	-	-
School Department				
Regular	-	571,279	-	-
Adult education	-	24,275	-	-
General evening	-	33,310	-	-
Reading assessment	-	247	-	-
Special revenue	-	61,400	-	-
School lunch	-	116,213	-	-
Trust and agency	-	167,288	-	-
Cultural Commission/Econ Develop	-	-	2,623	-
Subsequent year expenditures	-	-	-	31,347
Pooled equipment reserve	-	-	-	318,739
Bus equipment reserve	-	-	-	46,835
Fire equipment reserve	-	-	-	107,821
Self insurance reserve	-	-	-	1,857,302
Improvement reserve	-	-	-	422,739
Cameron Stadium reserve	-	-	-	218
Demolition reserve	-	-	-	52,483
Benefit reserve	-	-	-	565,114
Parks & Recreation reserve	-	-	-	15,193
Subtotal	<u>2,753,765</u>	<u>1,262,869</u>	<u>2,623</u>	<u>3,417,791</u>
Arena Fund	-	-	1,051,134	-
Capital Projects Fund:				
Capital project funds	-	-	-	4,868,248
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,868,248</u>
Other Governmental Funds:				
Nonexpendable trust principal	544,200	-	-	-
Nonmajor Special Revenue Funds	-	1,971,397	-	-
Nonmajor Permanent Funds	-	483,284	-	-
Subtotal	<u>544,200</u>	<u>2,454,681</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,297,965</u>	<u>\$ 3,717,550</u>	<u>\$ 1,053,757</u>	<u>\$ 8,286,039</u>

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Encumbrances at year end were \$1,246,557 for General Fund, \$1,713,684 for Capital Projects Fund, \$2,465,482 for Airport Fund, \$1,697,787 for Sewer Utility Fund and \$376 for nonmajor proprietary funds.

K. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City of through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City's net investment in capital assets was calculated as follows at June 30, 2014:

	Governmental	Business-type
Capital assets	\$ 140,976,929	\$ 461,100,237
Accumulated depreciation	(63,175,858)	(227,516,306)
Bonds payable	(66,518,975)	(80,435,523)
Capital leases	(277,728)	(41,699)
Non capital related bonds payable	36,969,265	9,201,596
Premium on long term debt	(635,663)	(2,547,488)
Unspent bond proceeds	2,336,904	110,926
Net invested in capital assets	\$ 49,674,874	\$ 159,871,743

OTHER INFORMATION

A. Risk Management

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

The City purchases coverage under a number of commercially available insurance policies such as; commercial general liability, auto, property damage and crime and dishonesty, each with limits and deductibles deemed prudent given the risks, cost of coverage and the City's ability to fund certain types of losses. For those claims covered by commercial insurance, the amount of settlements has not exceeded the coverage for the years ended June 30, 2014, 2013 and 2012.

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, 2014, the amount of self-insurance liabilities was \$2,212,302. This liability is the City's best estimate based on available information.

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

OTHER INFORMATION, CONTINUED

Changes in the reported liabilities since July 1, 2012 resulted from the following:

	Workers' Compensation	All other self- insured risks	Total
Unpaid claims as of July 1, 2012	\$ 2,117,326	\$ 312,520	\$ 2,429,846
Incurred claims	94,250	-	94,250
Payments	(842,868)	-	(842,868)
Changes in estimates and other adjustments	656,218	472	656,690
Unpaid claims as of July 1, 2013	2,024,926	312,992	2,337,918
Incurred claims	533,535	-	533,535
Payments	(718,917)	-	(718,917)
Changes in estimates and other adjustments	59,851	365	60,216
Unpaid claims as of July 1, 2014	<u>\$ 1,899,395</u>	<u>\$ 313,357</u>	<u>\$ 2,212,752</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

OTHER INFORMATION, CONTINUED

C. Contingent Liabilities

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

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

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

D. Retirement

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

Defined Contribution Plan

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

Funding Policy – Plan members not covered by employment contracts are required to contribute 6.5% of their annual covered salary and the City is required to contribute either 8% or 10% depending upon the employee's classification. For fiscal year 2014 covered payroll was \$16,739,257 and City contributions were \$1,436,492. 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 \$480,810 and \$55,372 respectively, in fiscal year 2014.

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

OTHER INFORMATION, CONTINUED

Defined Benefit Pension Plan

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

Funding Policy – Plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute an actuarially determined rate. The current rate ranges from 6.50% to 12.80% 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, 2014, 2013, and 2012 were \$956,294, \$936,700, and \$942,629 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 State of Maine Department of Education is required to contribute the unfunded actuarial portion of the employer contribution rate (13.03%) and the health and benefits component (2.33%) for a total of 15.36%, which amounts to \$3,585,343 for fiscal year 2014. This amount has been reported as an intergovernmental revenue and education expenditure in the GAAP basis financial statements. The school department is required to contribute the normal cost of the employer contribution which amounts to 2.65% of their compensation. The school department is required to contribute the entire amount of the employer contribution for federally funded teachers, for which they contributed 18.48% of their compensation. This cost is charged to the applicable grant.

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

OTHER INFORMATION, CONTINUED

Deferred Compensation Plan

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

Social Security

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

E. Other Postemployment Benefits

Governmental Accounting Standards Board (GASB) Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported similar to pension plans.

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

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

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

Annual required contribution (ARC)	\$ 604,390
Amortization adjustment to ARC	(169,418)
Interest on net OPEB obligation	<u>115,757</u>
Annual OPEB cost	<u>\$ 550,729</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, 2012, 2013 and 2014 are as follows:

	June 30, 2012	June 30, 2013	June 30, 2014
Annual OPEB cost	\$ 344,143	\$ 557,850	\$ 550,729
City contributions	(57,070)	(274,117)	(235,369)
Increase in net OPEB obligation	287,073	283,733	315,360
Net OPEB obligation, beginning of year	2,323,123	2,610,196	2,893,929
Net OPEB obligation, end of year	<u>\$ 2,610,196</u>	<u>\$ 2,893,929</u>	<u>\$ 3,209,289</u>
Percentage contributed	16.58%	49.14%	42.74%

The unfunded actuarial accrued liability as a percentage of covered payroll for June 30, 2014 is as follows:

	Governmental Activities	Business-type Activities	Total June 30, 2013
Actuarial accrued liability (AAL)	\$ 5,213,644	\$ 1,657,448	\$ 6,871,092
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 5,213,644</u>	<u>\$ 1,657,448</u>	<u>\$ 6,871,092</u>
Covered payroll	<u>\$ 16,098,456</u>	<u>\$ 5,117,794</u>	<u>\$ 21,216,250</u>
UAAL as a percentage of covered payroll			32.39%

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

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

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

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

OTHER INFORMATION, CONTINUED

F. Subsequent Events

On August 11, 2014 the City Council authorized the issuance of up to \$2,720,000 in general obligation bonds for the purpose of funding street and sidewalk work, parks & recreation infrastructure and equipment, the City's annual fleet/equipment replacement and fire station improvements.

On November 10, 2014, the City Council authorized the issuance of up to \$150,000 in general obligation bonds for the purpose of regional school program building renovations.

On December 19, 2014 the City issued \$2,500,000 in 20 year general obligation bonds for the purpose of funding sewer infrastructure improvements. The bonds were issued through the Maine Municipal Bond Bank's Clean Water State Revolving Loan Fund at an interest rate of .10%.

G. Restatement

The beginning of year, net position for the Stormwater and Airport funds were restated. The restatement was due to the transfer of stormwater project related debt being transferred to the Stormwater Utility fund. Until the creation of the fund, this debt was being paid by the Airport fund.

Net position for the Airport Fund as of June 30, 2014 has been restated as follows:

Net position, beginning of year	\$114,132,382
Transfer of general obligation bonds	<u>1,211,822</u>
Net position, beginning of year, as restated	<u>\$115,344,204</u>

Net position for the Stormwater Utility Fund as of June 30, 2014 has been restated as follows:

Net position, beginning of year	\$ -
Transfer of general obligation bonds	<u>(1,211,822)</u>
Net position, as restated	<u>\$(1,211,822)</u>

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

OTHER INFORMATION, CONTINUED

The 2013 actuarial accrued liability (AAL) and covered payroll balances for business-type activities were restated on the Required Supplemental Information, Schedule of Funding Progress. The restatements were due to the City discontinuing employment for all employees in the Bass Park Fund.

2013 Actuarial accrued liability (AAL)	\$1,671,709
Reduction due to position eliminations	<u>(84,662)</u>
2013 Actuarial accrued liability (AAL), as restated	<u>\$1,587,047</u>
2013 Covered payroll	\$5,347,204
Reduction due to position eliminations	<u>(293,398)</u>
2013 Covered payroll, as restated	<u>\$5,053,806</u>

The Bangor Public Library, a component unit of the City of Bangor, restated its financial statements for the year ended June 30, 2013, to reflect additional contributed income and increased construction in progress in the amount of \$447,227. The amount of the restatement is reflective of payments made by the City of Bangor in the prior year related to the repairs of the facility's dome.

