



# CITY OF BANGOR, MAINE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR JUNE 30, 2017

## COMMUNITY DEVELOPEMENT BLOCK GRANT PROGRAMS

### NEIGHBORHOOD STABILIZATION



### RESIDENTIAL PROPERTY REHABILITATION



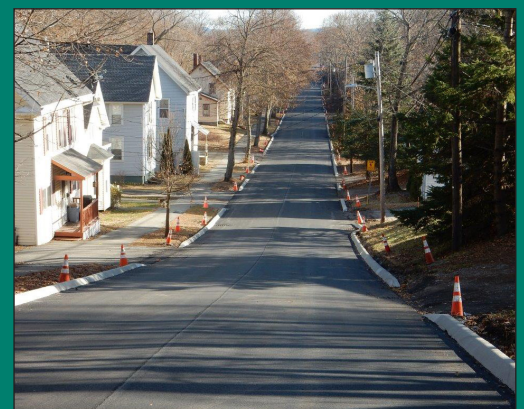
### BUSINESS DEVELOPMENT



### FAÇADE GRANT



### NEIGHBORHOOD PUBLIC IMPROVEMENTS





**CITY OF BANGOR, MAINE**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2017**

Prepared by:

Debbie Cyr, Finance Director

David Little, Tax Collector/Deputy Treasurer

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**Comprehensive Annual Financial Report**  
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**For the Fiscal Year Ended June 30, 2017**

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# **INTRODUCTORY SECTION**



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**FINANCE DEPARTMENT**  
Deborah A. Cyr, Finance Director

January 30, 2017

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

In accordance with the City Charter and state statutes, the City of Bangor's comprehensive annual financial report for the fiscal year ended June 30, 2017 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.

Further, the City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget's Uniform Guidance. 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 the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

### **Profile of the Government**

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

Bangor has operated under a Council-Manager Charter, since 1931. The City Council is composed of nine members, 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 School Department is governed by a seven-member School Committee with the Superintendent is responsible for the day to day operations of the schools. Members of the school committee are elected at large to staggered three-year terms. By Charter, the School Committee has all the powers and responsibility for the care and management of the public schools of the City. By Charter, 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 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, sanitation, health and welfare, parks and recreation, education, public transportation, planning, business and economic development, code enforcement, and general administrative services which are accounted for in the City's General Fund. Additionally, the City of Bangor owns and operates the Bangor International Airport, sanitary sewer services, storm water utility, the Bass Park Complex (Cross Insurance Center), parking facilities, golf course, and economic development (properties), which are accounted for in the City's enterprise funds.

The City's fiscal year begins on July 1 and the annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function, and department and the City Manager may transfer resources within a department; however, transfers between departments require Council action.

The City Charter requires that the City Manager submit a recommended budget to the Council by the second Monday in April, which includes the general fund, school budget, and seven enterprise funds. 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 as well as the recommended tax levy. In accordance with the City Charter, if the Council fails to adopt a budget by June 30, the City Manager's proposed budget is enacted. The appropriate property tax levy is established and filed with the City Assessor, who then sets the necessary property tax rate.

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

### **Factors Affecting Financial Condition**

**Local Economy.** The City of Bangor serves as the major service center in northern and eastern Maine for a variety of services including communications, banking, retail, industrial, transportation, and healthcare. Additionally, the City serves as the center for federal, state and county governments. Bangor also 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 2017 unemployment rate of 3.7% was lower than both the national and state rates of 4.4% and 3.8%, respectively.

Bangor serves as one of the largest retail markets in Maine. The Bangor Mall, Airport Mall, Broadway commercial center, Union Street commercial corridor, and the Bangor Center Development District (downtown) have long established Bangor as the hub of the six county eastern Maine retail market. Bangor's retail sector serves an extensive geographic area ranging from eastern Maine to the Canadian Maritimes, with a population exceeding 3.1 million. With less than three percent of the State's population, Bangor's share of the State's retail sales is proportionally higher. In FY 2017, Bangor's retail taxable sales were \$1.37 billion and represent 6.32% of total State retail taxable sales. However, shifts in the retail market have created challenges in some of our large retail centers. Specifically, the Bangor Mall is facing the same challenges that are being faced by retail centers around the country. The implications of this challenge are being monitored closely and the city will be working proactively with mall owners to seek new uses for important retail properties.

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. Similar to other areas of the country, Bangor is experiencing significant growth in the downtown area including retail, dining, residential, and office space. New mixed-use redevelopment projects completed over the past 5 years has led to low vacancy rates and the development of high-end residential apartment units. Public and private developments along Main Street including development of the Casino, Cross Insurance Center, Marriot Residence Inn and relocation of corporate headquarters for Cross Insurance have played a significant role in that growth. In 2017, Bangor Savings Bank broke ground on a new headquarters campus facility in the downtown, which bridges the areas of lower Main Street, downtown, and the waterfront. The project will consolidate corporate offices along with back office functions onto one campus.

Further evidence of continuing sustained growth is the change that can be measured by the City's assessed value of real and personal property. The annual increase in assessed value is a combination of three factors: 1) market adjustments to existing property, 2) new construction/additions, and 3) personal property depreciation. Assessed valuations have remained relatively flat since the FY 2011 economic downturn. However, personal property enrolled in the Business Equipment Tax Exempt program (BETE) continue to increase annually, an indication of continued commercial investment within the City. As the City's assessed valuation has remained flat, the City also realized significant reductions in State-funded revenue sharing, aid to education and absorbed additional tax shifts related to general assistance and Medicare/Medicaid. The City continues to implement cost control measures wherever identified, including work force reductions. Despite the cost control measures, the reductions in revenues and cost shifts are the major

contributing factor in the overall increase of 19.68% in the tax rate from 2008 to 2017.

**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:

- \$4.2 million invested in streets, sidewalks, traffic control, and other infrastructure;
- Completion of the \$14 million reconstruction of Bangor International Airport's domestic air service terminal;
- \$878 thousand invested in leased facilities in support of the growth and development of C&L Aerospace and Wayfair;
- \$4.4 million invested in the upgrade and separation of the City's combined sewer systems;
- Continued investment in the City's core downtown to encourage mixed use development, including residential, commercial and cultural opportunities, including \$748 thousand improvement to the Cross Insurance Center parking lot.

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

- Participation in the AARP age-friendly community initiative;
- Proactive approaches to disruptive and foreclosed properties across operational areas;
- Provided assistance to homeowners and designated neighborhoods through CDBG funding;
- Leadership in the Community Health Leadership Board to address community drug and alcohol issues;
- Sustained commitment to academic excellence for all;
- Energy efficiency rebate program;
- Continued support of arts and culture.

Finally, the City continues to implement significant technology and process improvements to increase the overall organizational efficiency and enhance citizen communication and engagement.

**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, 2017 was 12.75% 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, 2016. 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

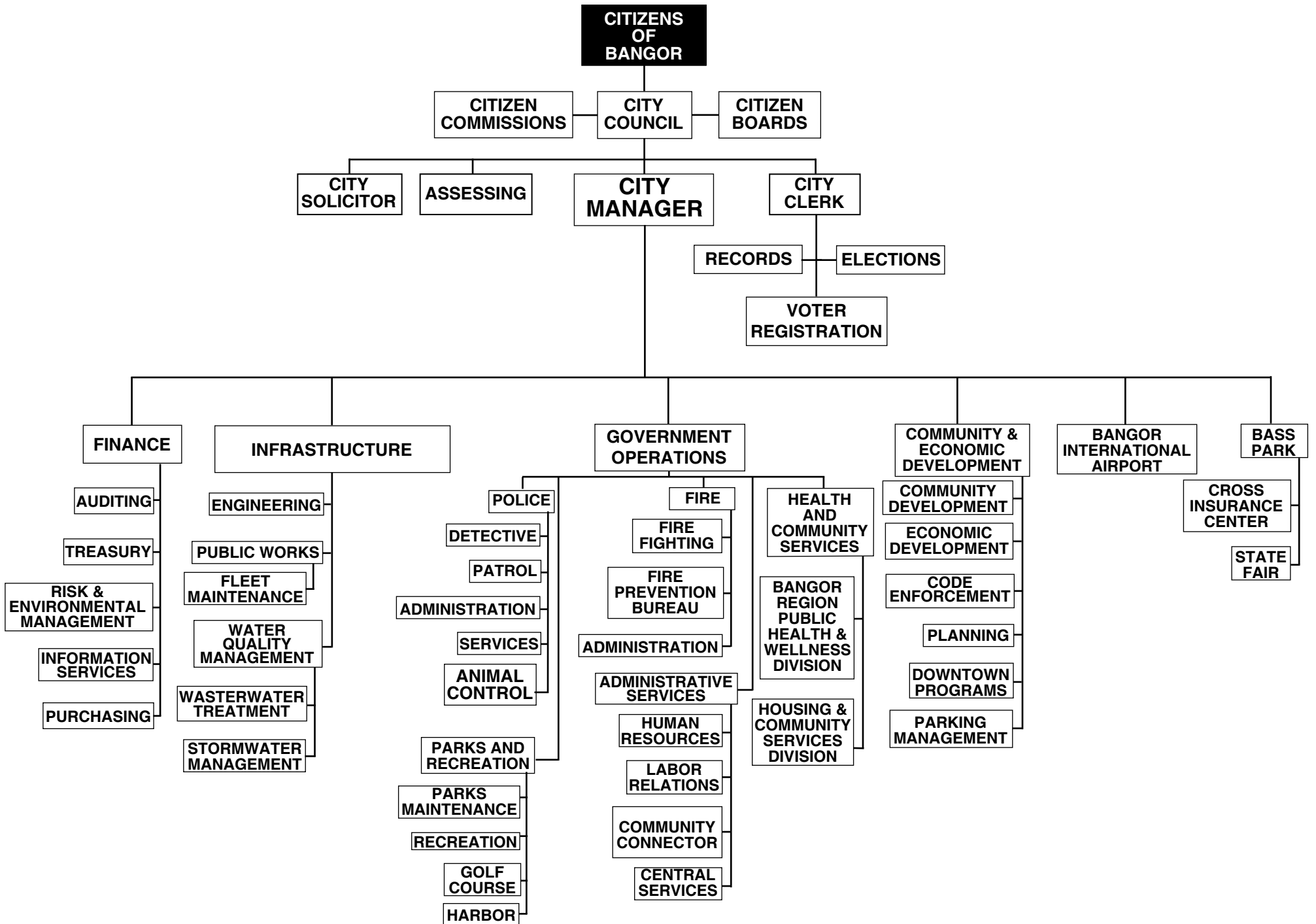
**City of Bangor  
Maine**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

CITY OF BANGOR ORGANIZATIONAL CHART Revised (10-15)



**City of Bangor, Maine  
Elected Officials and Principal Administrative Officers  
June 30, 2017**

**City Council**

Joseph Baldacci, Chair

Sean Faircloth  
David Nealley  
Joseph Perry  
Daniel Tremble

Gibran Graham  
Sarah Nichols  
Benjamin Sprague  
Cary Weston

**City Staff**

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

**School Committee**

Warren Caruso, Chair

Jennifer Degroff  
Susan Hawes, Vice Chair  
Marlene Susi

Brian Doore  
Susan Sorg  
Carin Sychterz

**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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Other Information*

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

City Council  
City of Bangor, Maine

The combining and individual fund financial statements and the other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other 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 30, 2018, 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 30, 2018  
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, 2017. In addition to comparative information from the government-wide statements, comparative data is also presented on key information from the fund financial statements. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in our letter of transmittal, which can be found on pages I-1 to I-6 of this report.

### Financial Highlights

- The assets and deferred outflows of the City of Bangor exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$205.9 million (net position).
- At the close of fiscal year 2017, the City of Bangor's governmental funds reported combined ending fund balances of \$29.7 million, a decrease of \$2.3 million over the prior year balance of \$32.0 million. The Capital Projects Fund fund balance decreased by \$3.5 million, due to the expenditure of bond proceeds issued in a prior year related to the refunding of debt and investment in infrastructure. The General Fund fund balance increased by \$1.0 million. General Fund revenues exceeded estimates by \$3.8 million as follows; excise taxes \$1.2 million, property taxes \$353 thousand, intergovernmental revenues \$663 thousand, and charges for service \$1.5 million. During fiscal year 2017, \$2.3 million of the General Fund balance was transferred to the Capital Fund to pay for capital improvements in accordance with the City's Fund Balance policy. All other governmental fund fund balances remained relatively unchanged from prior year amounts. Approximately 74.3% of the total amount, or \$22.1 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. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12.2 million, or 12.75% 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 and business-type activities decreased \$3.3 million and \$133 thousand, respectively. For governmental activities, the decrease is a result of principal payments on general obligation bonds in the amount of \$7.1 million net of the increase in net pension liability and related deferred inflows of resources of \$3.1 million.

### Overview of the Financial Statements

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

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

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

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

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

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

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

The government-wide financial statements can be found on pages II-19 to II-20 of this report.

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

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

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

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

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

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

The City maintains seven individual proprietary funds, of which the Sewer Utility, Airport, and Bass Park Funds are considered to be major. Data from four other proprietary funds is combined into a single aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements (Schedule C) elsewhere in this report.

- 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.

## Government-wide Financial Analysis

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Current & other assets	\$ 43,365,544	\$ 45,360,502	\$ 32,500,253	\$ 27,577,992	\$ 75,865,797	\$ 72,938,494
Capital assets, net of						
accumulated depreciation	75,889,101	75,420,521	225,010,237	230,444,082	300,899,338	305,864,603
Total assets	119,254,645	120,781,023	257,510,490	258,022,074	376,765,135	378,803,097
Deferred outflows of resources	3,936,229	3,633,929	874,285	802,922	4,810,514	4,436,851
Total deferred outflows	3,936,229	3,633,929	874,285	802,922	4,810,514	4,436,851
Long-term debt outstanding	72,291,657	76,604,213	85,462,083	84,529,953	157,753,740	161,134,166
Other liabilities	7,233,422	6,689,682	4,448,512	5,737,793	11,681,934	12,427,475
Total liabilities	79,525,079	83,293,895	89,910,595	90,267,746	169,435,674	173,561,641
Deferred inflows of resources	5,795,923	5,331,398	477,061	253,185	6,272,984	5,584,583
Total deferred inflows	5,795,923	5,331,398	477,061	253,185	6,272,984	5,584,583
Net position:						
Net investment in capital assets	49,367,869	47,792,253	153,328,264	159,537,793	202,696,133	207,330,046
Restricted	3,547,716	4,045,808	-	-	3,547,716	4,045,808
Unrestricted	(15,045,713)	(16,048,402)	14,668,855	8,766,272	(376,858)	(7,282,130)
Total net position	\$ 37,869,872	\$ 35,789,659	\$ 167,997,119	\$ 168,304,065	\$ 205,866,991	\$ 204,093,724

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 \$377 thousand, the governmental activities deficit of \$15.0 million is offset by the business type activities balance of \$14.7 million. The governmental activities deficit is primarily due to \$19.8 million in outstanding pension obligation bonds.

Governmental activities net position increased \$2.1 million. The major components associated with the increase in governmental activities net position is excise tax revenues exceeding estimates by \$1.2 million and public safety expenses below estimates due to savings realized related to turnover and vacancies.

Business-type net position is virtually unchanged with a decrease of \$307 thousand. Due to the capital intensive requirements of the Airport and Sewer Funds, the net position within business-type activities can vary significantly from year to year depending upon grant fund cycles and levels of infrastructure investments.