CITY OF BANGOR, MAINE
Required Supplemental Information
Schedule of Funding Progress - Retiree Healthcare Plan
For the Fiscal Year Ended June 30, 2014

	Fiscal Year					
	2009	2010	2011	2012	2013*	2014
Actuarial Valuation Date	7/1/2008	7/1/2008	1/1/2011	1/1/2011	6/30/2013	6/30/2013
Governmental activities:						
Actuarial value of assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	8,488,427	8,488,427	3,407,638	3,430,307	5,284,045	5,213,644
Unfunded actuarial accrued liability (UAAL)	\$ 8,488,427	\$ 8,488,427	\$ 3,407,638	\$ 3,430,307	\$ 5,284,045	\$ 5,213,644
Funded ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 16,257,319	\$ 17,224,485	\$ 17,369,969	\$ 17,175,024	\$ 16,901,784	\$ 16,098,456
Business-type activities:						
Actuarial value of assets	\$ -	-	-	\$ -	-	\$ -
Actuarial accrued liability (AAL)	2,710,336	2,710,336	1,095,160	1,072,491	1,587,047	1,657,448
Unfunded actuarial accrued liability (UAAL)	\$ 2,710,336	\$ 2,710,336	\$ 1,095,160	\$ 1,072,491	\$ 1,587,047	\$ 1,657,448
Funded ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 5,190,927	\$ 5,439,647	\$ 5,582,428	\$ 5,369,798	\$ 5,053,806	\$ 5,117,794
Primary government:						
Actuarial value of assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	11,198,763	11,198,763	4,502,798	4,502,798	6,871,092	6,871,092
Unfunded actuarial accrued liability (UAAL)	\$ 11,198,763	\$ 11,198,763	\$ 4,502,798	\$ 4,502,798	\$ 6,871,092.00	\$ 6,871,092
Funded ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 21,448,246	\$ 22,664,132	\$ 22,952,397	\$ 22,544,822	\$ 21,955,590	\$ 21,216,250
UAAL as a percentage of covered payroll	52.21%	49.41%	19.62%	19.97%	31.30%	32.39%

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

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

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, 2014

ASSETS	
Cash and cash equivalents	\$ 12,701,394
Investments	50,000
Receivables:	
Taxes	2,765,960
Accounts (net of allowance of \$465,108)	751,691
Interfund	3,455,129
Intergovernmental	3,438,342
Loans	753,992
Inventory, at cost	748,711
Prepaid items	104,554
Total assets	24,769,773
LIABILITIES	
Accounts payable	\$ 1,138,907
Accrued wages and benefits payable	4,000,984
Unearned revenue	36,919
Total liabilities	5,176,810
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues - property taxes	2,557,443
Total deferred inflows of resources	2,557,443
FUND BALANCES	
Nonspendable	2,753,765
Restricted	1,262,869
Committed	2,623
Assigned	3,417,791
Unassigned	9,598,472
Total fund balance	17,035,520
Total liabilities, deferred inflows of resources and fund balances	\$ 24,769,773

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, 2014

	Balances			Variance	
	Carried 7/1/2013	Budget	Actual	Surplus	Carried
Revenues					
Taxes					
Real and personal property	\$ -	\$ 52,745,345	\$ 52,654,263	\$ (91,082)	\$ -
Change in unavailable property tax	-	-	107,467	107,467	-
Tax increment financing district	-	(2,553,715)	(2,553,715)	-	-
Payment in lieu of taxes	-	150,000	161,438	11,438	-
Excise	-	4,526,000	5,400,100	874,100	-
Interest on delinquent taxes	-	200,000	235,665	35,665	-
Total taxes	-	55,067,630	56,005,218	937,588	-
Intergovernmental					
State revenue sharing	-	2,369,000	2,305,725	(63,275)	-
School subsidy	-	17,160,944	16,970,557	-	(190,387)
Other -					
municipal	-	3,340,533	3,403,564	63,031	-
school	-	3,881,512	4,020,167	-	138,655
Total intergovernmental	-	26,751,989	26,700,013	(244)	(51,732)
Other revenue					
Licenses and permits	-	677,759	1,389,717	711,958	-
Charges for service -					
municipal	-	8,678,761	8,423,681	(255,080)	-
school	-	3,194,042	3,446,006	-	251,964
Fines, forfeits and penalties	-	32,000	27,263	(4,737)	-
Revenue from use of money and property -					
municipal	-	721,400	700,557	(20,843)	-
Total other	-	13,303,962	13,987,224	431,298	251,964
Total revenues	-	95,123,581	96,692,455	1,368,642	200,232

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, 2014

	Balances			Variance	
	Carried 7/1/2013	Budget	Actual	Surplus	Carried
Expenditures					
General government					
Council	-	30,484	30,203	281	-
Executive	-	983,418	1,090,771	(107,353)	-
Human resources	-	120,256	99,703	20,553	-
City clerk	-	365,685	351,919	13,766	-
Assessing	-	347,035	338,604	8,431	-
Legal	-	272,022	286,131	(14,109)	-
Finance	-	1,589,545	1,530,944	58,601	-
Insurance	-	155,000	156,012	(1,012)	-
Planning, econ dev, code enforcement	10,000	1,182,228	1,098,396	93,832	-
Total general government	10,000	5,045,673	4,982,683	72,990	-
Public safety					
Police	-	8,471,546	8,015,120	456,426	-
Fire	-	8,303,450	8,394,925	(91,475)	-
Total public safety	-	16,774,996	16,410,045	364,951	-
Health, community services and recreation					
Health and community services	-	3,223,990	2,957,665	266,325	-
Parks and recreation	-	1,768,156	1,866,951	(98,795)	-
Total health, commun. serv and rec.	-	4,992,146	4,824,616	167,530	-
Public buildings and services					
Public buildings and services	-	10,283,684	10,047,240	236,444	-

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, 2014

	Balances			Variance	
	Carried 7/1/2013	Budget	Actual	Surplus	Carried
Expenditures, continued					
Other agencies					
County tax	-	3,010,874	3,020,874	(10,000)	-
Downtown Development District	-	55,542	55,542	-	-
Public library	-	1,401,481	1,401,481	-	-
Other agencies	583	80,525	88,484	(9,999)	2,623
Total other agencies	583	4,548,422	4,566,381	(19,999)	2,623
Education					
Regular	2,630,261	42,802,562	41,948,140	-	3,484,683
Adult education	97,600	508,170	448,113	-	157,657
School lunch	179,746	1,416,772	1,398,588	-	197,930
Special revenue	23,370	2,637,133	2,657,813	-	2,690
Trust and agency	195,447	1,118,900	1,129,310	-	185,037
Total education	3,126,424	48,483,537	47,581,964	-	4,027,997
Other appropriations					
Pensions and other fringe benefits	-	2,206,898	2,149,269	57,629	-
Debt service	-	2,754,485	2,753,492	993	-
Tax increment financing payments	-	897,850	922,264	(24,414)	-
Total other appropriations	-	5,859,233	5,825,025	34,208	-
Total expenditures	3,137,007	95,987,691	94,237,954	856,124	4,030,620
Excess (deficiency) of revenues over/under expenditures	(3,137,007)	(864,110)	2,454,501	2,224,766	4,230,852

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, 2014

	Balances			Variance	
	Carried 7/1/2013	Budget	Actual	Surplus	Carried
Other financing sources (uses)					
Appropriation from restricted, committed and assigned fund balances	-	1,480,760	68,339	-	(1,412,421)
Appropriation from unassigned fund balance	-	91,350	-	(91,350)	-
Appropriation to assigned fund balances	-	-	(288,450)	(288,450)	-
Sale of assets	-	21,500	53,253	31,753	-
Contributions	-	-	485	485	-
Insurance Settlements	-	23,500	53,192	29,692	-
Transfers to other funds	-	(780,000)	(830,000)	(50,000)	-
Transfers from other funds	-	27,000	21,113	(5,887)	-
Total other financing sources (uses)	-	864,110	(922,068)	(373,757)	(1,412,421)
Net change in unassigned fund balance	\$ (3,137,007)	\$ -	\$ 1,532,433	1,851,009	\$ 2,818,431
Unassigned fund balance, beginning of year				7,727,014	
Changes in amounts required to be shown as nonspendable fund balance					
Inventory and prepaids				20,449	
Unassigned fund balance, end of year				\$ 9,598,472	

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, 2014

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,063,738	\$ -	\$ 1,063,738
Investments	-	128,797	128,797
Receivables:			
Accounts	31,319	-	31,319
Loans /Notes	1,041,529	898,687	1,940,216
Intergovernmental	194,059	-	194,059
Total assets	\$ 2,330,645	\$ 1,027,484	\$ 3,358,129
LIABILITIES			
Accounts payable	\$ 21,418	\$ -	\$ 21,418
Interfund loans payable	177,830	-	177,830
Total liabilities	199,248	-	199,248
DEFERRED INFLOWS OF RESOURCES			
Unavailable resources - loans	160,000	-	160,000
Total deferred inflows of resources	160,000	-	160,000
FUND BALANCES			
Nonspendable	-	544,200	544,200
Restricted	1,971,397	483,284	2,454,681
Total fund balances	1,971,397	1,027,484	2,998,881
Total liabilities, deferred inflows of resources and fund balances	\$ 2,330,645	\$ 1,027,484	\$ 3,358,129