## Changes in Net Position

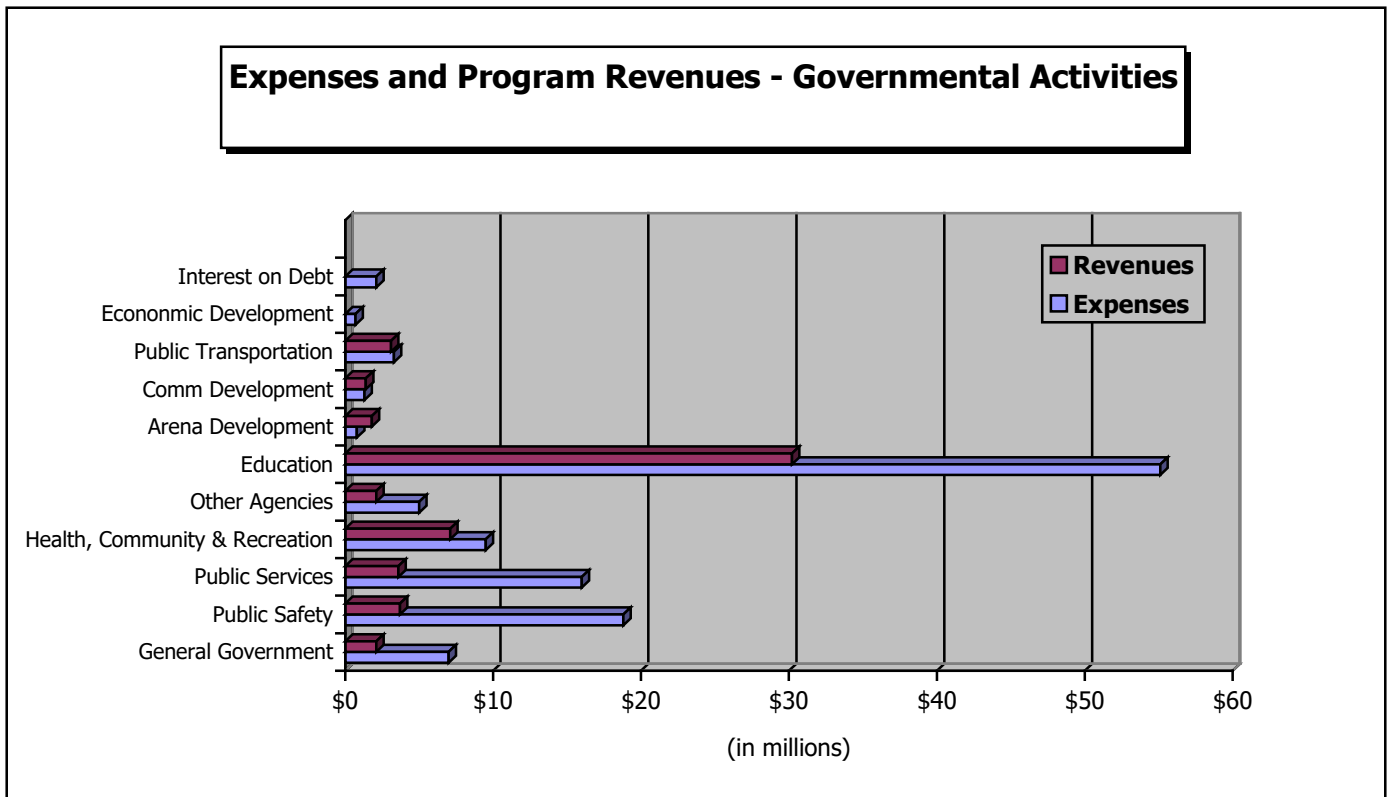
The following is a condensed version of the Statement of Activities.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 18,795,482	\$ 18,157,571	\$ 31,102,229	\$ 28,366,080	\$ 49,897,711	\$ 46,523,651
Operating grants & contributions	33,872,652	34,838,496	-	-	33,872,652	34,838,496
Capital grants & contributions	2,391,680	3,064,312	3,776,705	8,776,331	6,168,385	11,840,643
General Revenues						
Property and other taxes	63,471,807	62,865,431	1,100,000	1,000,000	64,571,807	63,865,431
Grants and contributions not restricted to specific programs	4,464,142	4,173,167	-	-	4,464,142	4,173,167
Other	380,580	668,099	555,259	420,951	935,839	1,089,050
Total Revenues	123,376,343	123,767,076	36,534,193	38,563,362	159,910,536	162,330,438
<b>Expenses</b>						
General government	6,953,399	6,588,238	-	-	6,953,399	6,588,238
Public safety	18,841,238	18,107,357	-	-	18,841,238	18,107,357
Health, community and recreation	9,497,729	10,112,526	-	-	9,497,729	10,112,526
Public services	15,997,665	15,409,518	-	-	15,997,665	15,409,518
Other agencies	5,049,394	4,528,591	-	-	5,049,394	4,528,591
Education	55,079,037	51,901,230	-	-	55,079,037	51,901,230
Arena development	801,439	136	-	-	801,439	136
Community development	1,335,282	1,592,047	-	-	1,335,282	1,592,047
Waterfront	-	331,622	-	-	-	331,622
Public transportation	3,273,876	3,166,692	-	-	3,273,876	3,166,692
Interest on debt	2,142,976	2,362,899	-	-	2,142,976	2,362,899
Economic development (tif)	711,220	929,322	-	-	711,220	929,322
Sewer Utility	-	-	7,725,453	7,210,861	7,725,453	7,210,861
Airport	-	-	21,217,373	20,266,935	21,217,373	20,266,935
Stormwater Utility	-	-	509,884	400,924	509,884	400,924
Parking	-	-	1,037,558	931,676	1,037,558	931,676
Bass Park	-	-	7,886,589	7,735,775	7,886,589	7,735,775
Municipal Golf Course	-	-	604,127	613,930	604,127	613,930
Economic Development	-	-	466,485	508,234	466,485	508,234
Total Expenses	119,683,255	115,030,178	39,447,469	37,668,335	159,130,724	152,698,513
Excess (deficiency) before transfers	3,693,088	8,736,898	(2,913,276)	895,027	779,812	9,631,925
Gain on disposition of asset	62,180	-	931,275	422,984	993,455	422,984
Transfers	(1,675,055)	(2,012,149)	1,675,055	2,012,149	-	-
Change in net position	2,080,213	6,724,749	(306,946)	3,330,160	1,773,267	10,054,909
<b>Beginning net position</b>	35,789,659	29,064,910	168,304,065	164,973,905	204,093,724	194,038,815
<b>Ending net position</b>	\$ 37,869,872	\$ 35,789,659	\$ 167,997,119	\$ 168,304,065	\$ 205,866,991	\$ 204,093,724

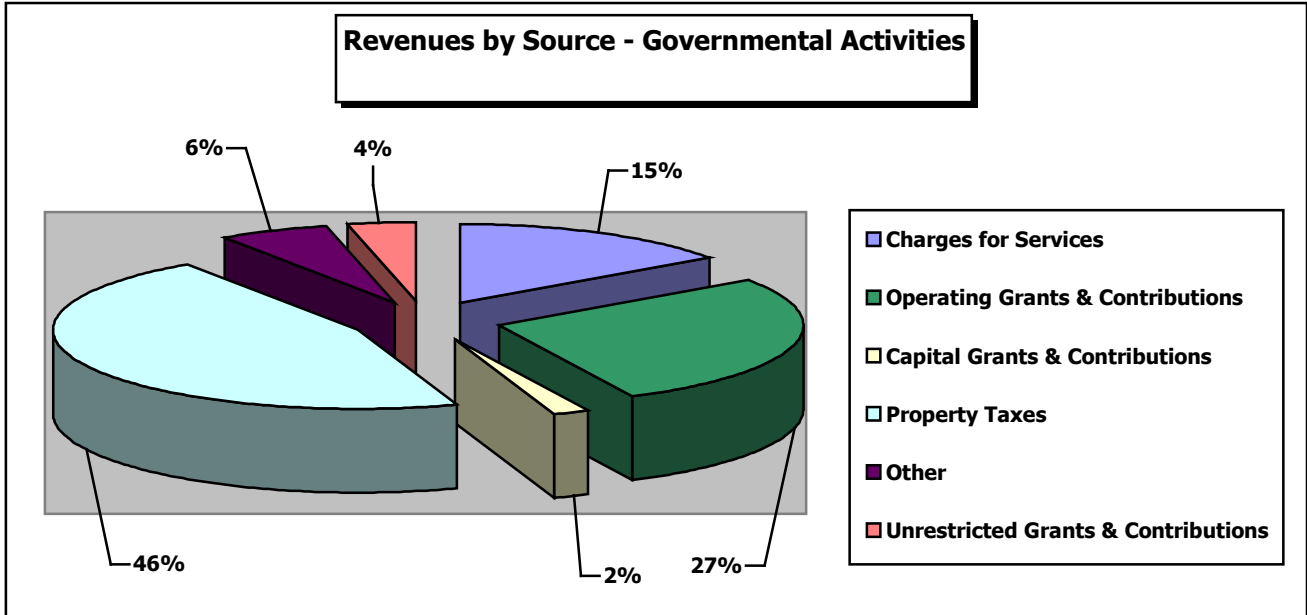


## Governmental Activities

The cost of all governmental activities was \$119.7 million. As shown on the Statement of Activities, the total amount financed by the property tax was \$56.7 million, or 47% of expenses. Those who directly benefit from an activity provided \$18.8 million in payments. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$33.9 million. Capital grants and contributions accounted for \$2.4 million. The City also received \$11.7 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 \$4.7 million over the prior year, \$2.8 million of the increase was due to the increase in the net pension liability and associated changes within the net pension related deferred inflows and outflows of resources. The net pension liability is the City's proportionate share of the cost sharing multiple-employer defined benefit pension plans, administered by the Maine Public Employers Retirement System (additional information on retirement plans can be found in Note D on pages II-53 to II-57 of this report). The balance of the remaining increase is related to an increase in education costs associated with additional students.

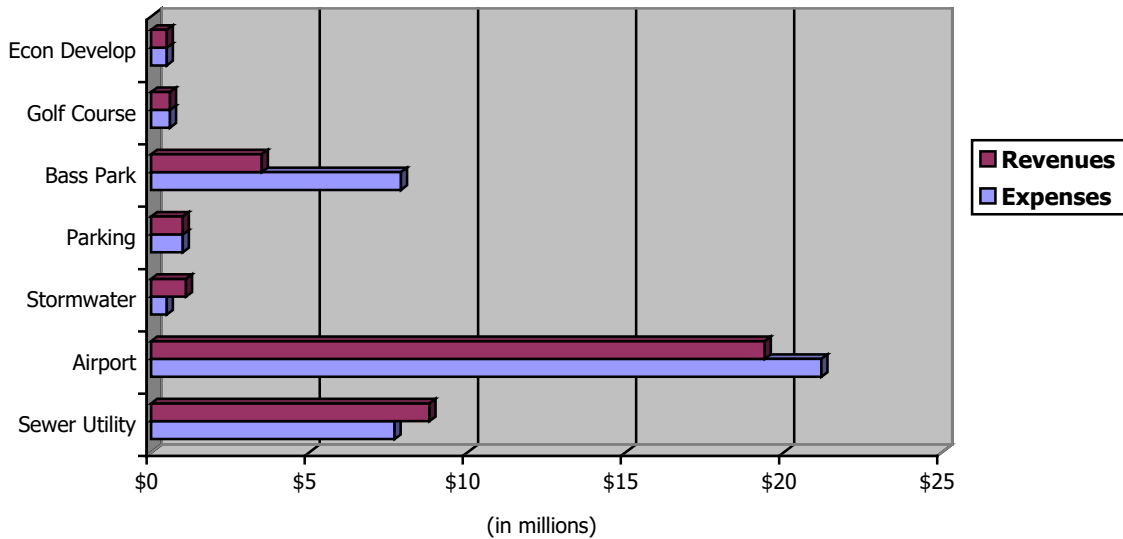


Total governmental activities' revenues were flat, with a decrease of \$390 thousand. The largest single source of revenue continues to be the property tax, which increased \$658 thousand. Capital grants and contributions decreased \$672 thousand due to decreased project specific federal funding of streets/sidewalks. Operating grants and contributions decreased \$966 thousand due to a reduction in the level and number of grants being funded by the State of Maine Department of Health and Human Services. Charges for services increased \$638 thousand due to higher levels of charges for educational activities related to the number of tuition and state agency students.

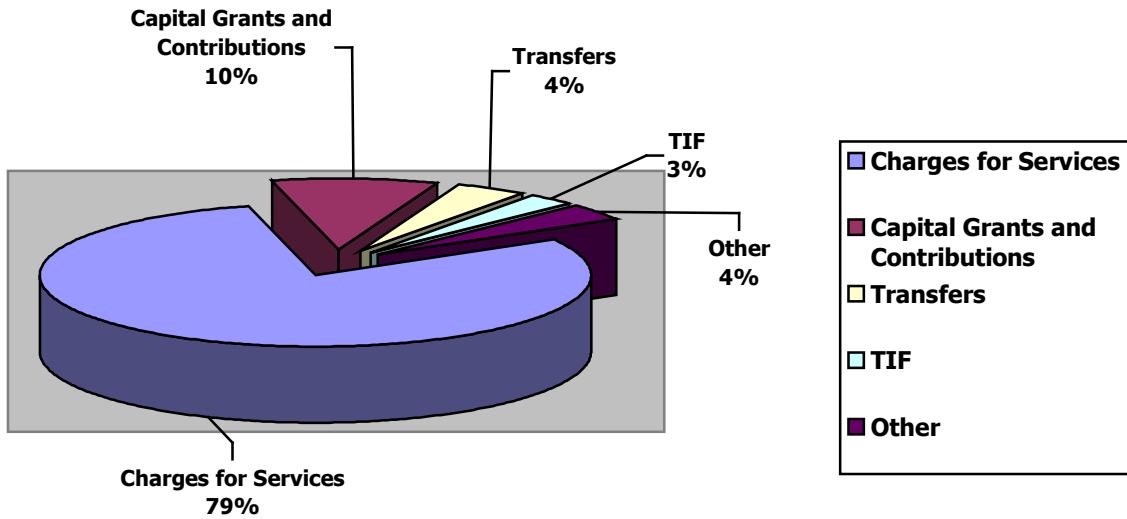
**Business-type Activities**

Total business-type activities expenses increased \$1.8 million, \$758 thousand of the increase was due to the increase in the net pension liability and associated changes within the net pension related deferred inflows and outflows of resources. The remaining \$364 thousand of increased expenses within the Airport Fund are personnel costs associated with increased levels of fuel sales and domestic airline services. The remaining \$312 thousand of increased expenses with the Sewer Utility Fund reflect the increased level of repairs and maintenance within the existing sewer infrastructure systems.

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



### Revenues by Source - Business-type Activities



In total, business-type activities revenue decreased \$2 million or 5.3%, this decrease is due to the significant reduction in grant contributions received for capital assets of \$5 million mostly associated with the domestic terminal renovation project. Due to the significant cost associated with infrastructure improvements funded through the Federal Airport Improvement Plan grant program, it is not unusual that revenues realized from year to year vary significantly. Airport Fund charges for services increased \$2.3 million due to an increase in the number of gallons of jet fuel sold, as well as an increase in the number of domestic flights.

## 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 \$29.7 million, a decrease of \$2.3 million over the prior year balance. The decrease is primarily due to the expenditure of \$3.5 million of bond proceeds issued in a prior year within the Capital Fund exceeding the \$1.0 million increase in the General Fund fund balance. Increases in the General Fund fund balance are due to revenues exceeding estimates by \$3.8 million net of \$2.3 million of transfers to the Capital Fund for capital related improvements. All other governmental fund fund balances remained relatively unchanged from prior year amounts. Of the ending balance of \$29.7 million, approximately 74.3% of this total (\$22.1 million) is either committed, assigned or unassigned and is available for spending by formal action of the City Council and \$3 million, or 10.2%, is restricted. The remainder is nonspendable, indicating that it is in the form of nonspendable assets such as inventory, prepaid expenditures, nonexpendable trust principal balances 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 \$22.6 million, a \$1.0 million increase from the prior year's balance of \$21.6 million. The General Fund realized an increased in property tax and educational tuition revenues, and increased expenses related to education for the cost of services to state agency clients and public services due to significant winter conditions. The overall increase is due to excise tax receipts exceeding budget estimates by \$1.2 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 2017 decreased \$151 thousand over the prior year amount. This is reflective of a decline in program income, in that fewer residential loans are prepaying and the winding down of the west-side neighborhood revitalization efforts, to which significant funds had been dedicated to over the last few fiscal years. While the FY 2017 federal funding allocation 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 \$1.8 million towards the annual debt service costs of the Cross Insurance Center.

The Capital Projects Fund varies significantly from year to year depending upon City Council priorities and available funding opportunities. Total expenditures increased \$2.7 million over the prior year, \$1.6 million of which is related to the refunding of outstanding general obligations bonds. Significant project costs incurred in FY 2017 included \$4.2 million investment in streets/sidewalks and other infrastructure, \$1.1 in facility improvements and \$1.4 million in equipment replacements.

**Proprietary funds.** Information on the City of Bangor's proprietary funds is similar to that found in the government-wide financial statements, but in more detail. The net position of the seven enterprise funds decreased by \$307 thousand to \$168 million. The Sewer Utility fund net position increased \$1.3 million due to annual rate increases to keep pace with inflation and in advance of significant capital investments. The Airport Fund net position decreased \$1.6 million and Bass Park Fund net position decreased \$1.5 million, due to the capital-intensive nature of these operations, operating income is not sufficient to offset depreciation expense and other operating costs.

### **General Fund Budgetary Highlights**

For budgetary financial statement purposes, all balances carried from the prior year are added to the subsequent year's total appropriation. This resulted in an overall budgetary increase of \$2.5 million. There were minimal additional amendments to the originally adopted budget. The City's commitment to budgetary integrity continues, actual operating revenues ended the year over budget estimates 3.74%, or \$3.8 million, municipal expenditures were under budget by 1.4%, or \$711 thousand. Education expenditures were under budget by \$2.3 million or 4.3% and by statute, education balances must be segregated from municipal balances.

### **Capital Asset and Debt Administration**

**Capital assets.** As of June 30, 2017, the City of Bangor's investment in capital assets for its governmental and business-type activities amounted to \$300.9 million (net of accumulated depreciation), a decrease of \$5.0 million over the prior year. This investment includes land, buildings, machinery and equipment, roads, runways, and sewer lines. Depreciation expense of \$17.5 million exceeded the City's investment in capital assets for the current fiscal year of \$12.9 million. Governmental activities invested \$4.6 million, and business-type activities invested \$8.3 million and depreciation expense was \$4.0 million and \$13.4 million, respectively.