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues			
Taxes	\$ 814,460	\$ -	\$ 814,460
Intergovernmental	6,957,554	-	6,957,554
Charges for services	811,606	-	811,606
Program income	12,325	-	12,325
Revenue from use of money and property	77,769	-	77,769
Other revenue	70,522	4,800	75,322
Interest revenue	-	43,650	43,650
Total revenues	8,744,236	48,450	8,792,686
Expenditures			
Current:			
Personnel	1,179,851	-	1,179,851
Payments to beneficiaries	824,991	-	824,991
Other	3,739,966	-	3,739,966
Bus operations	2,801,667	-	2,801,667
Program expenditures	-	27,846	27,846
Total expenditures	8,546,475	27,846	8,574,321
Excess of revenues over expenditures	197,761	20,604	218,365
Other financing sources (uses)			
Transfers to other funds	-	(35,000)	(35,000)
Transfers from other funds	49,141	437	49,578
Total other financing sources (uses)	49,141	(34,563)	14,578
Net change in fund balances	246,902	(13,959)	232,943
Fund balances, beginning of year	1,724,495	1,041,443	2,765,938
Fund balances, end of year	\$ 1,971,397	\$ 1,027,484	\$ 2,998,881

CITY OF BANGOR, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals
ASSETS					
Cash and cash equivalents	\$ 360,606	\$ 7,969	480,602	\$ 214,561	\$ 1,063,738
Receivables:					
Accounts	-	31,319	-	-	31,319
Loans/Notes	160,000	-	328,639	552,890	1,041,529
Intergovernmental	-	194,059	-	-	194,059
Total assets	\$ 520,606	\$ 233,347	\$ 809,241	\$ 767,451	\$ 2,330,645
LIABILITIES					
Accounts payable	\$ -	\$ 13,577	\$ -	\$ 7,841	\$ 21,418
Interfund loans payable	-	177,830	-	-	177,830
Total liabilities	-	191,407	-	7,841	199,248
DEFERRED INFLOWS OF RESOURCES					
Unavailable resources - loans	160,000	-	-	-	160,000
Total deferred inflows of resources	160,000	-	-	-	160,000
FUND BALANCES					
Restricted	360,606	41,940	809,241	759,610	1,971,397
Total fund balances	360,606	41,940	809,241	759,610	1,971,397
Total liabilities, deferred inflows of resources and fund balances	\$ 520,606	\$ 233,347	\$ 809,241	\$ 767,451	\$ 2,330,645

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, 2014

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 814,460	\$ 814,460
Intergovernmental	-	6,957,554	-	-	6,957,554
Charges for services	-	811,606	-	-	811,606
Program income	12,325	-	-	-	12,325
Revenue from use of money and property	-	-	58,480	19,289	77,769
Contributions	-	-	6,535	63,987	70,522
Total revenues	12,325	7,769,160	65,015	897,736	8,744,236
Expenditures					
Current:					
Personnel	-	1,179,851	-	-	1,179,851
Payments to beneficiaries	-	-	5,873	819,118	824,991
Other	-	3,739,966	-	-	3,739,966
Bus operations	-	2,801,667	-	-	2,801,667
Total expenditures	-	7,721,484	5,873	819,118	8,546,475
Excess (deficiency) of revenues over (under) expenditures	12,325	47,676	59,142	78,618	197,761
Other financing sources					
Transfers from other funds	-	-	49,141	-	49,141
Total other financing sources (uses)	-	-	49,141	-	49,141
Net change in fund balances	12,325	47,676	108,283	78,618	246,902
Fund balances, beginning of year	348,281	(5,736)	700,958	680,992	1,724,495
Fund balances, end of year	\$ 360,606	\$ 41,940	\$ 809,241	\$ 759,610	\$ 1,971,397

CITY OF BANGOR, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2014

	Other Funds	Revolving Loan Funds	Totals
ASSETS			
Investments	\$ -	\$ 128,797	\$ 128,797
Loans receivable	898,687	-	898,687
Total assets	898,687	\$ 128,797	\$ 1,027,484
LIABILITIES AND FUND BALANCES			
Liabilities	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -
Fund balances			
Nonspendable	415,403	128,797	544,200
Restricted	483,284	-	483,284
Total fund balances	898,687	128,797	1,027,484
Total liabilities and and fund balances	\$ 898,687	\$ 128,797	\$ 1,027,484

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the Fiscal Year Ended June 30, 2014

	Other Funds	Revolving Loan Funds	Totals
Revenues			
Investment income	\$ 36,423	\$ 7,227	\$ 43,650
Lot sales	4,800	-	4,800
Total revenues	41,223	7,227	48,450
Expenditures			
Current:			
Payments to beneficiaries	89	27,757	27,846
Total expenditures	89	27,757	27,846
Excess (deficiency) of revenues over (under) expenditures	41,134	(20,530)	20,604
Other financing sources (uses)			
Transfer to other funds	(35,000)	-	(35,000)
Transfer from other funds	437	-	437
Total other financing source (uses)	(34,563)	-	(34,563)
Net change in fund balances	6,571	(20,530)	(13,959)
Fund balances, beginning of year	892,116	149,327	1,041,443
Fund balances, end of year	\$ 898,687	\$ 128,797	\$ 1,027,484

ENTERPRISE FUNDS

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

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

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

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

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

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

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

CITY OF BANGOR, MAINE
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2014

Business-type Activities - Enterprise Funds

	Park Woods	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
ASSETS						
Current assets						
Cash and cash equivalents	\$ 477	\$ 1,133	\$ 75	\$ 391,255	\$ 522,744	\$ 915,684
Accounts receivable	-	236,819	16,820	1,056	-	254,695
Total current assets	477	237,952	16,895	392,311	522,744	1,170,379
Noncurrent assets						
Capital Assets:						
Land and improvements	295,025	-	3,634,485	-	1,594,732	5,524,242
Buildings and improvements	1,933,061	-	4,318,516	-	912,607	7,164,184
Machinery and equipment	22,952	-	-	-	305,859	328,811
Infrastructure	-	-	683,189	-	-	683,189
Parking structures	-	-	-	11,317,169	-	11,317,169
	2,251,038	-	8,636,190	11,317,169	2,813,198	25,017,595
Less accumulated depreciation	(1,721,812)	-	(1,866,564)	(8,626,429)	(1,835,801)	(14,050,606)
Net capital assets	529,226	-	6,769,626	2,690,740	977,397	10,966,989
Loans receivable	-	-	1,490,343	-	-	1,490,343
Deposits	20,000	-	-	-	-	20,000
Total noncurrent assets	549,226	-	8,259,969	2,690,740	977,397	12,477,332
Total assets	549,703	237,952	8,276,864	3,083,051	1,500,141	13,647,711

Continued on next page

CITY OF BANGOR, MAINE
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2014

Business-type Activities - Enterprise Funds

	Park Woods	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
LIABILITIES						
Current liabilities						
Accounts payable	36,718	11,758	1,700	1,586	20,072	71,834
Accrued wages and benefits payable	1,986	1,888	-	3,356	9,969	17,199
Accrued interest	-	-	58,599	11,590	3,887	74,076
Workers' compensation	-	-	-	3,665	-	3,665
Interfund loans payable	330,500	89,000	752,900	-	-	1,172,400
General obligation debt payable	-	74,133	238,595	207,765	34,302	554,795
Accrued compensated absences	4,379	-	-	8,743	11,939	25,061
Total current liabilities	373,583	176,779	1,051,794	236,705	80,169	1,919,030
Long-term liabilities						
Workers' compensation	-	-	-	6,335	-	6,335
General obligation debt payable	-	1,063,556	2,722,056	1,499,692	399,243	5,684,547
Accrued compensated absences	7,003	-	-	1,390	14,540	22,933
Net OPEB obligation	8,091	-	-	11,575	21,693	41,359
Other long-term liabilities	193,061	-	-	20,345	-	213,406
Total long-term liabilities	208,155	1,063,556	2,722,056	1,539,337	435,476	5,968,580
Total liabilities	581,738	1,240,335	3,773,850	1,776,042	515,645	7,887,610
NET POSITION						
Net investment in capital assets	529,226	-	3,808,975	1,130,127	621,830	6,090,158
Unrestricted	(561,261)	(1,002,383)	694,039	176,882	362,666	(330,057)
Total net position	\$ (32,035)	\$ (1,002,383)	\$ 4,503,014	\$ 1,307,009	\$ 984,496	\$ 5,760,101

Continued from previous page

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2014
Business-type Activities - Enterprise Funds

	Park Woods	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Operating revenues						
Charges for services	\$ 440,295	\$ 359,029	\$ 515,339	\$ 1,002,164	\$ 575,020	\$ 2,891,847
Operating expenses						
Operating expenses other than depreciation and amortization	408,710	149,590	302,100	602,503	547,416	2,010,319
Depreciation and amortization	89,123	-	184,498	268,315	76,371	618,307
Total operating expenses	497,833	149,590	486,598	870,818	623,787	2,628,626
Operating income (loss)	(57,538)	209,439	28,741	131,346	(48,767)	263,221
Nonoperating revenue (expenses)						
Interest income	-	-	63,572	-	324	63,896
Interest expense	-	-	(141,654)	(54,777)	(19,536)	(215,967)
Total nonoperating revenue (expenses)	-	-	(78,082)	(54,777)	(19,212)	(152,071)
Net income (loss) before grants/contributions and transfers	(57,538)	209,439	(49,341)	76,569	(67,979)	111,150
Grants/contributions received for capital assets	-	-	-	-	-	-
Change in net position	(57,538)	209,439	(49,341)	76,569	(67,979)	111,150
Net position, beginning of year (Restated See Note H)	25,503	(1,211,822)	4,552,355	1,230,440	1,052,475	5,648,951
Net position, end of year	\$ (32,035)	\$ (1,002,383)	\$ 4,503,014	\$ 1,307,009	\$ 984,496	\$ 5,760,101