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

- The City continues to invest in its core functions of infrastructure, vehicle and equipment replacements. This year the City expanded its surface infrastructure with traffic enhancements and open space infrastructure upgrades, which amounted to \$877 thousand and spent \$1.1 million and \$311 thousand to replace vehicles and equipment, respectively.
- The Airport Fund invested \$3.7 million in operational assets at Bangor International Airport. During FY 2017, the renovation of the domestic terminal building was completed. The project involved the reconfiguration of the entire first floor to better serve passengers such as: new airline and rental car counters, a behind the wall in-line baggage screening, restrooms and overall aesthetic improvements. The project included federal and passenger facility charge funds and a \$1.6 million local share. During FY 2017, \$652 thousand was invested in this project. In addition to the terminal project, the Airport invested nearly \$2.1

million in runway system upgrades which are funded through the Federal Department of Transportation's Airport Improvement Plan and \$878 thousand in leasehold improvements.

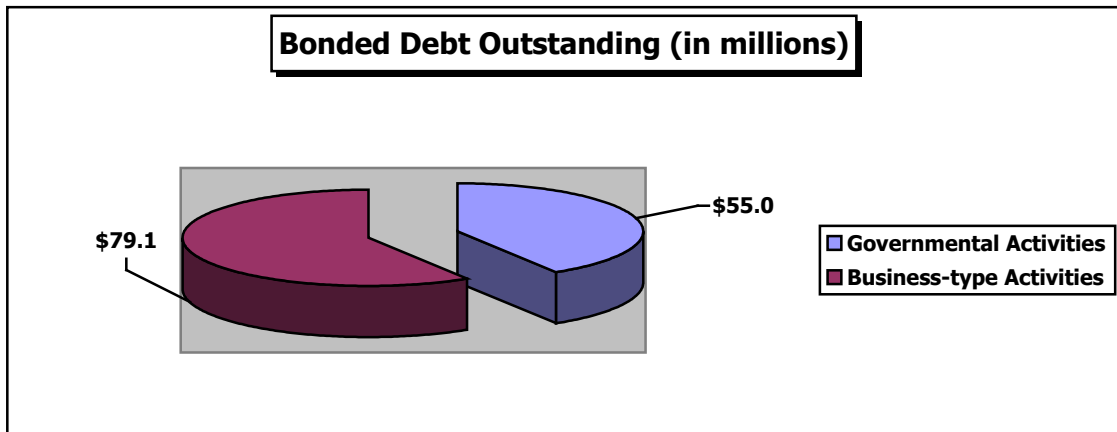
- The Sewer Fund invested \$3.4 million in sewer replacement and separation projects.
- During FY 2017, the Economic Development Fund sold a property to the current tenant for \$875 thousand.
- During FY 2017, the Parking Fund sold a property for redevelopment for \$250,000.

**Capital Assets (net of depreciation)**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Land and improvements	\$13,156,795	\$4,466,350
Buildings and improvements	40,823,517	62,192,263
Machinery and equipment	1,486,742	2,684,102
Vehicles	6,556,083	-
Infrastructure	11,457,682	49,527,034
Parking structures	-	1,946,180
Aircraft operational assets	-	100,246,092
Construction in process	2,408,282	3,948,216
<b>Total</b>	<b>\$75,889,101</b>	<b>\$225,010,237</b>

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

**Debt Administration**



At fiscal year end, the City had a total outstanding bonded debt of \$134.0 million, a decrease of \$6.7 million during the year.

The City's general obligation debt obtained a "AA-" rating from Standard & Poor's and a "Aa2" rating from Moody's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total State assessed valuation. The current debt limit for the City is \$381.6 million, an amount which is significantly in excess of existing general obligation debt.

Additional information on the City's long-term debt can be found in Note I on pages II-46 to II-49 of this report.

## **Quality of Life**

The City serves as the urban, commercial, healthcare, governmental service and cultural center of a large geographic area. Although this activity is beneficial to our citizens and the region, it presents some additional social challenges for Bangor. Unfortunately, significant reductions in State general assistance funding, housing assistance, mental health treatments, and medical reimbursements as well as Federal reductions in programs such as Community Development Block Grants have deepened the imbalance between the local cost for providing regional services and broad based revenue sources to offset them.

Growth in the downtown, waterfront, and Main Street corridor continues to generate new activity and renewed interest in the core of Bangor. After several years of vacancies, two significant blocks of properties in the downtown have sold and are being redeveloped and repurposed into mixed use developments that include residential, commercial, office and cultural. The development of upscale residential apartments in the downtown has been increasing steadily over the past few years. In 2017, Bangor Savings Bank acquired several parcels of land, bordering the downtown, waterfront, and lower Main Street. They have broken ground on a new headquarters campus.

The City continues to focus planning and capital efforts on the bus services including maintenance, replacement and facilities. A growing community interest in improving and even expanding bus operations along with direct federal oversight has led to a more focused planning process. To date, the City has invested in new building facilities, midlife and end of life bus overhauls, and acquisition of new busses. In future years, the City will focus on evaluating bus hub facilities, as well as continuing replacement of busses.

The City continues to struggle with vacant and abandoned properties throughout the city. To address these issues, the City has implemented a number of programs including a vacant property registration program. This program has required banks to register foreclosed properties and ensures that financial institutions are taking the steps necessary to ensure safety and security of the property. The City has become more aggressive in identifying blighted housing and removing them or getting them restored and sold. The City actively works to identify neighborhoods that would benefit from strategic investment to encourage and foster single occupancy ownership and provides investment opportunities to match; such as through a Community Development Block Grant program to assist in rehabilitation or acquisition of property or rebates for residential energy efficiency improvements.

Despite being the youngest city in Maine, Bangor has a substantial population of elderly in the community. In 2015, a City supported senior center closed down leading the City to take a more active role in livability for seniors. In 2016, the City joined the AARP livable community program, which outlines a process by which the City will identify specific action steps needed to position the City to better serve the senior population. The program focuses on walkable streets, housing and transportation options, access to key services and opportunities for residents to participate in community activities.

In 2014 the City initiated a public planning process to identify best practices for dealing with substance abuse issues that had emerged in our community. Around the same time, the Community Health Leadership Board (CHLB), a group representing major health and social services agencies was established to deal with public health issues facing the community. One of the first projects undertaken by the CHLB was to use the community report on substance abuse to form action steps for combatting the crisis. Since their formation a great deal of work has been done including a standardization of opioid prescribing protocols to be used in all major medical practices, and supporting and promoting the use of Narcan among local law enforcement agencies, promoting legislative changes on these issues of substance abuse including obtaining legislative support for drug court and social detox. Although there are limited resources for opioid treatment and recovery services, local partnerships within our community have realized substantive changes in the dealing with the opioid crisis. Progress has been made, notably; the number of opioid prescriptions written are down as are deaths because of opioid overdoses.

## **Communication and Technology**

The City actively manages and updates its own website, which integrates with our service request and notification subscription system, posts to social media, and manages its own television channel, which broadcasts all City meetings and provides information on City programs and services and offers live streaming of all meetings. We continually work to ensure that we are providing the information citizens want in the form that best fits their need. The first public portal elements of the City's recent project to implement an electronic content management (ECM) system went live. Anyone with internet access is now able to access council and committee related documents. This effort will continue in the coming years to convert paper records and expand upon the types of documents that are readily available.

## **Tax Shift**

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

The latest example of tax shifting is the 2018-2019 State of Maine Biennial budget. Due to an impasse within the Legislature, the State of Maine did shut down for a few days in July. While the Legislature and Governor were able to develop a budget to enact, that provided additional funding for Education, 41.6% of that funding for Bangor was redirected from a State reimbursement for the State Homestead Exemption Program.



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

- The unemployment rate for the City of Bangor in 2017 was 3.7%, which continues to be on par with or below both the national and State rates of 4.4% and 3.8%, respectively.
- While Bangor represents less than 3% of the State's population, businesses within the City generate 6.32% of the State's retail sales tax.
- Residential valuations continue to increase slightly in the coming year.
- Value of commercial properties also continues to increase slightly after realizing significant downward adjustments in FY 2010.
- Bangor businesses continue to reinvest in personal property. While not subject to local taxation, the value of BETE property (net of depreciation) in FY 2018 increased \$19.8 million, or 18.8%, for a total of \$125.1 million.

The fiscal year 2018 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 fiscal year 2018, the City's taxable assessed value increased approximately 1%, the impact of the increase in taxable value was significantly reduced due to the increase in the State Homestead Exemption; the associated tax revenue was not reimbursed to the City as required by State Statute. However, even with the failure of the State of Maine to reimburse municipalities for the increase in the Homestead Exemption, the slight net increase of .3% in taxable value, when coupled with increased State education funding resulted in a .2% increase in the tax rate for 2018. The budget allowed the City Council to provide a 1.50% increase to employees, maintain increased levels of investment in infrastructure, as well as fund assigned fund balances for future capital purchases on a current basis.

Both residential and commercial construction and permitting remain generally flat. We continue to monitor key revenue areas such as: raising interest rates, automobile excise taxes, and property tax collection rates.

Bangor serves as one of the largest retail markets in Maine. The Bangor Mall, Airport Mall, Broadway commercial center, Union Street commercial corridor, and the Bangor Center Development District (downtown) have long established Bangor as the hub of the six county eastern Maine retail market. Unfortunately, properties at the Bangor Mall are facing the same challenges that are facing retail centers around the country. Changes in retail markets due to the effects of on-line retail and the growth of experiential shopping trends has resulted in several stores, such as Macy's and Sears closing their doors. The City is committed to working with owners of retail properties to identify opportunities for redevelopment. They may include investment of infrastructure as well as a review of zoning requirements that would enhance the ability to redevelop these properties in ways that reflect new trends. Developers have recently acquired the former Macy's property, the Bangor Mall, and Kmart (adjacent to the Bangor Mall) properties. Additionally, The Airport Mall and Broadway Mall have recently changed ownership at above assessed value. The rest of the City's commercial real estate vacancy rates are in-line and industrial properties are quite low.

The City continues to focus on value-added sectors such as manufacturing and aviation, as well as the workforce challenges faced by our region, as we are facing extremely low unemployment

rates, but there is a mismatch between workforce skills and available employment opportunities.

Beginning in the fall of 2018, the City will undertake a significant multi-million dollar sewer infrastructure project, the Davis Brook tank installation. This project is expected to span twenty-four months and involves the installation of a large 3.8 million gallon holding tank along the Penobscot River. This additional capacity is required to further reduce the number of discharges to the river of combined sewer overflows that occur within the City's system during high flow events (i.e. rain, snow melt). This investment is being made to ensure continued compliance with the City's consent decree with the Federal Environmental Protection Agency (a copy of which is available at the Wastewater Treatment Plant page of the City's website [www.bangormaine.gov](http://www.bangormaine.gov)).

While the State of Maine's 2018-2019 Biennial budget has been adopted, it is fairly common for the Legislature to enact supplemental budget provisions to the second year. The 2019 budget includes additional education funding beyond the 2018 level. With recent reductions in state income tax rates, the budget is predicated on other revenues stream keeping pace. If a supplemental budget is required at the State level, it is anticipated that any Legislative actions could negatively impact municipalities. Accordingly, city and school staff and elected officials will closely monitor legislative actions and continue to work collaboratively with other municipalities and professional organizations and actively participate in any upcoming legislative hearings.

## **Requests for Information**

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

# **BASIC FINANCIAL STATEMENTS**



**CITY OF BANGOR, MAINE**  
**Statement of Net Position**  
**June 30, 2017**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bangor Public Library
<b>ASSETS</b>				
Cash and cash equivalents	\$ 23,369,593	\$ 8,629,474	\$ 31,999,067	\$ 236,370
Investments	530,292	14,184,298	14,714,590	12,420,981
Receivables:				
Accounts (net of allowance of \$535,075 and \$705,000, respectively)	934,966	6,601,378	7,536,344	63,317
Intergovernmental	5,451,728	907,182	6,358,910	-
Taxes and liens - prior years	1,490,502	-	1,490,502	-
Taxes receivable - current year	1,151,283	-	1,151,283	-
Special assessments	30,130	-	30,130	-
Loans and notes	6,427,274	1,678,142	8,105,416	-
Internal balances	1,797,574	(1,797,574)	-	-
Inventories	554,843	194,674	749,517	-
Prepaid items	1,627,359	608,671	2,236,030	2,850
Other assets	-	1,494,008	1,494,008	-
Non-depreciable capital assets	7,500,650	7,343,354	14,844,004	-
Depreciable capital assets, net	68,388,451	217,666,883	286,055,334	13,007,152
Total assets	119,254,645	257,510,490	376,765,135	25,730,670
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Net pension	3,936,229	874,285	4,810,514	-
Total deferred outflows of resources	3,936,229	874,285	4,810,514	-
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	2,606,083	3,491,555	6,097,638	142,544
Accrued wages and benefits payable	4,499,755	267,461	4,767,216	-
Unearned revenues	127,584	689,496	817,080	-
Noncurrent liabilities:				
Due within one year	7,688,843	4,668,919	12,357,762	108,235
Due in more than one year	64,602,814	80,793,164	145,395,978	59,936
Total liabilities	79,525,079	89,910,595	169,435,674	310,715
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenues - loans and assessments	4,518,751	-	4,518,751	-
Net pension	1,277,172	477,061	1,754,233	-
Total deferred inflows of resources	5,795,923	477,061	6,272,984	-
<b>NET POSITION</b>				
Net investment in capital assets	49,367,869	153,328,264	202,696,133	12,898,917
Restricted for:				
Nonexpendable trust principal	525,249	-	525,249	4,425,016
Expendable income	514,652	-	514,652	7,537,149
Grants and other balances	2,507,815	-	2,507,815	-
Unrestricted	(15,045,713)	14,668,855	(376,858)	558,873
<b>Total net position</b>	<b>\$ 37,869,872</b>	<b>\$ 167,997,119</b>	<b>\$ 205,866,991</b>	<b>\$ 25,419,955</b>

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2017**

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	\$ 6,953,399	\$ 2,117,874	\$ 2,535	\$ -	\$ (4,832,990)	\$ -	\$ (4,832,990)	\$ -
Public safety	18,841,238	3,013,577	392,233	248,744	(15,186,684)	-	(15,186,684)	-
Health, community services and recreation	9,497,729	1,266,221	5,859,952	-	(2,371,556)	-	(2,371,556)	-
Public services	15,997,665	3,637,836	2,839	-	(12,356,990)	-	(12,356,990)	-
Other agencies	5,049,394	-	-	2,080,390	(2,969,004)	-	(2,969,004)	-
Education	55,079,037	5,705,049	24,452,216	-	(24,921,772)	-	(24,921,772)	-
Arena development	801,439	1,838,285	-	-	1,036,846	-	1,036,846	-
Community development	1,335,282	442,445	859,126	62,546	28,835	-	28,835	-
Public transportation	3,273,876	774,195	2,303,751	-	(195,930)	-	(195,930)	-
Economic development (tif)	711,220	-	-	-	(711,220)	-	(711,220)	-
Interest on debt	2,142,976	-	-	-	(2,142,976)	-	(2,142,976)	-
<b>Total governmental activities</b>	<b>119,683,255</b>	<b>18,795,482</b>	<b>33,872,652</b>	<b>2,391,680</b>	<b>(64,623,441)</b>	<b>-</b>	<b>(64,623,441)</b>	<b>-</b>
Business-type activities:								
Sewer Utility	7,725,453	8,634,449	-	183,717	-	1,092,713	1,092,713	-
Airport	21,217,373	15,870,081	-	3,492,988	-	(1,854,304)	(1,854,304)	-
Stormwater Utility	509,884	1,053,892	-	-	-	544,008	544,008	-
Parking	1,037,558	1,008,494	-	-	-	(29,064)	(29,064)	-
Bass Park	7,886,589	3,387,105	-	100,000	-	(4,399,484)	(4,399,484)	-
Municipal Golf Course	604,127	644,303	-	-	-	40,176	40,176	-
Economic Development	466,485	503,905	-	-	-	37,420	37,420	-
<b>Total business-type activities</b>	<b>39,447,469</b>	<b>31,102,229</b>	<b>-</b>	<b>3,776,705</b>	<b>-</b>	<b>(4,568,535)</b>	<b>(4,568,535)</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 159,130,724</b>	<b>\$ 49,897,711</b>	<b>\$ 33,872,652</b>	<b>\$ 6,168,385</b>	<b>(64,623,441)</b>	<b>(4,568,535)</b>	<b>(69,191,976)</b>	<b>-</b>
Component unit								
<b>Bangor Public Library</b>	<b>\$ 2,795,795</b>	<b>\$ 34,610</b>	<b>\$ 2,182,454</b>	<b>\$ 69,584</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ (509,147)</b>
General revenues:								
Property taxes, levied for general purposes					56,721,029	1,100,000	57,821,029	-
Payment in lieu of taxes					233,683	-	233,683	-
Excise taxes					6,170,792	-	6,170,792	-
Franchise taxes					346,303	-	346,303	-
Grants and contributions not restricted to specific programs:								
Homestead/BETE exemption					2,214,078	-	2,214,078	-
Other State aid					24,600	-	24,600	-
State Revenue Sharing					2,225,464	-	2,225,464	-
Unrestricted investment earnings					380,580	555,259	935,839	1,053,090
Gain on sale of assets					62,180	931,275	993,455	-
Transfers					(1,675,055)	1,675,055	-	-
<b>Total general revenues and transfers</b>					<b>66,703,654</b>	<b>4,261,589</b>	<b>70,965,243</b>	<b>1,053,090</b>
Change in net position					2,080,213	(306,946)	1,773,267	543,943
Net position, beginning of year					35,789,659	168,304,065	204,093,724	24,876,012
<b>Net position, end of year</b>					<b>\$ 37,869,872</b>	<b>\$ 167,997,119</b>	<b>\$ 205,866,991</b>	<b>\$ 25,419,955</b>