CITY OF BANGOR, MAINE
Combining Statement of Cash Flows - Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2014
Business-type Activities - Enterprise Funds

	Park Woods	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Cash flows from operating activities						
Cash received from customers	\$ 441,555	\$ 122,210	\$ 521,854	\$ 1,002,164	\$ 575,020	\$ 2,662,803
Cash paid to suppliers for goods and services	(358,761)	(62,427)	(309,394)	(434,623)	(220,587)	(1,385,792)
Cash paid to employees for services	(42,257)	(73,517)	-	(165,063)	(314,672)	(595,509)
Net cash provided by (used in) operating activities	40,537	(13,734)	212,460	402,478	39,761	681,502
Cash flows from noncapital financing activities						
Interfund loans (repayments)	(40,500)	89,000	72,100	-	-	120,600
Net cash (used in) noncapital financing activities	(40,500)	89,000	72,100	-	-	120,600
Cash flows from capital and related financing activities						
Principal paid on general obligation bonds	-	(74,133)	(231,207)	(199,818)	(34,617)	(539,775)
Interest paid on general obligation bonds	-	-	(143,025)	(55,807)	(19,829)	(218,661)
Net cash (used in) capital and related financing activities	-	(74,133)	(374,232)	(255,625)	(54,446)	(758,436)
Cash flows from investing activities						
Interest on investments	-	-	89,712	117	324	90,153
Net cash provided by investing activities	-	-	89,712	117	324	90,153
Net increase (decrease) in cash	37	1,133	40	146,970	(14,361)	133,819
Cash, beginning of year	440	-	35	244,285	537,105	781,865
Cash, end of year	\$ 477	\$ 1,133	\$ 75	\$ 391,255	\$ 522,744	\$ 915,684

Continued on next page

CITY OF BANGOR, MAINE
Combining Statement of Cash Flows - Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2014
Business-type Activities - Enterprise Funds

	Park Woods	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ (57,538)	\$ 209,439	\$ 28,741	\$ 131,346	\$ (48,767)	\$ 263,221
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation and amortization	89,123	-	184,498	268,315	76,371	618,307
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	1,260	(236,819)	6,515	-	-	(229,044)
Increase (decrease) in accounts payable	7,323	11,758	(7,294)	1,277	4,628	17,692
Increase (decrease) in unearned revenue	-	-	-	-	-	-
Increase (decrease) in other liabilities	369	1,888	-	1,540	7,529	11,326
Total adjustments	98,075	(223,173)	183,719	271,132	88,528	418,281
Net cash provided by (used in) operating activities	\$ 40,537	\$ (13,734)	\$ 212,460	\$ 402,478	\$ 39,761	\$ 681,502

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, 2014

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 7,975,494	\$ 7,664,776	\$ (310,718)
Interest and other revenue	35,000	42,882	7,882
Total revenues	8,010,494	7,707,658	(302,836)
Expenditures and encumbrances			
Salaries	1,305,764	1,212,477	93,287
Fringe benefits	415,993	358,613	57,380
Supplies and materials	482,965	330,194	152,771
Contractual services	1,526,068	1,188,135	337,933
Utilites	828,180	745,554	82,626
Interfund charges	910,280	517,925	392,355
Miscellaneous	27,795	17,053	10,742
Debt service	1,897,491	1,871,053	26,438
Depreciation	1,691,486	1,750,496	(59,010)
Outlay	463,970	259,198	204,772
Total expenditures and encumbrances	9,549,992	8,250,698	1,299,294
Deficiency of revenues under expenditures and encumbrances	\$ (1,539,498)	\$ (543,040)	\$ 996,458

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, 2014

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 13,746,112	\$ 12,567,868	\$ (1,178,244)
Interest and other revenue	817,595	591,906	(225,689)
Total revenues	14,563,707	13,159,774	(1,403,933)
Expenditures and encumbrances			
Salaries	5,544,489	5,153,917	390,572
Fringe benefits	1,494,392	1,401,499	92,893
Supplies and materials	905,700	791,704	113,996
Contractual services	2,515,620	2,484,526	31,094
Utilities	1,478,869	1,713,761	(234,892)
Interfund charges	744,256	689,710	54,546
Miscellaneous	167,853	88,219	79,634
Debt service	740,379	552,963	187,416
Depreciation	7,550,000	8,062,412	(512,412)
Outlay	810,000	201,851	608,149
Total expenditures and encumbrances	21,951,558	21,140,562	810,996
Deficiency of revenues under expenditures and encumbrances	\$ (7,387,851)	\$ (7,980,788)	\$ (592,937)

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, 2014

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 452,800	\$ 440,295	\$ (12,505)
Total revenues	452,800	440,295	(12,505)
Expenditures and encumbrances			
Salaries	48,313	29,048	19,265
Fringe benefits	25,035	13,025	12,010
Supplies and materials	450	528	(78)
Contractual services	163,323	124,562	38,761
Utilities	207,000	230,499	(23,499)
Interfund charges	190	50	140
Miscellaneous	7,600	10,446	(2,846)
Depreciation	89,123	89,123	-
Total expenditures and encumbrances	541,034	497,281	43,753
Deficiency of revenues under expenditures and encumbrances	\$ (88,234)	\$ (56,986)	\$ 31,248

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, 2014

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 1,011,507	\$ 1,002,164	\$ (9,343)
Total revenues	1,011,507	1,002,164	(9,343)
Expenditures and encumbrances			
Salaries	179,945	134,603	45,342
Fringe benefits	52,039	29,919	22,120
Supplies and materials	6,450	3,615	2,835
Contractual services	398,522	345,681	52,841
Utilities	7,274	-	7,274
Interfund charges	85,770	86,423	(653)
Miscellaneous	-	180	(180)
Debt service	255,625	255,625	-
Depreciation	270,000	268,315	1,685
Outlay	26,500	-	26,500
Total expenditures and encumbrances	1,282,125	1,124,361	157,764
Deficiency of revenues under expenditures and encumbrances	\$ (270,618)	\$ (122,197)	\$ 148,421

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, 2014

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 4,485,954	\$ 4,445,997	\$ (39,957)
Downtown TIF	750,000	750,000	-
Total revenues	5,235,954	5,195,997	(39,957)
Expenditures and encumbrances			
Cross Insurance Center operations	3,014,620	2,753,004	261,616
Owner costs	45,000	116,721	(71,721)
Debt service	2,117,903	2,117,902	1
Depreciation	1,710,000	1,574,826	135,174
Total expenditures and encumbrances	6,887,523	6,562,453	325,070
Deficiency of revenues under expenditures and encumbrances	\$ (1,651,569)	\$ (1,366,456)	\$ 285,113

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, 2014

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 665,500	\$ 575,020	\$ (90,480)
Interest and other revenue	1,500	324	(1,176)
Total revenues	667,000	575,344	(91,656)
Expenditures and encumbrances			
Salaries	304,058	270,525	33,533
Fringe benefits	44,626	42,065	2,561
Supplies and materials	60,050	65,334	(5,284)
Contractual services	50,400	50,679	(279)
Utilities	68,458	51,246	17,212
Interfund charges	60,849	57,876	2,973
Miscellaneous	-	80	(80)
Debt service	53,553	54,446	(893)
Depreciation	82,112	76,371	5,741
Outlay	25,000	-	25,000
Total expenditures and encumbrances	749,106	668,622	80,484
Deficiency of revenues under expenditures and encumbrances	\$ (82,106)	\$ (93,278)	\$ (11,172)

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, 2014

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 426,123	\$ 515,339	\$ 89,216
Interest and other revenue	90,507	90,494	(13)
Total revenues	516,630	605,833	89,203
Expenditures and encumbrances			
Contractual services	188,150	174,859	13,291
Utilities	96,060	125,531	(29,471)
Interfund charges	-	1,115	(1,115)
Miscellaneous	1,537	595	942
Debt service	378,614	374,233	4,381
Depreciation	184,498	184,498	-
Outlay	5,000	-	5,000
Total expenditures and encumbrances	853,859	860,831	(6,972)
Deficiency of revenues under expenditures and encumbrances	(337,229)	\$ (254,998)	\$ 82,231

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Encumbrances
Budget and Actual - Budgetary Basis
Stormwater Utility - Enterprise Fund
For the Fiscal Year Ended June 30, 2014

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 1,050,784	\$ 359,029	\$ (691,755)
Interest and other revenue	105,006	-	(105,006)
Total revenues	1,155,790	359,029	(796,761)
Expenditures and encumbrances			
Salaries	57,033	58,759	(1,726)
Fringe benefits	16,698	16,646	52
Supplies and materials	4,150	-	4,150
Contractual services	231,800	58,481	173,319
Interfund charges	336,139	526	335,613
Miscellaneous	2,080	2,029	51
Debt service	78,140	77,840	300
Outlay	429,750	9,442	420,308
Total expenditures and encumbrances	1,155,790	223,723	932,067
Excess (deficiency) of revenues over (under) expenditures and encumbrances	\$ -	\$ 135,306	\$ 135,306

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, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
ASSETS				
Cash:				
Bangor Area Stormwater Group	\$ 18,260	\$ 29,014	\$ 47,274	\$ -
School Activity Funds	118,261	206,556	204,369	120,448
Total assets	\$ 136,521	\$ 235,570	\$ 251,643	\$ 120,448
LIABILITIES				
Funds held for others:				
Bangor Area Stormwater Group	\$ 18,260	\$ 29,014	\$ 47,274	\$ -
School Activity Funds	118,261	206,556	204,369	120,448
Total liabilities	\$ 136,521	\$ 235,570	\$ 251,643	\$ 120,448

**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, 2014

Function and Activity	Balance 2013	Additions	Deletions	Balance 2014
General government				
BAT community connector	\$ 2,315,767	\$ -	\$ 271,374	\$ 2,044,393
Central service	13,565	16,000	5,467	24,098
City hall	595,630	-	24,181	571,449
Community and economic development	10,345,330	-	441,488	9,903,842
Engineering	25,041	-	6,921	18,120
Information services	225,424	150,492	180,765	195,151
Motor pool	3,745,854	722,810	834,207	3,634,457
Other - unclassified	182,058	-	65,798	116,260
Total general government	17,448,669	889,302	1,830,201	16,507,770
Public safety				
Fire	5,071,673	727,945	472,071	5,327,547
Police	10,096,955	165,438	390,215	9,872,178
Total public safety	15,168,628	893,383	862,286	15,199,725
Health, community services and recreation				
Parks and recreation	2,061,822	492,929	81,663	2,473,088
Total health, community services and recreation	2,061,822	492,929	81,663	2,473,088
Public building and services				
Public works	12,969,341	724,034	475,381	13,217,994
Total public buildings and services	12,969,341	724,034	475,381	13,217,994
Education	28,993,509	2,502,490	1,093,505	30,402,494
Total governmental fund capital assets	\$ 76,641,969	\$ 5,502,138	\$ 4,343,036	\$ 77,801,071

OTHER INFORMATION



CITY OF BANGOR, MAINE
Assessed Valuation, Commitment and Collections
For the Fiscal Year Ended June 30, 2014

VALUATION

Land and buildings	\$ 2,306,517,400
Land and buildings - Homestead exemption	52,765,500
Personal property	244,302,800
Personal property - BETE exemption	<u>72,600,700</u>
Total valuation	<u><u>\$ 2,676,186,400</u></u>

COMMITMENT

Real estate, personal property (excludes Homestead and BETE exemptions)	\$ 2,550,820,200
Tax rate	<u>0.02080</u>
Total commitment	53,057,060

ADD

Supplemental taxes committed	<u>20,933</u>
	53,077,993

LESS

Collections 2014	51,692,178
Abatements	<u>43,339</u>
2014 taxes receivable at June 30, 2014	<u><u>\$ 1,342,476</u></u>

CITY OF BANGOR, MAINE
General Fund Unassigned Fund Balance Sufficiency Calculation
For the Fiscal Year Ended June 30, 2014

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, 2014 General Fund unassigned fund balance.

General Fund expenditures/uses (Schedule A-2)

General government	\$ 4,982,683
Public safety	16,410,045
Health, community services and recreation	4,824,616
Public buildings and services	10,047,240
Other agencies	4,566,381
Education	47,581,964
Other appropriations	5,825,025
Other uses, gross*	830,000
 Gross expenditures and uses	 95,067,954
 General Fund debt service	 <u>6,861,825</u>
 Net expenditures and uses	 <u><u>\$ 88,206,129</u></u>
 Indicated unassigned fund balance @ 8.33%	 \$ 7,347,571
 Actual unassigned fund balance (Schedule A-2)	 \$ 9,598,472
 Actual unassigned fund balance as a percentage of net expenditures and uses	 10.88%
 Over (under) funded status	 <u><u>\$ 2,250,901</u></u>

* excludes amounts appropriated from unassigned fund balance

STATISTICAL SECTION

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

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

Table 1

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

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$ 40,176,260	\$ 67,253,588	\$ 54,540,288	\$ 49,674,874
Restricted	1,019,806	1,039,248	1,041,443	1,027,484
Unrestricted	262,217	(24,620,719)	(21,336,473)	(19,247,642)
Total governmental activities net position	<u>41,458,283</u>	<u>43,672,117</u>	<u>34,245,258</u>	<u>31,454,716</u>
Business-type activities:				
Net investment in capital assets	155,344,528	152,749,709	165,548,784	159,871,743
Unrestricted	<u>15,549,352</u>	<u>12,823,198</u>	<u>4,879,657</u>	<u>8,382,617</u>
Total business-type activities net position	<u>170,893,880</u>	<u>165,572,907</u>	<u>170,428,441</u>	<u>168,254,360</u>
Primary government:				
Net investment in capital assets	195,520,788	220,003,297	220,089,072	209,546,617
Restricted	1,019,806	1,039,248	1,041,443	1,027,484
Unrestricted	15,811,569	(11,797,521)	(16,456,816)	(10,865,025)
Total primary government net position	<u>\$ 212,352,163</u>	<u>\$ 209,245,024</u>	<u>\$ 204,673,699</u>	<u>\$ 199,709,076</u>

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

Table 2

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 6,435,386	\$ 6,947,106	\$ 7,052,860	\$ 8,744,549	\$ 7,868,247	\$ 8,279,943	\$ 9,223,718	\$ 4,490,599	\$ 4,733,021	\$ 7,110,075
Public safety	12,478,326	12,890,750	13,756,962	14,945,855	15,671,645	16,898,374	17,018,427	18,016,430	17,864,294	18,050,107
Health, community services and recreation	4,000,249	7,301,546	7,348,875	8,413,205	9,168,870	9,331,784	9,523,225	8,455,977	9,298,196	9,586,571
Public services**	7,609,989	11,167,397	11,544,128	10,501,253	11,812,548	16,380,337	12,413,601	15,399,933	14,408,500	14,249,015
Other agencies	3,514,658	3,610,935	3,787,970	4,829,547	4,580,661	4,658,904	4,479,888	4,209,428	4,630,915	6,799,934
Education	42,659,395	45,522,795	46,106,647	47,537,197	54,294,824	52,763,860	50,986,350	51,223,806	50,145,937	50,594,050
Unclassified	65,639	947,025	1,136	-	-	-	-	-	-	-
Restricted grants*	7,326,307	-	-	-	-	-	-	-	-	-
Arena development	-	-	417,030	41,091	51,332	39,075	61,334	536,251	2,201,200	500,566
Community development	-	2,419,594	1,865,026	2,156,241	912,992	1,506,038	1,542,975	1,152,289	1,356,184	2,178,972
Waterfront	-	990,961	399,015	1,754,281	9,252,263	79,911	1,439,065	606,249	381,437	272,857
Public transportation	-	1,798,968	1,841,516	2,118,374	3,042,434	2,792,904	1,701,112	3,276,780	3,250,752	2,782,968
Economic development (tif)	-	1,092,770	1,101,078	1,066,192	1,114,112	1,630,081	1,383,662	1,502,503	1,334,470	1,440,452
Interest on debt	3,166,250	3,098,248	1,952,612	3,206,764	2,651,599	2,555,839	2,151,172	2,710,135	3,343,590	2,464,804
Capital maintenance expenses*	1,674,034	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	88,930,233	97,788,095	97,174,855	105,314,549	120,421,527	116,917,050	111,924,529	111,580,380	112,948,496	116,030,371
Business-type activities:										
Sewer Utility	5,859,588	5,818,127	6,052,420	6,052,419	6,197,277	6,253,436	6,202,202	6,758,495	6,827,790	6,843,975
Airport	16,368,681	16,947,056	18,645,140	19,641,953	19,934,243	20,532,553	20,458,552	20,752,350	20,722,960	20,855,066
Park Woods	598,854	540,207	678,867	678,867	590,250	529,610	496,478	533,671	473,289	497,833
Stormwater Utility	-	-	-	-	-	-	-	-	-	149,590
Parking	1,425,508	1,322,138	1,438,125	1,438,125	1,374,909	1,402,922	1,206,989	995,631	972,327	925,595
Bass Park	1,889,215	1,918,111	1,993,205	1,993,205	1,851,914	1,923,073	2,075,644	1,919,301	3,314,865	6,317,039
Municipal Golf Course	592,323	647,499	695,969	695,969	745,339	733,380	664,311	671,113	687,317	643,323
Economic Development	397,881	484,264	695,851	695,851	712,195	634,764	618,980	615,816	586,140	628,252
Total business-type activities expenses	27,132,050	27,677,402	30,199,577	31,196,389	31,406,127	32,009,738	31,723,156	32,246,377	33,584,688	36,860,673
Total primary government expenses	\$ 116,062,283	\$ 125,465,497	\$ 127,374,432	\$ 136,510,938	\$ 151,827,654	\$ 148,926,788	\$ 143,647,685	\$ 143,826,757	\$ 146,533,184	\$ 152,891,044