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	General	Community Development Block Grant	Arena Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 18,878,973	\$ 120,579	\$ 501,915	\$ 2,665,269	\$ 1,202,857	\$ 23,369,593
Investments	50,000	-	-	349,299	130,993	530,292
Receivables:						
Taxes	2,641,785	-	-	-	-	2,641,785
Accounts (net of allowance of \$535,075)	578,077	55,000	115,276	62,546	124,067	934,966
Interfund	1,935,404	-	-	-	-	1,935,404
Intergovernmental	5,003,018	22,037	-	323,769	102,904	5,451,728
Loans and notes	535,372	4,328,621	-	-	1,563,281	6,427,274
Unearned special assessments	-	-	-	30,130	-	30,130
Inventory, at cost	554,843	-	-	-	-	554,843
Prepaid items	507,130	-	-	1,120,229	-	1,627,359
<b>Total assets</b>	<b>30,684,602</b>	<b>4,526,237</b>	<b>617,191</b>	<b>4,551,242</b>	<b>3,124,102</b>	<b>43,503,374</b>
<b>LIABILITIES</b>						
Accounts payable	1,345,499	49,290	3,900	741,404	94,289	2,234,382
Accrued wages and benefits payable	4,495,658	4,097	-	-	-	4,499,755
Interfund loans payable	-	-	-	-	137,830	137,830
Unearned revenues	-	49,286	-	78,298	-	127,584
Due to rehabilitation recipients	-	44,132	-	-	-	44,132
<b>Total liabilities</b>	<b>5,841,157</b>	<b>146,805</b>	<b>3,900</b>	<b>819,702</b>	<b>232,119</b>	<b>7,043,683</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues - property taxes	2,215,800	-	-	-	-	2,215,800
Unavailable revenues - loans	-	4,328,621	-	-	160,000	4,488,621
Unavailable revenues - special assessments	-	-	-	30,130	-	30,130
<b>Total deferred inflows of resources</b>	<b>2,215,800</b>	<b>4,328,621</b>	<b>-</b>	<b>30,130</b>	<b>160,000</b>	<b>6,734,551</b>
<b>FUND BALANCES (Note J)</b>						
Nonspendable	2,962,473	-	-	1,120,229	525,249	4,607,951
Restricted	764,922	50,811	-	-	2,206,734	3,022,467
Committed	288,743	-	613,291	-	-	902,034
Assigned	6,439,941	-	-	2,581,181	-	9,021,122
Unassigned	12,171,566	-	-	-	-	12,171,566
<b>Total fund balances</b>	<b>22,627,645</b>	<b>50,811</b>	<b>613,291</b>	<b>3,701,410</b>	<b>2,731,983</b>	<b>29,725,140</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 30,684,602</b>	<b>\$ 4,526,237</b>	<b>\$ 617,191</b>	<b>\$ 4,551,242</b>	<b>\$ 3,124,102</b>	

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

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

75,889,101

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

2,215,800

Long-term liabilities, including bonds payable \$54,988,615, accrued interest \$327,569, accrued compensated absences \$2,098,318, self insurance liability \$2,572,145, net OPEB obligation \$3,123,960, bond premium \$513,554, capital leases \$181,526 and net pension liability, including deferred outflows and inflows of resources \$6,154,482 are not due and payable in the current period and, therefore, are not reported in the funds.

(69,960,169)

Net position of governmental funds

**\$ 37,869,872**

*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, 2017**

	General	Community Development Block Grant	Arena Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 61,629,388	\$ -	\$ -	\$ 1,920,385	\$ -	\$ 63,549,773
Intergovernmental	30,662,625	779,410	-	2,276,585	6,787,748	40,506,368
Licenses and permits	644,795	-	-	-	-	644,795
Charges for services	14,751,088	-	-	-	774,195	15,525,283
Program income	-	407,403	-	-	-	407,403
Revenue from use of money and property	761,454	-	1,838,285	12,029	82,179	2,693,947
Other	18,623	35,042	-	115,095	107,011	275,771
<b>Total revenues</b>	<b>108,467,973</b>	<b>1,221,855</b>	<b>1,838,285</b>	<b>4,324,094</b>	<b>7,751,133</b>	<b>123,603,340</b>
<b>Expenditures</b>						
<b>Current:</b>						
General government	5,133,047	-	-	-	-	5,133,047
Public safety	17,330,311	-	-	-	-	17,330,311
Health, community services and recreation	4,972,166	-	-	-	-	4,972,166
Public services	10,907,018	-	-	-	-	10,907,018
Other agencies	4,886,577	-	-	-	-	4,886,577
Education	54,722,897	-	-	-	-	54,722,897
Tax increment financing	711,220	-	-	-	-	711,220
Unclassified	31,213	-	13,355	-	-	44,568
Restricted grants	-	1,167,891	-	-	7,631,139	8,799,030
Capital outlay	906,169	-	-	8,513,227	-	9,419,396
Debt service	5,687,035	-	-	1,747,435	-	7,434,470
<b>Total expenditures</b>	<b>105,287,653</b>	<b>1,167,891</b>	<b>13,355</b>	<b>10,260,662</b>	<b>7,631,139</b>	<b>124,360,700</b>
Excess (deficiency) of revenues over (under) expenditures	3,180,320	53,964	1,824,930	(5,936,568)	119,994	(757,360)
<b>Other financing sources (uses)</b>						
Sale of assets	122,683	-	-	21,686	-	144,369
Transfers to other funds	(2,319,912)	-	(1,798,780)	(58,891)	(60,732)	(4,238,315)
Transfers from other funds	56,331	-	-	2,505,919	1,010	2,563,260
<b>Total other financing sources (uses)</b>	<b>(2,140,898)</b>	<b>-</b>	<b>(1,798,780)</b>	<b>2,468,714</b>	<b>(59,722)</b>	<b>(1,530,686)</b>
Changes in fund balances	1,039,422	53,964	26,150	(3,467,854)	60,272	(2,288,046)
Fund balances, beginning of year	21,588,223	(3,153)	587,141	7,169,264	2,671,711	32,013,186
<b>Fund balances, end of year</b>	<b>\$ 22,627,645</b>	<b>\$ 50,811</b>	<b>\$ 613,291</b>	<b>\$ 3,701,410</b>	<b>\$ 2,731,983</b>	<b>\$ 29,725,140</b>

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2017**

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Net change in fund balances - total governmental funds (from Exhibit 4)	\$	(2,288,046)
<p>Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$4,600,669 exceeds loss on disposal of assets of \$82,189 and depreciation expense of \$4,049,900.</p>		
		468,580
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This represents the change in unavailable revenues.</p>		
		(226,997)
<p>Financing proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Governmental funds report the effects of premiums and discounts when debt is issued, but these amounts are deferred and amortized in the statement of activities. The City amortized bond premiums of \$53,728. Repayment of bond and capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the state of net position. For the year, the amount of the repayments was \$7,307,021.</p>		
		7,360,749
<p>Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental fund statements. The differences are as follows: increase in net OPEB obligation (\$196,464), self insurance liability (\$312,196), net pension liability including deferred outflows and inflows of (\$2,816,018) and decreases in accrued compensated absences (\$36,696) and interest (\$53,909).</p>		
		(3,234,073)
<b>Change in net position of governmental activities (see Exhibit 2)</b>		<b>\$ 2,080,213</b>

*See accompanying notes to financial statements.*



**CITY OF BANGOR, MAINE**  
**Statement of Revenues, Expenditures and Changes in**  
**Unassigned Fund Balance - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 60,123,256	\$ 60,123,256	\$ 61,629,388	\$ 1,506,132
Intergovernmental	26,935,261	26,942,331	27,605,530	663,199
Licenses and permits	620,243	620,243	644,795	24,552
Charges for services:				
municipal	8,486,790	8,486,790	8,944,785	457,995
school	4,635,338	4,635,338	5,705,049	1,069,711
Fines, forfeits and penalties	23,000	23,000	18,623	(4,377)
Revenue from use of money and property				
municipal	650,150	650,150	727,792	77,642
<b>Total revenues</b>	<b>101,474,038</b>	<b>101,481,108</b>	<b>105,275,962</b>	<b>3,794,854</b>
<b>Expenditures</b>				
Current:				
General government	5,339,462	5,339,462	5,292,146	47,316
Public safety	17,906,407	17,920,837	17,380,180	540,657
Health, community services and recreation	5,119,606	5,119,606	4,972,166	147,440
Public buildings and services	10,835,284	10,835,284	10,929,752	(94,468)
Other agencies	4,889,336	4,889,336	4,880,069	9,267
Education	51,484,510	54,029,216	51,709,777	2,319,439
Unclassified	809,378	809,378	748,941	60,437
Debt service	5,687,035	5,687,035	5,687,035	-
<b>Total expenditures</b>	<b>102,071,018</b>	<b>104,630,154</b>	<b>101,600,066</b>	<b>3,030,088</b>
Excess (deficiency) of revenues over (under) expenditures	(596,980)	(3,149,046)	3,675,896	6,824,942
<b>Other financing sources (uses)</b>				
Appropriation from restricted, committed and assigned fund balances	1,257,480	1,257,480	7,480	(1,250,000)
Appropriation to assigned fund balance	-	-	(1,220,686)	(1,220,686)
Sale of assets	74,000	74,000	31,694	(42,306)
Contributions	-	7,360	7,391	31
Insurance settlements	52,500	52,500	75,634	23,134
Transfers to other funds	(814,000)	(814,000)	(1,350,614)	(536,614)
Transfers from other funds	27,000	27,000	21,600	(5,400)
<b>Total other financing sources (uses)</b>	<b>596,980</b>	<b>604,340</b>	<b>(2,427,501)</b>	<b>(3,031,841)</b>
Net change in fund balance	\$ -	\$ (2,544,706)	1,248,395	\$ 3,793,101
Unassigned fund balance, beginning of year			11,315,235	
Changes in fund balance classification in accordance with GAAP				
Changes in balances carried			(568,230)	
Inventory and prepaids (GASB 54)			176,166	
<b>Unassigned fund balance, end of year</b>			<b>\$ 12,171,566</b>	

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

<b>Business-type Activities - Enterprise Funds</b>					
	<b>Sewer Utility Fund</b>	<b>Airport Fund</b>	<b>Bass Park Fund</b>	<b>Nonmajor Proprietary Funds</b>	<b>Total Proprietary Funds</b>
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 2,778,998	\$ 1,426,396	\$ 1,003,050	\$ 3,421,030	\$ 8,629,474
Investments	8,961	11,892,915	-	-	11,901,876
Accounts receivable	3,187,696	3,457,434	275,858	385,390	7,306,378
Less allowance for uncollectible accounts	(45,000)	(660,000)	-	-	(705,000)
Net accounts receivable	3,142,696	2,797,434	275,858	385,390	6,601,378
Due from other governments	-	907,182	-	-	907,182
Inventories, at cost	-	166,658	28,016	-	194,674
Prepaid items	40,220	369,637	69,031	129,783	608,671
<b>Total current assets</b>	<b>5,970,875</b>	<b>17,560,222</b>	<b>1,375,955</b>	<b>3,936,203</b>	<b>28,843,255</b>
Noncurrent assets					
Capital Assets:					
Land and improvements	683,865	-	579,157	5,008,359	6,271,381
Buildings and improvements	29,026,578	-	68,958,075	4,587,329	102,571,982
Machinery and equipment	6,611,064	-	2,020,234	553,257	9,184,555
Infrastructure	63,603,710	-	-	683,189	64,286,899
Aircraft operational assets	-	294,013,860	-	-	294,013,860
Parking structures	-	-	-	11,372,837	11,372,837
Construction in process	3,702,321	180,869	-	65,026	3,948,216
<b>Total capital assets</b>	<b>103,627,538</b>	<b>294,194,729</b>	<b>71,557,466</b>	<b>22,269,997</b>	<b>491,649,730</b>
Less accumulated depreciation	(47,438,201)	(193,767,768)	(11,882,040)	(13,551,484)	(266,639,493)
Net capital assets	56,189,337	100,426,961	59,675,426	8,718,513	225,010,237
Investments	-	2,282,422	-	-	2,282,422
Loans receivable	-	281,846	-	1,396,296	1,678,142
Due from bond trustee	1,494,008	-	-	-	1,494,008
<b>Total noncurrent assets</b>	<b>57,683,345</b>	<b>102,991,229</b>	<b>59,675,426</b>	<b>10,114,809</b>	<b>230,464,809</b>
<b>Total assets</b>	<b>63,654,220</b>	<b>120,551,451</b>	<b>61,051,381</b>	<b>14,051,012</b>	<b>259,308,064</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Net pension	220,357	634,999	-	18,929	874,285
<b>Total deferred outflows of resources</b>	<b>220,357</b>	<b>634,999</b>	<b>-</b>	<b>18,929</b>	<b>874,285</b>

*See accompanying notes to financial statements.*

Continued on next page

**CITY OF BANGOR, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

**Business-type Activities - Enterprise Funds**

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	793,073	1,118,810	304,186	166,407	2,382,476
Accrued wages and benefits payable	39,062	150,566	58,850	18,983	267,461
Accrued interest	57,450	52,391	946,402	52,836	1,109,079
Workers' compensation	20,000	138,266	-	1,953	160,219
Interfund loans payable	-	-	1,797,574	-	1,797,574
General obligation debt payable	1,631,986	606,758	1,202,234	608,951	4,049,929
Capital lease obligation payable	-	-	9,478	-	9,478
Accrued compensated absences	70,564	268,903	-	19,115	358,582
Unearned revenue	-	-	689,496	-	689,496
Other liabilities	-	-	90,711	-	90,711
<b>Total current liabilities</b>	<b>2,612,135</b>	<b>2,335,694</b>	<b>5,098,931</b>	<b>868,245</b>	<b>10,915,005</b>
Long-term liabilities					
Workers' compensation	-	142,949	-	8,047	150,996
General obligation debt payable	13,160,080	8,045,255	49,892,322	3,909,412	75,007,069
Capital lease obligation payable	-	-	10,548	-	10,548
Accrued compensated absences	55,279	143,118	-	14,871	213,268
Net OPEB obligation	196,089	683,098	-	43,594	922,781
Net pension liability	541,226	1,559,643	-	46,493	2,147,362
Other long-term liabilities	156,498	-	2,184,642	-	2,341,140
<b>Total long-term liabilities</b>	<b>14,109,172</b>	<b>10,574,063</b>	<b>52,087,512</b>	<b>4,022,417</b>	<b>80,793,164</b>
<b>Total liabilities</b>	<b>16,721,307</b>	<b>12,909,757</b>	<b>57,186,443</b>	<b>4,890,662</b>	<b>91,708,169</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Net pension	120,240	346,492	-	10,329	477,061
<b>Total deferred inflows of resources</b>	<b>120,240</b>	<b>346,492</b>	<b>-</b>	<b>10,329</b>	<b>477,061</b>
<b>NET POSITION</b>					
Net investment in capital assets	43,627,040	94,571,999	9,820,801	5,308,424	153,328,264
Unrestricted	3,405,990	13,358,202	(5,955,863)	3,860,526	14,668,855
<b>Total net position</b>	<b>\$ 47,033,030</b>	<b>\$ 107,930,201</b>	<b>\$ 3,864,938</b>	<b>\$ 9,168,950</b>	<b>\$ 167,997,119</b>