* - 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

Table 2 (con't)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 1,447,058	\$ 1,672,854	\$ 2,334,040	\$ 2,282,374	\$ 1,869,711	\$ 2,386,637	\$ 2,070,189	\$ 2,501,326	\$ 2,214,675	\$ 2,764,659
Public safety	1,908,000	2,471,220	2,182,680	2,439,831	3,010,167	2,401,930	3,289,153	2,681,152	3,418,686	2,682,248
Health, community services and recreation	674,364	756,207	681,583	771,254	768,450	836,689	928,307	1,048,707	1,139,382	1,164,090
Public services	3,766,334	4,076,981	3,871,412	4,127,341	3,807,886	3,954,116	3,922,847	4,002,973	3,520,517	3,758,666
Other agencies	-	-	-	22,243	22,068	-	20,248	103,560	-	46,882
Education	4,549,286	4,561,352	4,408,431	4,539,787	4,386,457	4,533,041	5,165,261	3,806,614	3,835,409	3,446,006
Unclassified	20,036.00	859,682	61,128.00	-	-	-	-	-	-	-
Restricted grants*	1,079,690	-	-	-	-	-	-	-	-	-
Arena Development	-	-	1,630,360	1,689,657	2,205,771	2,380,158	2,331,584	2,434,915	2,079,869	1,960,876
Community development	-	672,459	658,141	297,394	301,019	332,295	323,494	588,587	474,013	994,546
Public transportation	-	536,491	659,960	809,531	944,804	923,433	1,025,080	1,023,717	1,045,793	816,819
Tax increment financing	-	-	-	-	1,711	-	-	-	-	-
Operating grants and contributions	25,986,614	29,577,430	30,534,706	41,370,518	34,155,649	35,683,710	35,604,940	33,137,275	31,901,386	34,600,320
Capital grants and contributions	4,117,072	3,788,485	2,604,652	2,119,150	2,068,478	6,578,917	4,935,614	3,725,432	2,345,794	1,720,879
Total governmental activities program revenues	43,548,454	48,973,161	49,627,093	60,469,080	53,542,171	60,010,926	59,616,717	55,054,258	51,975,524	53,955,991
Business-type activities:										
Charges for services										
Sewer Utility	5,970,615	6,206,605	6,663,408	6,745,112	7,537,879	7,288,499	7,340,935	7,320,469	7,708,101	8,426,054
Airport	11,527,061	12,074,504	13,555,003	14,475,879	13,953,287	13,767,394	13,080,217	12,540,347	12,069,935	12,220,328
Park Woods	310,389	287,452	340,494	340,494	369,478	371,832	372,715	397,426	417,407	440,295
Stormwater Utility	-	-	-	-	-	-	-	-	-	359,029
Parking	943,990	963,697	1,001,697	1,001,697	997,111	1,050,579	1,057,710	1,012,109	960,947	1,002,164
Bass Park	1,238,707	1,460,931	1,426,599	1,426,599	1,253,236	1,382,947	1,276,869	1,304,384	1,249,595	2,683,094
Municipal Golf Course	586,956	604,365	655,834	655,834	608,930	658,053	643,501	628,869	592,825	575,020
Economic Development	433,694	391,658	422,716	422,716	569,549	507,867	585,785	409,486	462,033	515,339
Capital grants and contributions	7,749,367	2,581,874	4,377,242	3,426,732	4,113,557	8,684,860	3,717,755	2,351,779	6,121,523	4,039,968
Total business-type activities program revenues	28,760,779	24,571,086	28,442,993	28,495,063	29,403,027	33,712,031	28,075,487	25,964,869	29,582,366	30,261,291
Total primary government program revenues	\$ 72,309,233	\$ 73,544,247	\$ 78,070,086	\$ 88,964,143	\$ 82,945,198	\$ 93,722,957	\$ 87,692,204	\$ 81,019,127	\$ 81,557,890	\$ 84,217,282

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

Continued on next page

Table 2 (con't)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (expense)/revenue										
Governmental activities	\$ (45,381,779)	\$ (48,814,934)	\$ (47,547,762)	\$ (44,845,469)	\$ (66,879,356)	\$ (56,906,124)	\$ (52,307,812)	\$ (56,526,122)	\$ (60,972,972)	\$ (62,074,380)
Business-type activities	1,628,729	(3,106,316)	(1,756,584)	(2,701,326)	(2,003,100)	1,702,293	(3,647,669)	(6,281,508)	(4,002,322)	(6,599,382)
Total primary government expense	(43,753,050)	(51,921,250)	(49,304,346)	(47,546,795)	(68,882,456)	(55,203,831)	(55,955,481)	(62,807,630)	(64,975,294)	(68,673,762)
General revenues and other changes in net position										
Governmental activities:										
Property taxes	40,302,810	40,666,758	41,702,775	43,775,938	46,977,792	48,182,455	48,027,330	48,520,390	49,930,989	52,243,583
Payment in lieu of taxes	186,500	160,457	145,000	122,510	141,595	117,770	161,879	156,629	95,620	161,438
Excise taxes	4,358,409	4,752,852	4,668,614	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947	4,594,821	5,400,100
Franchise taxes	265,598	274,986	296,566	300,768	322,526	348,163	367,672	372,542	362,088	350,014
Unrestricted grants and contributions	4,487,931	4,773,082	4,968,217	5,520,774	5,260,439	4,999,567	4,859,811	4,963,161	4,857,030	3,787,128
Unrestricted investment earnings	519,225	699,417	1,183,796	1,274,939	874,824	673,295	565,326	530,631	57,620	510,429
Indirect cost charges	472,056	-	-	-	-	-	-	-	-	-
Miscellaneous	8,353	32,550	260,733	161,439	93,967	135,849	92,379	16,698	112,060	1,863
Transfers	(837,806)	(861,290)	(871,864)	(539,088)	(739,179)	761,103	(637,898)	(417,042)	(8,772,781)	(3,170,717)
Total governmental activities	49,763,076	50,498,812	52,353,837	55,258,600	57,683,969	59,913,138	57,952,251	58,739,956	51,237,447	59,283,838
Business-type activities:										
Property taxes	-	-	-	-	-	-	-	-	-	750,000
Unrestricted investment earnings	895,064	635,454	1,346,799	1,326,787	1,025,098	1,035,753	752,891	543,493	345,932	504,584
Gain/loss on sale of asset	-	-	-	-	-	-	-	-	(260,857)	-
Transfers	837,806	861,290	539,088	539,088	739,179	(761,103)	637,898	417,042	8,772,781	3,170,717
Total business-type activities	1,732,870	1,496,744	1,885,887	1,865,875	1,764,277	274,650	1,390,789	960,535	8,857,856	4,425,301
Total primary government	51,495,946	51,995,556	54,239,724	57,124,475	59,448,246	60,187,788	59,343,040	59,700,491	60,095,303	63,709,139
Change in net position										
Governmental activities	4,381,297	1,683,878	4,806,075	10,413,131	(9,195,387)	3,007,014	5,644,439	2,213,834	(9,735,525)	(2,790,542)
Business-type activities	3,361,599	(1,609,572)	129,303	(835,451)	(238,823)	1,976,943	(2,256,880)	(5,320,973)	4,855,534	(2,174,081)
Total primary government	\$ 7,742,896	\$ 74,306	\$ 4,935,378	\$ 9,577,680	\$ (9,434,210)	\$ 4,983,957	\$ 3,387,559	\$ (3,107,139)	\$ (4,879,991)	\$ (4,964,623)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Tax Revenues										
Property taxes	\$ 40,302,810	\$ 40,666,758	\$ 41,702,775	\$ 43,775,938	\$ 46,977,792	\$ 48,182,455	\$ 48,027,330	\$ 48,520,390	\$ 49,930,989	\$ 52,243,583
Excise taxes	4,358,409	4,752,852	4,668,614	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947	4,594,821	5,400,100
Franchise taxes	265,598	274,986	296,566	300,768	322,526	348,163	367,672	372,542	362,088	350,014
Total tax revenues	\$ 44,926,817	\$ 45,694,596	\$ 46,667,955	\$ 48,718,026	\$ 52,052,323	\$ 53,225,554	\$ 52,910,754	\$ 53,489,879	\$ 54,887,898	\$ 57,993,697

Table 4

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

	Fiscal Year			
	2011	2012	2013	2014
General Fund:				
Nonspendable				
Advances to other funds	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500
Inventory and prepaid items	963,770	860,187	873,714	853,265
Restricted				
Education purposes	1,213,508	936,158	186,871	974,012
Municipal purposes	405,119	349,362	288,519	288,857
Committed - municipal purposes	19,033	373,753	10,583	2,623
Assigned				
Encumbrances	1,389,501	1,548,268	777,788	31,347
Municipal purposes	3,115,199	3,240,838	3,415,627	3,386,444
Unassigned	8,017,940	7,563,658	7,727,014	9,598,472
Total general fund	<u>\$ 17,024,570</u>	<u>\$ 16,772,724</u>	<u>\$ 15,180,616</u>	<u>\$ 17,035,520</u>
All other governmental funds:				
Nonspendable				
Permanent Fund Principal	\$ 608,710	\$ 588,515	\$ 574,492	\$ 544,200
Restricted				
Community Development Block Grant	346,605	415,956	252,479	-
Penobscot River	759	759	-	-
Nonmajor Special Revenue Funds	1,637,362	1,862,992	1,730,231	1,971,397
Nonmajor Permanent Funds	410,337	449,974	466,951	483,284
Committed				
Arena Fund	6,690,287	-	2,761,541	1,051,134
Assigned				
Capital Project Fund	826,179	-	4,426,655	4,868,248
Capital Project Fund Encumbrances	-	1,853,043	127,712	-
Unassigned				
Community Development Block Grant	-	-	-	(3,275)
Arena Fund	-	(4,603,950)	-	-
Capital Project Fund	(537)	-	-	-
Nonmajor Special Revenue Funds	(12,257)	(4,584)	(5,736)	-
Total all other governmental funds	<u>\$ 10,507,445</u>	<u>\$ 562,705</u>	<u>\$ 10,334,325</u>	<u>\$ 8,914,988</u>

Only four 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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes:										
Property taxes	\$ 40,586,129	\$ 41,101,785	\$ 42,145,912	\$ 43,767,914	\$ 47,113,576	\$ 48,284,733	\$ 48,371,202	\$ 48,688,270	\$ 50,004,619	\$ 52,748,153
Excise taxes	4,358,409	4,752,852	4,668,614	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947	4,594,821	5,400,100
Total tax revenues	44,944,538	45,854,637	46,814,526	48,409,234	51,865,581	52,979,669	52,886,954	53,285,217	54,599,440	58,148,253
Intergovernmental	34,484,238	37,714,682	37,774,922	41,345,956	41,123,520	46,211,718	45,304,160	40,536,525	39,029,824	40,025,974
Licenses and permits	655,745	538,534	982,879	956,965	644,621	633,339	601,202	948,267	576,559	1,389,717
Charges for services	12,160,573	12,927,989	12,598,776	13,283,275	13,449,587	13,655,764	15,226,575	13,594,482	14,079,514	12,782,036
Program income	409,153	663,269	657,987	296,325	288,677	329,800	314,203	575,460	462,380	765,142
Revenue from money and property	1,255,959	2,349,812	3,621,988	3,812,356	3,836,654	3,864,984	3,473,975	4,042,881	3,067,949	3,114,817
Other	168,452	526,360	279,261	7,691,463	428,220	1,108,213	279,426	561,118	165,686	156,659
Total revenues	94,078,658	100,575,283	102,730,339	115,795,574	111,636,860	118,783,487	118,086,495	113,543,950	111,981,352	116,382,598
Expenditures:										
General government**	4,732,331	4,642,935	4,736,885	5,122,152	5,103,378	5,422,805	4,858,721	5,390,049	5,612,408	5,172,972
Public safety	12,352,418	12,852,119	13,476,656	14,162,638	14,400,420	15,287,575	15,800,938	16,028,180	16,209,402	16,409,651
Health, community services and recreation	3,865,578	4,084,948	4,086,513	4,305,709	4,414,673	4,720,477	5,584,184	5,383,295	4,945,994	4,826,149
Public buildings and services	8,301,848	8,991,673	9,363,365	9,906,759	10,048,539	10,055,161	10,196,576	9,842,829	9,835,549	10,052,683
Other agencies	3,514,658	3,610,935	3,783,720	4,227,552	4,294,283	4,291,329	4,747,617	4,409,545	4,382,776	4,566,380
Education	42,228,691	44,817,879	45,224,974	48,293,846	50,380,309	51,590,324	51,391,657	50,159,407	49,880,770	50,771,925
Tax increment financing	-	-	-	-	215,483	432,033	165,133	524,013	550,308	632,364
Unclassified	65,639	263,702	597,262	166,994	63,115	54,451	118,216	260,685	2,323,972	590,627
Restricted grants	7,282,380	8,248,872	7,787,297	9,098,706	8,360,660	8,479,740	8,232,148	7,414,001	9,202,815	10,729,492
Capital outlay*	8,681,772	11,762,832	9,100,357	8,038,242	16,118,777	20,818,168	12,799,978	45,478,235	10,213,552	12,534,783
Debt service										
Principal	4,110,250	2,748,866	4,237,096	2,044,428	2,136,415	12,423,331	3,862,188	6,996,892	22,907,595	3,222,253
Interest	3,120,028	3,098,248	3,095,434	2,436,120	2,373,922	2,472,643	2,375,397	2,180,013	2,923,060	1,957,347
Other charges	37,467	5,070	4,850	299	6,000	61,952	45,988	-	-	-
Total expenditures	98,293,060	105,128,079	105,494,409	107,803,445	117,915,974	136,109,989	120,178,741	154,067,144	138,988,201	121,466,626
Excess (deficiency) of revenues over (under) expenditures	(4,214,402)	(4,552,796)	(2,764,070)	7,992,129	(6,279,114)	(17,326,502)	(2,092,246)	(40,523,194)	(27,006,849)	(5,084,028)
Other financing sources/(uses)										
Issuance of debt	2,650,000	4,333,000	3,555,000	-	3,100,000	3,100,000	2,086,100	30,659,143	10,378,985	8,369,000
Capital leases	-	-	-	-	-	-	-	-	456,581	-
Payment to escrow agent	-	-	-	-	-	-	-	-	(4,233,486)	-
Premium on debt issuance	-	-	-	-	-	-	-	-	748,121	133,552
Financing proceeds	-	-	-	-	7,091,928	9,596,640	-	-	-	-
Sale of assets	106,895	120,479	320,034	161,439	104,620	135,849	117,558	84,507	186,709	187,760
Transfers to other funds	(3,131,050)	(3,099,137)	(3,300,247)	(2,690,305)	(2,865,418)	(1,789,024)	(2,015,003)	(1,861,301)	(9,783,007)	(4,406,771)
Transfers from other funds	2,293,244	2,237,847	2,428,383	2,151,217	2,126,239	2,550,127	1,377,105	1,444,259	1,010,226	1,236,054
Total other financing sources	1,919,089	3,592,189	3,003,170	(377,649)	9,557,369	13,593,592	1,565,760	30,326,608	(1,235,871)	5,519,595
Net change in fund balances	\$ (2,295,313)	\$ (960,607)	\$ 239,100	\$ 7,614,480	\$ 3,278,255	\$ (3,732,910)	\$ (526,486)	\$ (10,196,586)	\$ (28,242,720)	\$ 435,567
Debt service as a percentage of noncapital expenditures	8.22%	6.08%	7.74%	4.26%	4.00%	11.14%	5.52%	7.97%	19.35%	4.46%

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

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

Table 6

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

Fiscal Year	Real Property		Personal Property¹	Total Taxable Assessed Value	Total Direct Tax Rate
	Estimated Residential	Estimated Commercial			
2005	990,170,000	618,388,000	259,687,300	1,868,245,300	20.97
2006	1,091,628,800	713,822,300	254,225,800	2,059,676,900	19.31
2007	1,178,745,758	785,599,342	259,703,500	2,224,048,600	18.33
2008	1,275,227,064	875,870,136	254,991,600	2,406,088,800	17.74
2009	1,219,093,120	1,081,082,580	244,740,100	2,544,915,800	17.99
2010	1,255,964,001	1,113,779,399	257,018,100	2,626,761,500	17.98
2011	1,227,148,219	1,088,225,781	256,321,000	2,571,695,000	18.09
2012	1,234,270,253	1,094,541,547	248,183,200	2,576,995,000	18.00
2013	1,238,325,124	1,098,137,376	245,768,300	2,582,230,800	18.47
2014	1,250,419,936	1,108,862,964	244,302,800	2,603,585,700	19.56

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

¹ Personal Property consists of machinery and equipment.

Table 7

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

Fiscal Year	General City Government	General Fund Debt Service	Education	Total Direct Tax Rate	Penobscot County	Total Tax/ (Mill) Rate
2005	8.20	1.18	11.59	20.97	1.08	22.05
2006	7.97	1.14	10.20	19.31	1.09	20.40
2007	7.79	1.18	9.36	18.33	1.07	19.40
2008	7.69	1.18	8.87	17.74	1.06	18.80
2009	8.12	1.16	8.71	17.99	1.06	19.05
2010	8.01	1.27	8.70	17.98	1.07	19.05
2011	7.94	1.40	8.75	18.09	1.11	19.20
2012	7.75	1.42	8.83	18.00	1.20	19.20
2013	8.08	1.41	8.98	18.47	1.18	19.65
2014	8.67	1.48	9.41	19.56	1.24	20.80