*See accompanying notes to financial statements.*

Continued from previous page

**CITY OF BANGOR, MAINE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**

**Business-type Activities - Enterprise Funds**

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Operating revenues					
Charges for services	\$ 8,634,449	\$ 15,870,081	\$ 3,387,105	\$ 3,210,594	\$ 31,102,229
<b>Total operating revenues</b>	<b>8,634,449</b>	<b>15,870,081</b>	<b>3,387,105</b>	<b>3,210,594</b>	<b>31,102,229</b>
Operating expenses					
Operating expenses other than depreciation and amortization	5,581,982	12,760,491	3,110,424	1,947,355	23,400,252
Depreciation and amortization	1,859,038	8,090,205	2,954,733	512,846	13,416,822
<b>Total operating expenses</b>	<b>7,441,020</b>	<b>20,850,696</b>	<b>6,065,157</b>	<b>2,460,201</b>	<b>36,817,074</b>
<b>Operating income (loss)</b>	<b>1,193,429</b>	<b>(4,980,615)</b>	<b>(2,678,052)</b>	<b>750,393</b>	<b>(5,714,845)</b>
Nonoperating revenue (expenses)					
Interest income	194,764	221,981	-	138,514	555,259
Interest expense	(284,433)	(366,677)	(1,821,432)	(157,853)	(2,630,395)
Taxes (Downtown TIF)	-	-	1,100,000	-	1,100,000
Gain on sale of assets	7,411	-	-	923,864	931,275
<b>Total nonoperating revenue (expenses)</b>	<b>(82,258)</b>	<b>(144,696)</b>	<b>(721,432)</b>	<b>904,525</b>	<b>(43,861)</b>
<b>Net income (loss) before grants/contributions and transfers</b>	<b>1,111,171</b>	<b>(5,125,311)</b>	<b>(3,399,484)</b>	<b>1,654,918</b>	<b>(5,758,706)</b>
Grants/contributions received for capital assets	183,717	3,492,988	100,000	-	3,776,705
Transfers to other funds	(25,000)	-	-	(121,875)	(146,875)
Transfers from other funds	23,150	-	1,798,780	-	1,821,930
<b>Change in net position</b>	<b>1,293,038</b>	<b>(1,632,323)</b>	<b>(1,500,704)</b>	<b>1,533,043</b>	<b>(306,946)</b>
<b>Net position, beginning of year</b>	<b>45,739,992</b>	<b>109,562,524</b>	<b>5,365,642</b>	<b>7,635,907</b>	<b>168,304,065</b>
<b>Net position, end of year</b>	<b>\$ 47,033,030</b>	<b>\$ 107,930,201</b>	<b>\$ 3,864,938</b>	<b>\$ 9,168,950</b>	<b>\$ 167,997,119</b>

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**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	\$ 8,943,837	\$ 18,521,284	\$ 3,065,050	\$ 3,333,560	\$ 33,863,731
Cash paid to suppliers for goods and services	(3,593,136)	(5,550,366)	(3,300,901)	(1,032,075)	(13,476,478)
Cash paid to employees for services	(1,850,920)	(6,703,692)	-	(822,558)	(9,377,170)
Net cash provided by (used in) operating activities	3,499,781	6,267,226	(235,851)	1,478,927	11,010,083
Cash flows from noncapital financing activities					
Interfund loans (repayments)	-	(6,225,775)	-	-	(6,225,775)
Taxes (Downtown TIF)	-	-	1,100,000	-	1,100,000
Transfers in	23,150	-	1,798,780	-	1,821,930
Transfers out	(25,000)	-	-	(121,875)	(146,875)
Net cash provided by (used in) noncapital financing activities	(1,850)	(6,225,775)	2,898,780	(121,875)	(3,450,720)
Cash flows from capital and related financing activities					
Proceeds from general obligation bonds	4,280,000	-	-	-	4,280,000
Acquisition and construction of capital assets	(4,429,957)	(4,135,140)	-	(197,507)	(8,762,604)
Principal paid on general obligation bonds/capital leases	(1,579,986)	(584,818)	(1,152,375)	(590,769)	(3,907,948)
Interest paid on general obligation bonds	(278,822)	(365,218)	(1,939,590)	(168,574)	(2,752,204)
Proceeds from sale of property	7,411	-	-	1,125,000	1,132,411
Grant/contribution monies received for capital assets	183,717	5,454,730	100,000	-	5,738,447
Net cash provided by (used in) capital and related financing activities	(1,817,637)	369,554	(2,991,965)	168,150	(4,271,898)
Cash flows from investing activities					
Net sales (purchases) of investments	271,056	700,743	-	-	971,799
Investment of unexpended bond proceeds	(812,062)	-	-	-	(812,062)
Interest on investments	194,764	221,981	-	171,033	587,778
Loan repayments	-	86,407	-	-	86,407
Net cash provided by (used in) investing activities	(346,242)	1,009,131	-	171,033	833,922
Net increase (decrease) in cash	1,334,052	1,420,136	(329,036)	1,696,235	4,121,387
Cash, beginning of year	1,444,946	6,260	1,332,086	1,724,795	4,508,087
<b>Cash, end of year</b>	<b>\$ 2,778,998</b>	<b>\$ 1,426,396</b>	<b>\$ 1,003,050</b>	<b>\$ 3,421,030</b>	<b>\$ 8,629,474</b>

## Schedule of noncash investing, capital and financing activities:

During the year, the Airport Fund had an unrealized gain on investments in the amount of \$403,750 and expended \$284,718 in capital asset acquisition costs to be reimbursed by Federal and State grants in a subsequent year.

*See accompanying notes to financial statements.*

Continued on next page

**CITY OF BANGOR, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**

	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)	\$ 1,193,429	\$ (4,980,615)	\$ (2,678,052)	\$ 750,393	\$ (5,714,845)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	1,859,038	8,090,205	2,954,733	512,846	13,416,822
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	309,388	2,651,203	37,152	106,517	3,104,260
(Increase) decrease in inventories	-	40,279	3,991	-	44,270
(Increase) decrease in prepaid items	9,807	(10,255)	25,051	11,364	35,967
Increase (decrease) in accounts payable	(92,314)	(103,596)	(167,935)	69,168	(294,677)
Increase (decrease) in unearned revenue	-	-	(359,207)	-	(359,207)
Increase (decrease) in other liabilities	220,433	580,005	(51,584)	28,639	777,493
Total adjustments	2,306,352	11,247,841	2,442,201	728,534	16,724,928
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 3,499,781</b>	<b>\$ 6,267,226</b>	<b>\$ (235,851)</b>	<b>\$ 1,478,927</b>	<b>\$ 11,010,083</b>

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 136,926
<b>Total assets</b>	<b>136,926</b>
<b>LIABILITIES</b>	
Amounts held for others	136,926
<b>Total liabilities</b>	<b>\$ 136,926</b>

*See accompanying notes to financial statements.*

## INDEX OF NOTES TO THE FINANCIAL STATEMENTS

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**CITY OF BANGOR, MAINE**  
**Notes to the Financial Statements**  
**June 30, 2017**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**A. Reporting Entity**

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

The Bangor Public Library is a nonprofit organization, which operates under the control of a nine-member Board of Trustees. The Bangor City Council appoints four members and the City of Bangor Charter appoints a fifth member. The Board has the power to hire officers, approve the budget and direct the operations of the Library. However, the Library is financially dependent upon the City in that the City provides approximately 60% of the operating financial support received by the Library during the year ended June 30, 2017. 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, 2016 (most recent data available) the City of Bangor's share of the Joint Venture's net position was \$5,385,036. Complete financial statements may be obtained from Municipal Review Committee, 395 State Street, Ellsworth, ME 04605.

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund type:

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

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

**1. Deposits and Investments**

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

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

Investments are reported at fair value. Fair value is measured using a hierarchy established by generally accepted accounting principles. Level 1 investments are based on quoted prices in active markets for identical assets, Level 2 investments are based on significant other observable inputs and Level 3 investments are based on significant unobservable inputs. 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. 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.

The cost of inventories and prepaid items are recognized as expenditures/expenses when consumed or used rather than when purchased.

**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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition 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.

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

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

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

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

**5. Deferred Inflows/Outflows of Resources**

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows and inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds only report a deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension liability, which include the City's contribution subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, changes in proportion and differences between the City's contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period. In addition, the governmental activities and governmental funds have deferred outflows that related to 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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**6. Compensated Absences**

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

**7. Long-term Obligations**

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

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

**8. Fund Equity**

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**9. Allowance for Uncollectible Accounts and Loans**

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

**10. Pensions**

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

**11. Use of Estimates**

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

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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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**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 30<sup>th</sup>. Should the Council fail to adopt an operating budget on or before June 30<sup>th</sup>, by Charter, the budget proposed by the City Manager becomes effective.

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

Maine Public Employees Retirement contributions are made by the State of Maine on behalf of the School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$3,057,095. These amounts have been included as intergovernmental revenue and education expenditures in the general fund on the Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit 4) and in the entity-wide Statement of Activities (Exhibit 2). There is no effect on fund balance or net position at the end of the year.



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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

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**B. Reconciliation of Budgetary Basis Statements**

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

Excess of revenues and other financing sources over expenditures and other financing uses (Budget)	\$ 1,248,395
Activity in assigned fund balance	293,032
2017 encumbrances	1,428,752
2016 encumbrances paid	(1,928,009)
2016 encumbrances lapsed	(2,748)
Excess of revenues and other financing sources over expenditures and other uses (GAAP)	<u>\$ 1,039,422</u>

**C. Excess of Expenditures Over Appropriations**

The following General Fund departments were over-expended by the indicated dollar amounts; Executive \$45,627, Public Transportation \$109,255, Planning, econ dev., code enforcement \$11,188 and Public buildings and services \$94,468. These over-expenditures were funded by receipt of revenues in excess of appropriations and under-expenditures within other General Fund departments.

**D. 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 2017.

**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, 2017, none of the City's bank balance of \$33,610,056 was exposed to custodial credit.

Fair Value – Investments

The City of Bangor categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At June 30, 2017, the City had the following investments and maturities:

Investment types	Rating	Fair Value	Not Applicable	Maturity (years)		
				<1	1-5	6-10
Mutual Funds		\$ 11,665,043	\$ 11,665,043	\$ -	\$ -	\$ -
Repurchase Agreements		11,186	11,186	-	-	-
US Treasuries	AA	2,532,085	-	249,663	2,027,384	255,038
Common Stock		456,276	456,276	-	-	-
Certificate of Deposit		50,000	-	50,000	-	-
Totals		<u>\$ 14,714,590</u>	<u>\$ 12,132,505</u>	<u>\$ 299,663</u>	<u>\$ 2,027,384</u>	<u>\$ 255,038</u>

Investment types	Fair Value	Level 1	Level 2	Level 3
		Inputs	Inputs	Inputs
Mutual Funds	\$ 11,665,043	\$ 11,665,043	\$ -	\$ -
US Treasuries	2,532,085	2,532,085	-	-
Common Stock	456,276	456,276	-	-
Totals	<u>\$ 14,653,404</u>	<u>\$ 14,653,404</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

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

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

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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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 cannot 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, 2017, 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.

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

Concentration of Credit Risk

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

**B. Property Tax**

Property taxes for the current year were levied July 8, 2016, on the assessed value listed as of the prior April 1 for all real and personal property located in the City. Assessed values are periodically established by the City's Assessor at 100% of assumed market value. Taxes were due in two installments: September 15, 2016 and March 15, 2017. 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.

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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,092,368	\$ -	\$ -	\$ 5,092,368
Construction in process	1,811,356	2,007,952	1,411,026	2,408,282
Total capital assets not being depreciated	6,903,724	2,007,952	1,411,026	7,500,650
Capital assets, being depreciated:				
Land improvements	11,936,342	1,989,288	-	13,925,630
Buildings and improvements	71,280,379	624,399	30,905	71,873,873
Machinery and equipment	12,209,056	311,249	-	12,520,305
Vehicles	17,930,929	1,078,807	749,980	18,259,756
Infrastructure	24,066,358	-	-	24,066,358
Total capital assets being depreciated	137,423,064	4,003,743	780,885	140,645,922
Less accumulated depreciation for:				
Land improvements	(5,286,544)	(574,659)	-	(5,861,203)
Buildings and improvements	(29,555,671)	(1,497,466)	(2,781)	(31,050,356)
Machinery and equipment	(10,619,428)	(414,135)	-	(11,033,563)
Vehicles	(11,202,158)	(1,197,430)	(695,915)	(11,703,673)
Infrastructure	(12,242,466)	(366,210)	-	(12,608,676)
Total accumulated depreciation	(68,906,267)	(4,049,900)	(698,696)	(72,257,471)
Total capital assets being depreciated, net	68,516,797	(46,157)	82,189	68,388,451
<b>Governmental activities capital assets, net</b>	<b>\$ 75,420,521</b>	<b>\$ 1,961,795</b>	<b>\$ 1,493,215</b>	<b>\$ 75,889,101</b>

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,596,274	\$ -	\$ 201,136	\$ 3,395,138
Construction in process	22,355,436	7,579,781	25,987,001	3,948,216
Total capital assets not being depreciated	25,951,710	7,579,781	26,188,137	7,343,354
Capital assets, being depreciated:				
Land improvements	2,876,243	-	-	2,876,243
Buildings and improvements	102,419,888	152,094	-	102,571,982
Machinery and equipment	9,123,253	83,793	22,491	9,184,555
Infrastructure	60,985,513	3,368,679	67,293	64,286,899
Airport operational assets	271,001,326	23,012,534	-	294,013,860
Parking structures	11,331,311	41,526	-	11,372,837
Total capital assets being depreciated	457,737,534	26,658,626	89,784	484,306,376
Less accumulated depreciation for:				
Land improvements	(1,748,756)	(56,275)	-	(1,805,031)
Buildings and improvements	(36,516,344)	(3,863,375)	-	(40,379,719)
Machinery and equipment	(6,021,871)	(501,073)	(22,491)	(6,500,453)
Infrastructure	(14,127,007)	(632,858)	-	(14,759,865)
Airport operational assets	(185,677,563)	(8,090,205)	-	(193,767,768)
Parking structures	(9,153,621)	(273,036)	-	(9,426,657)
Total accumulated depreciation	(253,245,162)	(13,416,822)	(22,491)	(266,639,493)
Total capital assets being depreciated, net	204,492,372	13,241,804	67,293	217,666,883
<b>Business-type activities capital assets, net</b>	<b>\$ 230,444,082</b>	<b>\$ 20,821,585</b>	<b>\$ 26,255,430</b>	<b>\$ 225,010,237</b>

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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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

Governmental Activities:	
General government	\$ 1,353,376
Public safety	780,928
Health, community services and recreation	132,478
Public services	551,335
Education	<u>1,231,783</u>
<b>Total depreciation expense - governmental activities</b>	<b><u>\$ 4,049,900</u></b>
Business-type activities:	
Sewer Utility Fund	\$ 1,859,038
Airport Fund	8,090,205
Bass Park Fund	2,954,733
Stormwater	16,494
Economic Development Fund	155,705
Parking Fund	273,036
Municipal Golf Course	<u>67,611</u>
<b>Total depreciation expense - business-type activities</b>	<b><u>\$ 13,416,822</u></b>

Construction commitments:

At June 30, 2017 the City had entered into contracts or otherwise committed to various construction projects:

	Contract Amount	Paid To Date	Balance Remaining
Building Improvements	\$ 777,935	\$ 397,528	\$ 380,407
Infrastructure	1,564,150	468,462	1,095,688
Sewer Upgrades	3,908,651	3,635,088	273,563

**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, 2017 the balances were as follows:

	Receivable	Payable
General Fund	\$ 1,935,404	\$ -
Nonmajor Governmental Funds	-	137,830
Bass Park Fund	-	1,797,574
	<u>\$ 1,935,404</u>	<u>\$ 1,935,404</u>

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

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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Individual fund transfers to and from other funds for the fiscal year ended June 30, 2017 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	\$ 2,319,912	\$ 56,331
Arena Fund	1,798,780	-
Capital Projects Fund	58,891	2,505,919
Nonmajor Governmental Funds	60,732	1,010
Bass Park Fund	-	1,798,780
Sewer Fund	25,000	23,150
Nonmajor Enterprise Funds	121,875	-
	<u>\$ 4,385,190</u>	<u>\$ 4,385,190</u>

**E. Due From Other Governments**

Due from other governments is comprised of the following amounts at June 30, 2017:

	Federal Government	State of Maine	Other	Total
General Fund	\$ 1,060,711	\$ 2,893,775	\$ 1,048,532	\$ 5,003,018
Community Development	22,037	-	-	22,037
Nonmajor Special Revenue Funds	102,904	-	-	102,904
Capital Projects Fund	-	323,769	-	323,769
Airport Fund	339,479	567,703	-	907,182

Amounts due from Federal Government are comprised of operating and capital grants for all fund types. Of the General Fund's \$2,893,775 due from State of Maine, \$1,973,340 represents school grant and State agency billings, and \$400,323 represents general assistance claims. Amounts owed to the Capital Projects and the Airport Funds by the State of Maine are for capital grant purposes. Amounts due from other communities for tuition reimbursement to Bangor account for \$378,484 of the Due from Other in the General Fund.

**F. Leases**

Operating Leases

The Airport and Economic Development Proprietary Funds are the lessors of various buildings and land parcels under operating leases expiring in various years through 2048 and 2041, respectively. Minimum future rentals to be received on noncancelable leases as of June 30, 2017 are:

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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

Fiscal year ending June 30,	Airport	Economic Development
2018	\$ 1,739,645	\$ 466,318
2019	883,375	466,388
2020	762,784	392,089
2021	644,181	380,767
2022	537,877	343,647
Subsequent to 2023	3,197,984	3,039,088
	<u>\$ 7,765,846</u>	<u>\$ 5,088,297</u>

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. The Airport received \$1,934,439 in contingent rentals in fiscal year 2017.