Table 8

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

Taxpayer	Business	2014			2005		
		Assessed Value	Rank	% of Total Tax Base	Assessed Value	Rank	% of Total Tax Base
GLP Capital L.P.	Gaming	\$ 92,856,800	1	3.57%	-	-	-
General Electric	Manufacturer	61,780,400	2	2.37%	\$ 43,956,100	2	2.53%
Bangor Mall LLC	Shopping mall	60,182,800	3	2.31%	-	-	-
Emera Maine	Utility	40,649,300	4	1.56%	-	-	-
HC Bangor LLC	Gaming	21,880,000	5	0.84%	-	-	-
Wal Mart Stores	Retailer	21,741,000	6	0.84%	-	-	-
Bangor Gas Company LLC	Utility	18,220,500	7	0.70%	-	-	-
GM Realty of Bangor LLC	Real estate interests	16,511,400	8	0.63%	-	-	-
QV Realty Trust	Real estate interests	16,383,900	9	0.63%	13,226,100	6	0.76%
Harvest Sunbury Village	Retirement Living	15,370,500	10	0.59%	-	-	-
BANMAK Associates	Shopping mall	-	-	-	54,054,100	1	3.11%
Bangor Hydro Electric	Utility	-	-	-	24,450,900	3	1.40%
Bangor Savings Bank	Commercial bank	-	-	-	16,867,900	4	0.97%
Eastern Maine Healthcare	Medical institution	-	-	-	16,073,000	5	0.92%
May Department Stores	Retailer	-	-	-	11,855,800	7	0.68%
Airport Mall Associates	Shopping mall	-	-	-	11,659,800	8	0.67%
Cabrel Company	Real estate interests	-	-	-	11,635,200	9	0.67%
Campanelli Investments	Shopping center	-	-	-	9,026,100	10	0.52%
Totals		<u>\$ 365,576,600</u>		<u>14.04%</u>	<u>\$ 212,805,000</u>		<u>12.23%</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			
2005	40,474,184	160,117	40,314,067	39,206,172	97.25%	1,067,434	40,273,606	99.90%
2006	41,099,990	632,397	40,467,593	39,716,755	98.14%	685,216	40,401,971	99.84%
2007	41,990,985	269,636	41,721,349	40,819,923	97.84%	842,618	41,662,541	99.86%
2008	44,082,476	341,521	43,740,955	42,847,656	97.96%	822,535	43,670,191	99.84%
2009	47,235,370	275,489	46,959,881	45,688,356	97.29%	1,163,573	46,851,929	99.77%
2010	48,719,847	588,817	48,131,030	46,205,428	96.00%	1,745,935	47,951,363	99.63%
2011	48,362,646	168,932	48,193,714	46,857,606	97.23%	1,145,565	48,003,171	99.60%
2012	48,529,834	175,844	48,353,990	47,025,587	97.25%	1,073,862	48,099,449	99.47%
2013	49,713,855	134,598	49,579,257	48,276,445	97.37%	753,547	49,029,992	98.89%
2014	53,077,993	43,339	53,034,654	51,692,178	97.47%	-	51,692,178	97.47%

Table 10

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

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Ratio of Net Bonded Debt		
	General Obligation Bonds/Notes	Capital Leases	General Obligation Bonds	Capital Leases		Per Capita*	Assessed Value	Per Personal Income*
2005	\$ 59,419,229	-	46,774,080	-	106,193,309	3,412.49	5.68%	11.47%
2006	\$ 61,003,363	-	45,781,229	-	106,784,592	3,438.67	5.18%	11.56%
2007	\$ 60,321,264	-	43,809,953	-	104,131,217	3,279.83	4.68%	11.03%
2008	\$ 56,998,022	-	41,722,545	-	98,720,567	3,157.85	4.10%	10.62%
2009	\$ 56,687,684	7,091,928	37,623,522	-	101,403,134	3,236.72	3.98%	10.88%
2010	\$ 61,689,447	-	34,956,548	-	96,645,995	3,073.00	3.68%	10.33%
2011	\$ 58,455,666	-	31,985,337	-	90,441,003	2,737.40	3.52%	7.06%
2012	\$ 80,674,158	-	28,707,990	-	109,382,148	3,314.61	4.24%	9.47%
2013	\$ 62,727,567	361,009	82,492,223	-	145,580,799	4,416.49	5.64%	11.71%
2014	\$ 66,518,975	277,728	80,435,523	41,699	147,273,925	4,507.51	5.66%	12.84%

* 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
2005	31,119	1,868,245,300	65,988,998	3.53%	2,120.54
2006	31,054	2,059,676,900	66,990,510	3.25%	2,157.23
2007	31,749	2,224,048,600	65,725,523	2.96%	2,070.16
2008	31,262	2,406,088,800	61,824,071	2.57%	1,977.61
2009	31,329	2,544,915,800	60,937,500	2.39%	1,945.08
2010	31,450	2,626,761,500	65,369,337	2.49%	2,078.52
2011	33,039	2,571,695,000	59,310,719	2.31%	1,795.17
2012	33,000	2,576,995,000	81,392,299	3.16%	2,466.43
2013	32,963	2,582,230,800	62,727,567	2.43%	1,902.97
2014	32,673	2,603,585,700	66,518,975	2.55%	2,035.90

* Source: U.S. Census Bureau.

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

CITY OF BANGOR, MAINE
Computation of Direct and Overlapping Debt
June 30, 2014

	Total Debt Outstanding	Percentage Applicable to Bangor	Amount Applicable to Bangor
Direct Debt			
City of Bangor			
General Obligation Bonds	\$ 146,954,498	100.00%	\$ 146,954,498
Overlapping Debt			
Penobscot County*	\$ -		\$ -
Total Debt	<u>\$ 146,954,498</u>		<u>\$ 146,954,498</u>

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

Table 13

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

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Net Debt to Debt Limit
2005	\$ 279,202,500	106,193,307	173,009,193	38.03%
2006	\$ 309,495,000	106,784,592	202,710,408	34.50%
2007	\$ 332,092,500	104,131,217	227,961,283	31.36%
2008	\$ 353,737,500	98,720,567	255,016,933	27.91%
2009	\$ 356,670,000	94,311,206	262,358,794	26.44%
2010	\$ 365,400,000	96,645,995	268,754,005	26.45%
2011	\$ 369,997,500	90,441,003	279,556,497	24.44%
2012	\$ 368,467,500	109,382,148	259,085,352	29.69%
2013	\$ 369,300,000	145,219,790	224,080,210	39.32%
2014	\$ 369,637,500	146,954,498	222,683,002	39.76%

Legal Debt Margin Calculation for Fiscal Year 2014

Total State Valuation	\$ 2,464,250,000
Debt Limitation: 15 % of State Valuation	369,637,500
Debt Applicable to Debt Limitation:	
General Obligation Bonds:	
Municipal	117,011,611
School	17,710,716
Sewer	12,232,171
Total debt applicable to limit	<u>146,954,498</u>
Legal Debt margin	<u><u>\$ 222,683,002</u></u>

Table 14

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

Fiscal Year	Population *	Median Household Income*	Per Capita Income*	Median Age*	Public School Enrollment**	Unemployment Rate ***
2005	31,119	29,740	19,295	36.1	3,989	4.50%
2006	31,054	29,740	19,295	36.1	3,962	4.40%
2007	31,749	29,740	19,295	36.1	3,913	4.40%
2008	31,262	29,740	19,295	36.1	3,886	5.10%
2009	31,329	29,740	19,295	36.1	3,878	7.80%
2010	31,450	29,740	19,295	36.1	3,821	8.10%
2011	33,039	38,775	25,344	36.7	3,830	7.50%
2012	33,000	34,993	25,344	37.5	3,819	7.10%
2013	32,963	37,707	24,945	36.8	3,875	6.70%
2014	32,673	35,107	23,791	36.5	3,810	5.40%

* Source: U.S. Census.

** Source: Bangor School Department.

*** Source: Maine Bureau of Labor Statistics.

Table 15

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

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

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

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	100	100	100	100	100	100	100	99	97	92
Public safety										
Police	93	93	93	93	93	97	97	96	96	96
Fire	91	91	91	91	91	95	95	95	95	91
Health, community services and recreation	49	49	49	49	49	49	47	49	48	46
Public building and services	83	83	81	81	82	82	81	78	78	76
Education	571	573	562	618	618	621	610	580	580	592
Sewer Utility	21	21	21	21	21	21	21	24	24	24
Airport	77	78	83	89	90	86	87	88	93	77
Park Woods	2	2	2	2	2	2	2	2	2	1
Parking	3	3	3	3	3	3	3	3	3	3
Bass Park	9	9	9	7	8	8	7	6	5	-
Municipal Golf Course	3	3	3	9	3	3	3	3	3	3
Totals	1,102	1,105	1,097	1,163	1,160	1,167	1,153	1,123	1,124	1,101

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

Table 17

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

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Code enforcement										
Building permits	514	537	550	485	501	427	518	405	453	433
Certificates of occupancy	341	432	446	430	440	341	448	350	361	395
Sign permits	107	115	116	118	103	90	96	70	69	82
Police										
Calls for service	23,945	27,052	28,157	32,392	34,329	32,351	30,167	31,640	33,740	36,153
Fire										
Calls for service	7,805	7,492	7,992	7,477	7,990	7,357	8,000	9,020	9,044	9,031
Sewer										
Treated flow (billions of gallons)	2.75	4.23	3.62	3.21	3.89	3.55	2.81	3.10	2.68	2.69
Biosolids (cubic yards)	9,280	9,348	9,775	10,043	10,561	10,509	9,046	9,422	8,095	8,757

* Source - City of Bangor Departmental records.

Table 18

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

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	57	51	52	47	50	54	54	50	48	43
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	20	24	27	28	27	25	25	26	26	26
Public works										
Streets (miles)	422	422	422	427	429	429	429	431	431	431
Sidewalks (miles)	99.6	99.6	99.6	99.6	99.6	99.6	101.4	101.7	101.7	101.7
Parks and recreation										
Parks	29	29	29	29	29	29	29	29	29	29
Parks acreage	950	950	950	950	950	950	950	950	950	950
Public swimming pools	2	2	2	2	2	2	2	2	2	2
Public golf courses	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Indoor ice arena	1	1	1	1	1	1	1	1	1	1
Semi-pro baseball stadium	1	1	1	1	1	1	1	1	1	1
Sewer										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Pump stations	5	5	5	5	5	5	5	5	5	5
Miles of sanitary sewers	103	103	103	103	103	103	103	103	103	103
Miles of combined sewers	44	44	44	44	44	44	44	44	47	49

* Source - City of Bangor Departmental records.