The carrying amounts of the leased assets are as follows:

	Airport	Economic Development
Land	\$ 565,532	\$ 2,515,911
Buildings	22,886,327	3,674,723
Less accumulated depreciation	(20,121,429)	(1,562,160)
Total	<u>\$ 3,330,430</u>	<u>\$ 4,628,474</u>

**Capital Leases**

The City entered into several leases for financing the acquisition of heavy equipment and office equipment. These lease agreements qualify as capital leases for accounting purposes whereas they contain a bargain purchase option. Leased equipment below the City's capitalization policy has not been capitalized. The following is an analysis of the carrying value of the leased capitalized equipment as of June 30, 2017:

	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 630,581	\$ 52,837
Less accumulated depreciation	(521,123)	(28,564)
Carrying value	<u>\$ 109,458</u>	<u>\$ 24,273</u>

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2017:

Fiscal Year ending June 30,	Governmental Activities	Business-type Activities
2018	\$ 142,005	\$ 10,074
2019	47,130	7,929
2020	-	2,938
Total minimum lease payments	189,135	20,941
Less: amount representing interest	(7,609)	(915)
Present value of future minimum lease payments	<u>\$ 181,526</u>	<u>\$ 20,026</u>

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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

**G. Other Assets**

Other assets are comprised of the following:

	Sewer Utility	
	Fund	
Due from bond trustee	\$ 1,494,008	
Total	\$ 1,494,008	

**H. Unearned Revenue**

Community Development Block Grant and Capital Projects Fund unearned revenues consist of \$49,286 and \$78,298 in advance deposits, respectively. Bass Park Fund unearned revenues consist of \$689,496 in advance sales.

**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 \$195,536,948. The following is a summary of general obligation bond and note transactions of the City for the fiscal year ended June 30, 2017:

Bonds and notes payable at June 30, 2016	\$ 140,744,237	
Add: principal additions	4,280,000	
Less: principal repayments	10,978,624	
Bonds and notes payable at June 30, 2017	\$ 134,045,613	



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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

Bonds and notes payable at June 30, 2017 are comprised of the following:

Long-term debt	Fiscal year of maturity	Interest rate	Governmental Activities		Business-type Activities	Total June 30, 2017
			City	School		
Combined sewer overflow	2018	3.03%	-	-	152,798	152,798
Tax increment financing note*	2018	4.50%	12,333	-	-	12,333
Maine Business Enterprise Park	2018	5.00%	-	-	19,857	19,857
Public improvements note*	2020	4.50%	249,476	-	-	249,476
Pension obligation bonds	2026	3.06% - 6.45%	18,573,047	1,193,325	4,001,913	23,768,285
Combined sewer overflow	2023	1.94%	-	-	994,082	994,082
Briggs building note	2023	4.50%	-	-	535,372	535,372
Combined sewer overflow	2025	1.41%	-	-	1,183,401	1,183,401
Chancellor's property note	2026	5.00%	-	-	1,283,287	1,283,287
Combined sewer overflow	2027	1.64%	-	-	1,081,156	1,081,156
Combined sewer overflow	2028	1.81%	-	-	1,188,030	1,188,030
Public improvements - 2009	2029	2.00% - 4.375%	1,860,000	-	-	1,860,000
ARRA - CWSRF	2029	0.00%	-	-	581,345	581,345
ARRA - CWSRF	2030	0.00%	-	-	333,944	333,944
Public improvements/refunding	2020	2.00% - 3.25%	1,096,637	2,222,732	225,635	3,545,004
Public improvements/refunding	2021	2.00% - 3.25%	785,876	-	1,844,124	2,630,000
Qualified school construction bond	2028	4.65%	-	5,605,000	-	5,605,000
Refunding/public improvements	2022	2.00% - 2.25%	1,217,465	1,096,039	721,496	3,035,000
Arena	2043	3.25% - 5.00%	-	-	50,715,000	50,715,000
Qualified school construction bond	2035	4.05%	-	2,800,000	-	2,800,000
Refunding/public improvements	2032	2.00% - 4.00%	5,747,685	-	1,232,315	6,980,000
Refunding/airport improvements	2033	.50% - 4.25%	-	-	3,635,000	3,635,000
Public improvements	2034	2.00% - 4.00%	5,925,000	1,020,000	255,000	7,200,000
Combined sewer overflow	2034	0.10%	-	-	2,252,243	2,252,243
Public improvements	2030	2.00% - 2.75%	2,350,000	320,000	-	2,670,000
Airport improvements	2035	3.00% - 3.65%	-	-	1,440,000	1,440,000
Refunding/public improvements	2030	2.00% - 3.00%	2,914,000	-	261,000	3,175,000
Airport improvements	2027	0.95% - 3.25%	-	-	840,000	840,000
Combined sewer overflow	2036	1.00%	-	-	4,280,000	4,280,000
<b>Total bonds and notes payable</b>			<b>\$ 40,731,519</b>	<b>\$ 14,257,096</b>	<b>\$ 79,056,998</b>	<b>\$ 134,045,613</b>

\* Notes aggregating \$261,809 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
2018	\$ 5,469,808	\$ 2,005,662	\$ 4,049,929	\$ 2,633,883
2019	5,044,052	1,811,043	3,841,012	2,503,221
2020	5,116,641	1,614,642	3,949,504	2,372,793
2021	4,287,500	1,421,326	3,955,525	2,566,109
2022	4,356,677	1,281,556	3,689,252	2,372,229
2023-2027	18,670,937	3,019,403	17,161,873	8,405,887
2028-2032	8,748,000	343,079	13,166,710	5,931,108
2033-2037	3,295,000	66,263	13,213,193	3,967,634
2038-2042	-	-	13,095,000	1,877,288
2043	-	-	2,935,000	58,700
<b>Total</b>	<b>\$ 54,988,615</b>	<b>\$ 11,562,974</b>	<b>\$ 79,056,998</b>	<b>\$ 32,688,852</b>

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

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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**Legal Debt Margin**

The City is subject to the laws of the State of Maine, which limits the amount of long-term debt to 15% of the state's assessed valuation of the City. At June 30, 2017, the statutory limit for the City was \$381,555,000. The City's outstanding long-term debt of \$134,045,613 at June 30, 2017 was within the statutory limit.

**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, 2017, \$155,000 remains authorized and unissued. The City will not be issuing bonds for this purpose and will expunge the authorizing and unissued amounts.

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, 2017, \$1,590,000 remains authorized and unissued. The City will continue to monitor when and if the debt will be issued.

On February 24, 2016, the City Council authorized the issuance of up to \$2,145,000 in general obligation bonds through the Maine Municipal Bond Bank State Revolving Fund to finance sewer infrastructure improvements. As of June 30, 2017, \$1,735,000 remains authorized and unissued. The City expects to issue the debt within the next twenty-four months.

**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, 2017, was as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due within one year
Governmental activities:					
General obligation debt	\$ 62,068,475	\$ -	\$ 7,079,860	\$ 54,988,615	\$ 5,469,808
Accrued compensated absences*	2,135,014	1,515,559	1,552,255	2,098,318	1,323,182
Capital leases	408,687	-	227,161	181,526	136,235
Bond premium	567,282	-	53,728	513,554	74,661
Net OPEB obligation*	2,927,496	393,037	196,573	3,123,960	-
Net pension liability*	6,237,310	2,576,229	-	8,813,539	-
Self insurance liability	2,259,949	616,336	304,140	2,572,145	684,957
Governmental activities long-term liabilities	<u>\$ 76,604,213</u>	<u>\$ 5,101,161</u>	<u>\$ 9,413,717</u>	<u>\$ 72,291,657</u>	<u>\$ 7,688,843</u>
Business-type activities:					
General obligation debt	\$ 78,675,762	\$ 4,280,000	\$ 3,898,764	\$ 79,056,998	\$ 4,049,929
Accrued compensated absences*	583,716	432,662	444,528	571,850	358,582
Capital leases	29,210	-	9,184	20,026	9,478
Bond premium	2,366,065	-	90,712	2,275,353	90,711
Net OPEB obligation*	865,711	114,171	57,101	922,781	-
Net pension liability*	1,541,776	605,586	-	2,147,362	-
Self insurance liability	311,215	38,974	38,974	311,215	160,219
Other	156,498	-	-	156,498	-
Business-type activities long-term liabilities	<u>\$ 84,529,953</u>	<u>\$ 5,471,393</u>	<u>\$ 4,539,263</u>	<u>\$ 85,462,083</u>	<u>\$ 4,668,919</u>

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

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

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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**J. Fund Balances**

As of June 30, 2017, fund balances components consisted of the following:

	Nonspendable	Restricted	Committed	Assigned
General Fund:				
Advances to other funds	\$ 1,900,500	\$ -	\$ -	\$ -
Inventory and prepaid items	1,061,973	-	-	-
PEG capital support	-	19,883	-	-
School capital	-	131,039	-	-
Education	-	614,000	-	-
Cultural Commission/Public Safety	-	-	288,743	-
Subsequent year expenditures	-	-	-	72,264
Pooled equipment reserve	-	-	-	351,707
Bus equipment reserve	-	-	-	828,388
Fire equipment reserve	-	-	-	355,567
Self insurance reserve	-	-	-	2,525,908
Improvement reserve	-	-	-	1,232,815
Demolition reserve	-	-	-	52,772
Benefit reserve	-	-	-	990,757
Parks & Recreation reserve	-	-	-	29,763
Subtotal	<u>2,962,473</u>	<u>764,922</u>	<u>288,743</u>	<u>6,439,941</u>
Community Development Block Grant	-	50,811	-	-
Arena Fund	-	-	613,291	-
Capital Projects Fund	<u>1,120,229</u>	-	-	<u>2,581,181</u>
Other Governmental Funds:				
Nonexpendable trust principal	525,249	-	-	-
Nonmajor Special Revenue Funds				
Infrastructure	-	458,999	-	-
Public Safety	-	223,284	-	-
Transportation	-	94,458	-	-
Economic Develop	-	274,538	-	-
Parks	-	539,958	-	-
Health	-	21,755	-	-
Other Municipal	-	79,090	-	-
Nonmajor Permanent Funds				
Cemetery	-	100,152	-	-
Missionary	-	92,833	-	-
Education	-	116,483	-	-
Other Municipal	-	205,184	-	-
Subtotal	<u>525,249</u>	<u>2,206,734</u>	-	-
Total	<u>\$ 4,607,951</u>	<u>\$ 3,022,467</u>	<u>\$ 902,034</u>	<u>\$ 9,021,122</u>

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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

Encumbrances at year end were \$1,428,752 for General Fund, \$1,512,148 for Capital Projects Fund, \$510,589 for Airport Fund, \$591,489 for Sewer Utility Fund and \$50,864 for the Stormwater Fund.

**K. Net Position**

Net position represents the difference between assets and deferred inflows and liabilities and deferred outflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City of through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City's net investment in capital assets was calculated as follows at June 30, 2017:

	Governmental	Business-type
Capital assets	\$ 148,146,572	\$ 491,649,730
Accumulated depreciation	(72,257,471)	(266,639,493)
Bonds payable	(54,988,615)	(79,056,998)
Capital leases	(181,526)	(20,026)
Non capital related bonds payable	28,679,092	8,116,358
Non capital related capital leases	134,072	-
Premium on long term debt	(513,554)	(2,275,353)
Unspent bond proceeds	349,299	1,554,046
Net investment in capital assets	<u>\$ 49,367,869</u>	<u>\$ 153,328,264</u>

**OTHER INFORMATION**

**A. Risk Management**

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

The City purchases coverage under a number of commercially available insurance policies such as; commercial general liability, auto, property damage and crime and dishonesty, each with limits and deductibles deemed prudent given the risks, cost of coverage and the City's ability to fund certain types of losses. For those claims covered by commercial insurance, the amount of settlements has not exceeded the coverage for the years ended June 30, 2017, 2016 and 2015.

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, 2017, the amount of self-insurance liabilities was \$2,883,360. This liability is the City's best estimate based on available information.

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

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**OTHER INFORMATION, CONTINUED**

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Changes in the reported liabilities since July 1, 2015 resulted from the following:

	Workers' Compensation	All other self- insured risks	Total
Unpaid claims as of July 1, 2015	\$ 1,933,590	\$ 312,863	\$ 2,246,453
Incurred claims	239,912	-	239,912
Payments	(533,741)	(46)	(533,787)
Changes in estimates and other adjustments	618,167	419	618,586
Unpaid claims as of July 1, 2016	2,257,928	313,236	2,571,164
Incurred claims	198,197	-	198,197
Payments	(322,546)	(20,568)	(343,114)
Changes in estimates and other adjustments	456,319	794	457,113
Unpaid claims as of July 1, 2017	<u>\$ 2,589,898</u>	<u>\$ 293,462</u>	<u>\$ 2,883,360</u>

**B. Tax Increment Financing Districts**

The City may provide financial assistance to local economic development projects by using the new property taxes that result from the commercial investment and corresponding increase in taxable property valuation. This is accomplished by utilizing municipal tax increment financing districts (TIF) in accordance with Chapter 260 of MRSA Title 30-A or via a City Council vote, which may result in the execution of a Credit Enhancement Agreement (CEA). The CEA is a mechanism to assist the development project by returning all or a portion of the incremental property tax revenues generated by the new investment directly to the developer. Incremental taxes within a TIF that are not returned to the developer may be retained by the City to fund eligible local expenses.

For FY 2017, the City captured \$3,619,219 in incremental property taxes and dispersed \$317,268 in CEA payments to fifteen (15) developers. The remaining \$3,301,951 was applied to eligible local expenses. The following are the CEA payments that exceed ten (10) percent of the total CEA payments.

The City dispersed \$92,189 to Volunteers of America Northern New England to reimburse for investments for affordable elderly housing funded through the HUD 202 Program, which represents a 100% TIF.

The City dispersed \$47,232 to Peoples United Bank to reimburse for investments for the rehabilitation and conversion of a historic building into office space, which represents a 100% CEA.

The City dispersed \$34,194 to Seminary Housing Partners to reimburse for investments for affordable elderly housing, which is a 70% TIF.

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

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**OTHER INFORMATION, CONTINUED**

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**C. Contingent Liabilities**

In 2002, the City filed suit against Citizens Communication Company (Citizens), a potentially responsible party to force cleanup of contamination of the Penobscot River bottom due to the inability to reach settlement. In July 2007, the City reached a settlement agreement with Citizens, whereby the City received \$7.625 million to be held in escrow and applied to the cost of remediation. A Consent Decree has been negotiated with the Maine Department of Environmental Protection (DEP). The remediation of the primary active zone has been completed. The City continues to work with State and Federal agencies. The City plans to complete the remediation of the majority of the secondary active zone in the fall of 2017.

In November 2015, the City entered into a consent decree with the Federal Environmental Protection Agency (EPA) pursuant to which the City is required to (1) implement a capacity management operations and maintenance program for the sewer collection system, (2) implement a municipal separate storm sewer system illicit discharge detection and elimination program, (3) develop and implement a Phase II long-term control plan for the combined sewer overflow program, and (4) otherwise take such measures as are necessary to achieve and maintain compliance with the Clean Water Act and permits required of the City thereunder. A complete copy of the Consent Decree is available at the Wastewater Treatment Plant page of the City's website [www.bangormaine.gov](http://www.bangormaine.gov).

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 materially adverse effect on the financial condition of the City.

**D. Retirement**

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

**Defined Contribution Plan**

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

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

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**OTHER INFORMATION, CONTINUED**

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Funding Policy – Plan members not covered by employment contracts are required to contribute 6.5% of their annual covered salary and the City is required to contribute either 8% or 10% depending upon the employee's classification. For fiscal year 2017, covered payroll was \$19,507,107 and City contributions were \$1,674,585. 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 \$306,178 and \$32,718 respectively, in fiscal year 2017.

**Defined Benefit Pension Plan**

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

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

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

PLD Plan – Employees are required to contribute 8.0% of their annual pay. The City's contractually required contribution rate for the year June 30, 2017 ranged from 9.1% - 14.2% depending on the applicable benefit structure. The City's contributions to the pension plan were \$745,366 for the year ended June 30, 2017.

SET Plan – Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2017 was 13.38% of annual payroll of which 3.36% of payroll was required from the City and 10.02% was required from the State. Contributions to the pension plan from the City were \$865,039 for the year ended June 30, 2017.



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

**OTHER INFORMATION, CONTINUED**

Pension Liabilities, Expense and Deferred Outflows and Inflows of Resources – The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City’s proportion of the net pension liabilities were based on projections of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan – At June 30, 2017, the City’s reported liability of its proportionate share of the net pension liability was \$8,840,254. At June 30, 2016, the City’s proportion of the PLD plan was 1.6638%.

SET Plan – At June 30, 2017, the City’s reported liability of its proportionate share of the net pension liability was reduced to reflect the State support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability associated with the City were as follows:

City’s proportionate share of the net pension liability	\$2,120,647
<u>State’s proportionate share of the net pension liability</u>	<u>35,661,692</u>
<u>Total</u>	<u>\$37,782,339</u>

At June 30, 2016, the City’s proportion of the SET Plan was .1200%.

For the year ended June 30, 2016, the City recognized pension expense of \$7,949,337 for the PLD Plan and \$4,144,026 and revenue of \$2,578,338 for support provided by the State for the SET Plan. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 424,422
Changes of assumptions	893,233	-
Net Difference between projected and actual earnings on pension plan investments	2,306,876	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,329,811
City contributions subsequent to the measurement date	1,610,405	-
	<u>\$ 4,810,514</u>	<u>\$ 1,754,233</u>

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

**OTHER INFORMATION, CONTINUED**

\$1,610,405 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	(\$137,646)
2019	(45,242)
2020	1,014,265
2021	614,499

Actuarial assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	2.75%	2.75%
Salary Increases, per year	2.75% to 9.0%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.875%	6.875%
Cost of living benefit increases, per annum	2.20%	2.20%

Mortality rates were based on the RP2014 Total Data Set for Healthy Annuitant Mortality Tables projected forward to 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%
Total	100%	

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

**OTHER INFORMATION, CONTINUED**

Discount rate - The discount rate used to measure the total pension liability was 6.875% for both the PLD and SET Plans. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the City's proportionate share of the net pension liabilities to changes in the discount rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.875%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875% for PLD and SET Plans) or 1 percentage-point higher (7.875% for PLD and SET Plans) than the current rate:

	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
PLD Plan	\$ 14,673,229	\$ 8,840,254	\$3,348,716
	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
SET Plan	\$ 3,395,696	\$ 2,120,647	\$ 1,057,905

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

Payables to the pension plan - None as of June 30, 2017.

**Deferred Compensation Plan**

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

**Social Security**

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

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

**OTHER INFORMATION, CONTINUED**

**E. Other Postemployment Benefits**

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

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

Annual required contribution (ARC)	\$	574,842
Amortization adjustment to ARC		(219,362)
Interest on net OPEB obligation		151,728
Annual OPEB cost	<u>\$</u>	<u>507,208</u>

Funding Status and Funding Progress – The City’s annual OPEB cost, the net OPEB obligation and the percentage of annual OPEB cost contributed to the plan for the years ending June 30, 2015, 2016 and 2017 are as follows:

	June 30, 2015	June 30, 2016	June 30, 2017
Annual OPEB cost	\$ 547,590	\$ 542,336	\$ 507,208
City contributions	(253,004)	(253,004)	(253,674)
Increase in net OPEB obligation	294,586	289,332	253,534
Net OPEB obligation, beginning of year	3,209,289	3,503,875	3,793,207
Net OPEB obligation, end of year	<u>\$ 3,503,875</u>	<u>\$ 3,793,207</u>	<u>\$ 4,046,741</u>
Percentage contributed	46.20%	46.65%	50.01%

The unfunded actuarial accrued liability as a percentage of covered payroll for June 30, 2017 is as follows:

	Governmental Activities	Business-type Activities	Total June 30, 2017
Actuarial accrued liability (AAL)	\$ 4,817,833	\$ 1,399,492	\$ 6,217,325
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,817,833</u>	<u>\$ 1,399,492</u>	<u>\$ 6,217,325</u>
Covered payroll	<u>\$ 17,387,158</u>	<u>\$ 5,050,651</u>	<u>\$ 22,437,809</u>
UAAL as a percentage of covered payroll	27.71%		

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

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**OTHER INFORMATION, CONTINUED**

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Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information (only nine 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	07/30/17 – rolled back to 07/1/16 on a “no loss/no gain” basis
Actuarial cost method	Projected unit credit cost with linear proration to decrement
Amortization method	Level dollar
Amortization period	30 years - open
Actuarial assumptions:	
Inflation rate	3.0%
Investment rate of return	4.0%
Payroll growth	3.0%
Healthcare cost trend rate	9.0% - 5.0%
Post retirement benefit increases	0.0% - retirees pay 100% of premium

**F. Subsequent Events**

On August 28, 2017 the City Council authorized the issuance of up to \$3,068,000 in general obligation bonds for the purpose of funding street and sidewalk work, the City’s annual fleet/equipment replacement, and WWTP infrastructure. In addition, the City Council authorized the issuance of up to \$5,030,000 in general obligation bonds through the Maine Municipal Bond Bank State Revolving Fund to finance sewer infrastructure improvements.

**CITY OF BANGOR, MAINE**  
**Required Supplemental Information**  
**Schedule of Funding Progress - Retiree Healthcare Plan**  
**For the Fiscal Year Ended June 30, 2017**

	Fiscal Year								
	2009	2010	2011	2012	2013*	2014	2015	2016	2017
	7/1/2008	7/1/2008	1/1/2011	1/1/2011	6/30/2013	6/30/2014	7/30/2015**	7/30/2015**	7/30/2017**
Actuarial Valuation Date									
Governmental activities:									
Actuarial value of assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	8,488,427	8,488,427	3,407,638	3,430,307	5,284,045	5,213,644	5,310,515	5,299,817	4,817,833
Unfunded actuarial accrued liability (UAAL)	\$ 8,488,427	\$ 8,488,427	\$ 3,407,638	\$ 3,430,307	\$ 5,284,045	\$ 5,213,644	\$ 5,310,515	\$ 5,299,817	\$ 4,817,833
Funded ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 16,257,319	\$ 17,224,485	\$ 17,369,969	\$ 17,175,024	\$ 16,901,784	\$ 16,098,456	\$ 16,550,206	\$ 17,142,698	\$ 17,387,158
Business-type activities:									
Actuarial value of assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	2,710,336	2,710,336	1,095,160	1,072,491	1,671,709	1,657,448	1,525,576	1,536,274	1,399,492
Unfunded actuarial accrued liability (UAAL)	\$ 2,710,336	\$ 2,710,336	\$ 1,095,160	\$ 1,072,491	\$ 1,671,709	\$ 1,657,448	\$ 1,525,576	\$ 1,536,274	\$ 1,399,492
Funded ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 5,190,927	\$ 5,439,647	\$ 5,582,428	\$ 5,369,798	\$ 5,347,204	\$ 5,117,794	\$ 4,754,453	\$ 4,969,206	\$ 5,050,651
Primary government:									
Actuarial value of assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	11,198,763	11,198,763	4,502,798	4,502,798	6,955,754	6,871,092	6,836,091	6,836,091	6,217,325
Unfunded actuarial accrued liability (UAAL)	\$ 11,198,763	\$ 11,198,763	\$ 4,502,798	\$ 4,502,798	\$ 6,955,754	\$ 6,871,092	\$ 6,836,091	\$ 6,836,091	\$ 6,217,325
Funded ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 21,448,246	\$ 22,664,132	\$ 22,952,397	\$ 22,544,822	\$ 22,248,988	\$ 21,216,250	\$ 21,304,659	\$ 22,111,904	\$ 22,437,809
UAAL as a percentage of covered payroll	52.21%	49.41%	19.62%	19.97%	31.26%	32.39%	32.09%	30.92%	27.71%

Only nine 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.

\*\* - valuation dates are rolled back to the prior July 1st on a "no loss/no gain" basis.

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

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	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>PLD Plan</b>			
Proportion of the net pension liability	2.2584%	1.9745%	1.6638%
Proportionate share of the net pension liability	3,475,288	6,299,478	8,840,254
Covered payroll	10,645,005	9,799,964	8,662,976
Proportion share of the net pension liability as a percentage of its covered payroll	32.65%	64.28%	102.05%
Plan fiduciary net position as a percentage of the total pension liability	94.10%	88.27%	81.61%
<b>SET Plan</b>			
Proportion of the net pension liability	0.0936%	0.1096%	0.1200%
City's proportionate share of the net pension liability	\$1,011,232	\$1,479,608	\$2,120,647
State's proportionate share of the net pension liability	22,516,392	28,378,344	35,661,692
Total	<u>23,527,624</u>	<u>29,857,952</u>	<u>37,782,339</u>
Covered payroll	24,415,639	25,212,217	25,111,931
Proportion share of the net pension liability as a percentage of its covered payroll	4.14%	5.87%	8.44%
Plan fiduciary net position as a percentage of the total pension liability	83.91%	81.18%	76.21%

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>PLD Plan</b>										
Contractually required contributions	492,537	468,553	474,008	584,306	724,134	769,519	782,913	807,117	779,134	745,366
Contributions in relation to the contractually required contribution	492,537	468,553	474,008	584,306	724,134	769,519	782,913	807,117	779,134	745,366
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	15,210,573	14,618,061	14,731,041	14,777,273	13,201,233	11,867,248	10,645,005	9,799,964	8,662,976	7,963,681
Contributions as a percentage of covered payroll	3.24%	3.21%	3.22%	3.95%	5.49%	6.48%	7.35%	8.24%	8.99%	9.36%
<b>SET Plan*</b>										
Contractually required contributions	-	-	-	-	-	-	647,014	668,126	843,679	865,039
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	647,014	668,126	843,679	865,039
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	-	-	-	-	-	-	24,415,639	25,212,217	25,111,931	25,731,918
Contributions as a percentage of covered payroll	-	-	-	-	-	-	2.65%	2.65%	3.36%	3.36%

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



**CITY OF BANGOR, MAINE**  
**Notes to Required Supplementary Information**  
**June 30, 2017**

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**Change of benefit terms** - None

**Changes of assumptions** - The following are changes in the actuarial assumptions used in the most recent valuation:

	2016	2017
Discount rate	7.125%	6.875%
Inflation rate	3.50%	2.75%
Salary increases - PLD	3.50% to 9.50%	2.75% to 9.00%
Salary increases - SET	3.50% to 13.50%	2.75% to 14.50%
Cost of living increase	2.55%	2.20%
Long-term expected real rate of return on assets:		
U.S. equities	5.20%	5.70%
Real estate	3.70%	5.20%
Infrastructure	4.00%	5.30%
Hard assets	4.80%	5.00%
Fixed income	0.70%	2.90%

In addition, in prior valuations, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA; which changed to mortality rates based on the RP2014 Total Data Set Healthy Annuitant Mortality Tables projected forward to 2016.

## **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, 2017**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 18,878,973
Investments	50,000
Receivables:	
Taxes	2,641,785
Accounts (net of allowance of \$535,075)	578,077
Interfund	1,935,404
Intergovernmental	5,003,018
Loans	535,372
Inventory, at cost	554,843
Prepaid items	507,130
<b>Total assets</b>	<b>30,684,602</b>
<b>LIABILITIES</b>	
Accounts payable	1,345,499
Accrued wages and benefits payable	4,495,658
Total liabilities	5,841,157
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenues - property taxes	2,215,800
Total deferred inflows of resources	2,215,800
<b>FUND BALANCES</b>	
Nonspendable	2,962,473
Restricted	764,922
Committed	288,743
Assigned	6,439,941
Unassigned	12,171,566
Total fund balance	22,627,645
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 30,684,602</b>

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Unassigned**  
**Fund Balance - Budget and Actual - Budgetary Basis**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2017**

	Balances			Variance	
	Carried 7/1/2016	Budget	Actual	Surplus	Carried
Revenues					
Taxes					
Real and personal property	\$ -	\$ 57,471,235	\$ 57,532,711	\$ 61,476	\$ -
Change in unavailable property tax	-	-	226,997	226,997	-
Tax increment financing district	-	(2,732,067)	(2,732,067)	-	-
Payment in lieu of taxes	-	169,088	233,683	64,595	-
Excise	-	5,015,000	6,170,792	1,155,792	-
Interest on delinquent taxes	-	200,000	197,272	(2,728)	-
<b>Total taxes</b>	<b>-</b>	<b>60,123,256</b>	<b>61,629,388</b>	<b>1,506,132</b>	<b>-</b>
Intergovernmental					
State revenue sharing	-	2,150,000	2,225,464	75,464	-
School subsidy	-	16,554,117	16,554,117	-	-
Other -					
municipal	-	4,082,253	3,984,945	(97,308)	-
school	-	4,155,961	4,841,004	-	685,043
<b>Total intergovernmental</b>	<b>-</b>	<b>26,942,331</b>	<b>27,605,530</b>	<b>(21,844)</b>	<b>685,043</b>
Other revenue					
Licenses and permits	-	620,243	644,795	24,552	-
Charges for service -					
municipal	-	8,486,790	8,944,785	457,995	-
school	-	4,635,338	5,705,049	-	1,069,711
Fines, forfeits and penalties	-	23,000	18,623	(4,377)	-
Revenue from use of money and property					
municipal	-	650,150	727,792	77,642	-
<b>Total other</b>	<b>-</b>	<b>14,415,521</b>	<b>16,041,044</b>	<b>555,812</b>	<b>1,069,711</b>
<b>Total revenues</b>	<b>-</b>	<b>101,481,108</b>	<b>105,275,962</b>	<b>2,040,100</b>	<b>1,754,754</b>

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Unassigned**  
**Fund Balance - Budget and Actual - Budgetary Basis**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2017**

	Balances			Variance	
	Carried 7/1/2016	Budget	Actual	Surplus	Carried
Expenditures					
General government					
Council	-	29,263	26,250	3,013	-
Executive	-	428,142	461,954	(45,627)	11,815
Public Transportation	-	457,136	491,391	(109,255)	75,000
Human resources	-	183,484	180,748	2,736	-
City clerk	-	394,581	361,439	33,142	-
Assessing	-	357,303	346,724	10,579	-
Legal	-	286,100	282,040	4,060	-
Finance	-	1,781,291	1,731,716	49,575	-
Insurance	-	191,000	167,534	23,466	-
Planning, econ dev, code enforcement	-	1,231,162	1,242,350	(11,188)	-
Total general government	-	5,339,462	5,292,146	(39,499)	86,815
Public safety					
Police	-	8,917,155	8,540,221	289,942	86,992
Fire	3,425	9,000,257	8,839,959	57,276	106,447
Total public safety	3,425	17,917,412	17,380,180	347,218	193,439
Health, community services and recreation					
Health and community services	-	3,130,702	3,095,785	34,917	-
Parks and recreation	-	1,988,904	1,876,381	112,523	-
Total health, commun. serv and rec.	-	5,119,606	4,972,166	147,440	-
Public buildings and services	-	10,835,284	10,929,752	(94,468)	-

**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, 2017**

	Balances			Variance	
	Carried 7/1/2016	Budget	Actual	Surplus	Carried
Expenditures, continued					
Other agencies					
County tax	-	3,266,411	3,266,411	-	-
Downtown Development District	-	60,690	60,690	-	-
Public library	-	1,445,334	1,445,334	-	-
Other agencies	1,981	114,920	107,634	778	8,489
Total other agencies	1,981	4,887,355	4,880,069	778	8,489
Education					
Regular instruction	-	19,239,514	19,066,457	-	173,057
Special education	-	6,969,533	6,967,006	-	2,527
Instructional support	-	507,152	505,108	-	2,044
System administration	-	1,365,870	1,279,283	-	86,587
CTE instruction	-	3,924,071	3,817,909	-	106,162
School administration	-	1,103,790	1,050,776	-	53,014
Facilities maintenance	-	2,449,198	2,360,146	-	89,052
Transportation	-	5,142,883	5,133,647	-	9,236
Other instruction	-	1,941,400	1,939,084	-	2,316
Debt service	-	1,521,075	1,520,120	-	955
Contingency & other	-	117,131	112,485	-	4,646
Regular	2,050,914	44,281,617	43,752,021	-	2,580,510
Adult education	130,451	232,250	584,067	-	(221,366)
School lunch	8,424	1,515,571	1,435,443	-	88,552
Special revenue	82,718	3,040,390	3,349,504	-	(226,396)
Trust and agency	266,793	2,420,088	2,588,742	-	98,139
Total education	2,539,300	51,489,916	51,709,777	-	2,319,439
Other appropriations					
Pensions and other fringe benefits	-	2,313,666	2,303,287	10,379	-
Debt service	-	3,245,565	3,245,537	28	-
Tax increment financing payments	-	937,182	887,152	50,030	-
Total other appropriations	-	6,496,413	6,435,976	60,437	-
Total expenditures	2,544,706	102,085,448	101,600,066	421,906	2,608,182
Excess (deficiency) of revenues over/under expenditures	(2,544,706)	(604,340)	3,675,896	2,462,006	4,362,936

**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, 2017**

	Balances			Variance	
	Carried 7/1/2016	Budget	Actual	Surplus	Carried
Other financing sources (uses)					
Appropriation from restricted, committed and assigned fund balances	-	1,257,480	7,480	-	(1,250,000)
Appropriation to assigned fund balances	-	-	(1,220,686)	(1,220,686)	-
Sale of assets	-	74,000	31,694	(42,306)	-
Contributions	-	7,360	7,391	31	-
Insurance Settlements	-	52,500	75,634	23,134	-
Transfers to other funds	-	(814,000)	(1,350,614)	(536,614)	-
Transfers from other funds	-	27,000	21,600	(5,400)	-
Total other financing sources (uses)	-	604,340	(2,427,501)	(1,781,841)	(1,250,000)
Net change in unassigned fund balance	\$ (2,544,706)	\$ -	\$ 1,248,395	\$ 680,165	\$ 3,112,936
Unassigned fund balance, beginning of year				11,315,235	
Changes in amounts required to be shown as nonspendable fund balance					
Inventory and prepaids				176,166	
<b>Unassigned fund balance, end of year</b>				<b>\$ 12,171,566</b>	

# **NONMAJOR GOVERNMENTAL FUNDS**

## **Special Revenue Funds**

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

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

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

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

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

## **Permanent Fund**

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



**CITY OF BANGOR, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,202,857	\$ -	\$ 1,202,857
Investments	-	130,993	130,993
Receivables:			
Accounts	124,067	-	124,067
Loans and notes	654,373	908,908	1,563,281
Intergovernmental	102,904	-	102,904
<b>Total assets</b>	<b>2,084,201</b>	<b>1,039,901</b>	<b>3,124,102</b>
<b>LIABILITIES</b>			
Accounts payable	94,289	-	94,289
Interfund loans payable	137,830	-	137,830
Total liabilities	232,119	-	232,119
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable resources - loans	160,000	-	160,000
Total deferred inflows of resources	160,000	-	160,000
<b>FUND BALANCES</b>			
Nonspendable	-	525,249	525,249
Restricted	1,692,082	514,652	2,206,734
Total fund balances	1,692,082	1,039,901	2,731,983
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,084,201</b>	<b>\$ 1,039,901</b>	<b>\$ 3,124,102</b>

**CITY OF BANGOR, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>Revenues</b>			
Intergovernmental	\$ 6,787,748	\$ -	6,787,748
Charges for services	774,195	-	774,195
Revenue from use of money and property	42,499	-	42,499
Other revenue	105,511	1,500	107,011
Interest revenue	-	39,680	39,680
Total revenues	7,709,953	41,180	7,751,133
<b>Expenditures</b>			
Current:			
Personnel	1,397,144	-	1,397,144
Payments to beneficiaries	36,433	4,624	41,057
Other	3,120,892	-	3,120,892
Bus operations	3,072,046	-	3,072,046
Total expenditures	7,626,515	4,624	7,631,139
Excess of revenues over expenditures	83,438	36,556	119,994
<b>Other financing sources (uses)</b>			
Transfers to other funds	(25,732)	(35,000)	(60,732)
Transfers from other funds	1,010	-	1,010
Total other financing uses	(24,722)	(35,000)	(59,722)
Net change in fund balances	58,716	1,556	60,272
Fund balances, beginning of year	1,633,366	1,038,345	2,671,711
<b>Fund balances, end of year</b>	<b>\$ 1,692,082</b>	<b>\$ 1,039,901</b>	<b>\$ 2,731,983</b>

**CITY OF BANGOR, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2017**

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 274,538	\$ 6,147	408,860	\$ 513,312	\$ 1,202,857
Receivables:					
Accounts	-	124,067	-	-	124,067
Loans and notes	160,000	-	374,379	119,994	654,373
Intergovernmental	-	102,904	-	-	102,904
<b>Total assets</b>	<b>434,538</b>	<b>233,118</b>	<b>783,239</b>	<b>633,306</b>	<b>2,084,201</b>
<b>LIABILITIES</b>					
Accounts payable	-	75,254	-	19,035	94,289
Interfund loans payable	-	137,830	-	-	137,830
Total liabilities	-	213,084	-	19,035	232,119
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable resources - loans	160,000	-	-	-	160,000
Total deferred inflows of resources	160,000	-	-	-	160,000
<b>FUND BALANCES</b>					
Restricted	274,538	20,034	783,239	614,271	1,692,082
Total fund balances	274,538	20,034	783,239	614,271	1,692,082
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 434,538</b>	<b>\$ 233,118</b>	<b>\$ 783,239</b>	<b>\$ 633,306</b>	<b>\$ 2,084,201</b>

**CITY OF BANGOR, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2017**

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals
Revenues					
Intergovernmental	\$ -	\$ 6,787,748	\$ -	\$ -	6,787,748
Charges for services	-	774,195	-	-	774,195
Revenue from use of money and property	-	-	23,981	18,518	42,499
Contributions	-	3,880	600	101,031	105,511
Total revenues	-	7,565,823	24,581	119,549	7,709,953
Expenditures					
Current:					
Personnel	-	1,397,144	-	-	1,397,144
Payments to beneficiaries	-	-	5,390	31,043	36,433
Other	-	3,120,892	-	-	3,120,892
Bus operations	-	3,072,046	-	-	3,072,046
Total expenditures	-	7,590,082	5,390	31,043	7,626,515
Excess (deficiency) of revenues					
over (under) expenditures	-	(24,259)	19,191	88,506	83,438
Other financing sources (uses)					
Transfers to other funds	-	-	(1,600)	(24,132)	(25,732)
Transfers from other funds	-	-	-	1,010	1,010
Total other financing uses	-	-	(1,600)	(23,122)	(24,722)
Net change in fund balances					
	-	(24,259)	17,591	65,384	58,716
Fund balances, beginning of year					
	274,538	44,293	765,648	548,887	1,633,366
<b>Fund balances, end of year</b>					
	<b>\$ 274,538</b>	<b>\$ 20,034</b>	<b>\$ 783,239</b>	<b>\$ 614,271</b>	<b>\$ 1,692,082</b>

**CITY OF BANGOR, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2017**

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	<b>Other Funds</b>	<b>Revolving Loan Funds</b>	<b>Totals</b>
<b>ASSETS</b>			
Investments	\$ -	\$ 130,993	\$ 130,993
Loans receivable	908,908	-	908,908
<b>Total assets</b>	<b>908,908</b>	<b>130,993</b>	<b>1,039,901</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances			
Nonspendable	394,256	130,993	525,249
Restricted	514,652	-	514,652
<b>Total fund balances</b>	<b>908,908</b>	<b>130,993</b>	<b>1,039,901</b>
<b>Total liabilities and and fund balances</b>	<b>\$ 908,908</b>	<b>\$ 130,993</b>	<b>\$ 1,039,901</b>

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**CITY OF BANGOR, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the Fiscal Year Ended June 30, 2017**

	<b>Other Funds</b>	<b>Revolving Loan Funds</b>	<b>Totals</b>
<b>Revenues</b>			
Investment income	\$ 28,750	\$ 10,930	\$ 39,680
Lot sales	1,500	-	1,500
<b>Total revenues</b>	<b>30,250</b>	<b>10,930</b>	<b>41,180</b>
<b>Expenditures</b>			
Current:			
Payments to beneficiaries	115	4,509	4,624
<b>Total expenditures</b>	<b>115</b>	<b>4,509</b>	<b>4,624</b>
Excess of revenues over expenditures	30,135	6,421	36,556
<b>Other financing uses</b>			
Transfer to other funds	(35,000)	-	(35,000)
<b>Total other financing uses</b>	<b>(35,000)</b>	<b>-</b>	<b>(35,000)</b>
Net change in fund balances	(4,865)	6,421	1,556
Fund balances, beginning of year	913,773	124,572	1,038,345
<b>Fund balances, end of year</b>	<b>\$ 908,908</b>	<b>\$ 130,993</b>	<b>\$ 1,039,901</b>

# ENTERPRISE FUNDS

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

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

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, 2017**

<b>Business-type Activities - Enterprise Funds</b>					
	<b>Stormwater Utility</b>	<b>Economic Development Fund</b>	<b>Parking Fund</b>	<b>Municipal Golf Course</b>	<b>Total Nonmajor Proprietary Funds</b>
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 1,111,936	\$ 995,261	\$ 852,720	\$ 461,113	\$ 3,421,030
Accounts receivable	357,774	27,616	-	-	385,390
Net accounts receivable	357,774	27,616	-	-	385,390
Prepaid items	3,073	53,459	65,733	7,518	129,783
Total current assets	1,472,783	1,076,336	918,453	468,631	3,936,203
Noncurrent assets					
Capital Assets:					
Land and improvements	-	3,413,627	-	1,594,732	5,008,359
Buildings and improvements	-	3,674,722	-	912,607	4,587,329
Machinery and equipment	247,398	-	-	305,859	553,257
Infrastructure	-	683,189	-	-	683,189
Parking structures	-	-	11,372,837	-	11,372,837
Construction in process	65,026	-	-	-	65,026
Total capital assets	312,424	7,771,538	11,372,837	2,813,198	22,269,997
Less accumulated depreciation	(24,740)	(2,056,991)	(9,426,657)	(2,043,096)	(13,551,484)
Net capital assets	287,684	5,714,547	1,946,180	770,102	8,718,513
Loans receivable	-	1,396,296	-	-	1,396,296
Total noncurrent assets	287,684	7,110,843	1,946,180	770,102	10,114,809
Total assets	1,760,467	8,187,179	2,864,633	1,238,733	14,051,012
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Net pension	-	-	18,929	-	18,929
Total deferred outflows of resources	-	-	18,929	-	18,929

Continued on next page



**CITY OF BANGOR, MAINE**  
**Combining Statement of Net Position**  
**Nonmajor Proprietary Funds**  
**June 30, 2017**

<b>Business-type Activities - Enterprise Funds</b>					
	<b>Stormwater Utility</b>	<b>Economic Development Fund</b>	<b>Parking Fund</b>	<b>Municipal Golf Course</b>	<b>Total Nonmajor Proprietary Funds</b>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	77,726	41,337	39,818	7,526	166,407
Accrued wages and benefits payable	4,495	-	3,492	10,996	18,983
Accrued interest	-	43,351	7,697	1,788	52,836
Workers' compensation	-	-	1,953	-	1,953
General obligation debt payable	74,133	264,175	233,241	37,402	608,951
Accrued compensated absences	-	-	8,168	10,947	19,115
<b>Total current liabilities</b>	<b>156,354</b>	<b>348,863</b>	<b>294,369</b>	<b>68,659</b>	<b>868,245</b>
Long-term liabilities					
Workers' compensation	-	-	8,047	-	8,047
General obligation debt payable	841,156	1,954,343	822,064	291,849	3,909,412
Accrued compensated absences	-	-	6,920	7,951	14,871
Net OPEB obligation	2,761	-	13,345	27,488	43,594
Net pension liability	-	-	46,493	-	46,493
<b>Total long-term liabilities</b>	<b>843,917</b>	<b>1,954,343</b>	<b>896,869</b>	<b>327,288</b>	<b>4,022,417</b>
<b>Total liabilities</b>	<b>1,000,271</b>	<b>2,303,206</b>	<b>1,191,238</b>	<b>395,947</b>	<b>4,890,662</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Net pension	-	-	10,329	-	10,329
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>10,329</b>	<b>-</b>	<b>10,329</b>
<b>NET POSITION</b>					
Net investment in capital assets	287,684	3,496,029	1,016,924	507,787	5,308,424
Unrestricted	472,512	2,387,944	665,071	334,999	3,860,526
<b>Total net position</b>	<b>\$ 760,196</b>	<b>\$ 5,883,973</b>	<b>\$ 1,681,995</b>	<b>\$ 842,786</b>	<b>\$ 9,168,950</b>

Continued from previous page

**CITY OF BANGOR, MAINE**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Stormwater Utility</b>	<b>Economic Development Fund</b>	<b>Parking Fund</b>	<b>Municipal Golf Course</b>	<b>Total Nonmajor Proprietary Funds</b>
Operating revenues					
Charges for services	\$ 1,053,892	\$ 503,905	\$ 1,008,494	\$ 644,303	\$ 3,210,594
Operating expenses					
Operating expenses other than depreciation and amortization	493,390	206,515	723,878	523,572	1,947,355
Depreciation and amortization	16,494	155,705	273,036	67,611	512,846
Total operating expenses	509,884	362,220	996,914	591,183	2,460,201
Operating income	544,008	141,685	11,580	53,120	750,393
Nonoperating revenue (expenses)					
Interest income	69,131	67,261	1,589	533	138,514
Interest expense	-	(104,265)	(40,644)	(12,944)	(157,853)
Gain on sale of assets	-	673,864	250,000	-	923,864
Total nonoperating revenue (expenses)	69,131	636,860	210,945	(12,411)	904,525
Net income before transfers	613,139	778,545	222,525	40,709	1,654,918
Transfers to other funds	(121,875)	-	-	-	(121,875)
Change in net position	491,264	778,545	222,525	40,709	1,533,043
Net position, beginning of year	268,932	5,105,428	1,459,470	802,077	7,635,907
<b>Net position, end of year</b>	<b>\$ 760,196</b>	<b>\$ 5,883,973</b>	<b>\$ 1,681,995</b>	<b>\$ 842,786</b>	<b>\$ 9,168,950</b>

**CITY OF BANGOR, MAINE**  
**Combining Statement of Cash Flows - Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**

**Business-type Activities - Enterprise Funds**

	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Cash flows from operating activities					
Cash received from customers	\$ 1,113,193	\$ 567,270	\$ 1,008,794	\$ 644,303	\$ 3,333,560
Cash paid to suppliers for goods and services	(287,463)	(174,342)	(343,745)	(226,525)	(1,032,075)
Cash paid to employees for services	(198,871)	-	(327,436)	(296,251)	(822,558)
Net cash provided by operating activities	626,859	392,928	337,613	121,527	1,478,927
Cash flows from noncapital financing activities					
Transfers out	(121,875)	-	-	-	(121,875)
Net cash (used in) noncapital financing activities	(121,875)	-	-	-	(121,875)
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(3,886)	(152,095)	(41,526)	-	(197,507)
Principal paid on general obligation bonds	(74,133)	(255,891)	(225,508)	(35,237)	(590,769)
Interest paid on general obligation bonds	-	(112,906)	(42,292)	(13,376)	(168,574)
Proceeds from sale of property	-	875,000	250,000	-	1,125,000
Net cash provided by (used in) capital and related financing activities	(78,019)	354,108	(59,326)	(48,613)	168,150
Cash flows from investing activities					
Interest on investments	69,131	99,780	1,589	533	171,033
Net cash provided by investing activities	69,131	99,780	1,589	533	171,033
Net increase in cash	496,096	846,816	279,876	73,447	1,696,235
Cash, beginning of year	615,840	148,445	572,844	387,666	1,724,795
<b>Cash, end of year</b>	<b>\$ 1,111,936</b>	<b>\$ 995,261</b>	<b>\$ 852,720</b>	<b>\$ 461,113</b>	<b>\$ 3,421,030</b>

Continued on next page

**CITY OF BANGOR, MAINE**  
**Combining Statement of Cash Flows - Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Stormwater Utility</b>	<b>Economic Development Fund</b>	<b>Parking Fund</b>	<b>Municipal Golf Course</b>	<b>Total Nonmajor Proprietary Funds</b>
Reconciliation of operating income to net cash provided by operating activities					
Operating income	\$ 544,008	\$ 141,685	\$ 11,580	\$ 53,120	\$ 750,393
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation and amortization	16,494	155,705	273,036	67,611	512,846
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	59,301	46,916	300	-	106,517
(Increase) decrease in prepaid items	(458)	16,449	(4,505)	(122)	11,364
Increase (decrease) in accounts payable	4,663	32,173	38,582	(6,250)	69,168
Increase (decrease) in other liabilities	2,851	-	18,620	7,168	28,639
Total adjustments	82,851	251,243	326,033	68,407	728,534
<b>Net cash provided by operating activities</b>	<b>\$ 626,859</b>	<b>\$ 392,928</b>	<b>\$ 337,613</b>	<b>\$ 121,527</b>	<b>\$ 1,478,927</b>

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# **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 Funds**  
**For the Fiscal Year Ended June 30, 2017**

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<b>ASSETS</b>				
Cash:				
School Activity Funds	\$ 129,456	\$ 170,252	\$ 162,782	\$ 136,926
<b>Total assets</b>	<b>129,456</b>	<b>170,252</b>	<b>162,782</b>	<b>136,926</b>
<b>LIABILITIES</b>				
Funds held for others:				
School Activity Funds	129,456	170,252	162,782	136,926
<b>Total liabilities</b>	<b>\$ 129,456</b>	<b>\$ 170,252</b>	<b>\$ 162,782</b>	<b>\$ 136,926</b>

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



**CITY OF BANGOR, MAINE**  
**Capital Assets Used in the Operation of Governmental Funds**  
**(net of accumulated depreciation)**  
**Schedule of Changes by Function and Activity**  
**For the Fiscal Year Ended June 30, 2017**

<b>Function and Activity</b>	<b>Balance 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 2017</b>
General government				
BAT community connector	\$ 1,489,962	\$ 254,828	\$ 337,761	\$ 1,407,029
Central service	17,333	-	2,421	14,912
City hall	640,926	5,543	24,446	622,023
Community and economic development	9,020,866	494,845	453,859	9,061,852
Engineering	4,278	-	2,384	1,894
Information services	120,883	49,974	31,970	138,887
Motor pool	3,413,162	748,861	694,928	3,467,095
Other - unclassified	8,780	-	8,780	-
Total general government	14,716,190	1,554,051	1,556,549	14,713,692
Public safety				
Fire	4,617,705	1,223,451	436,630	5,404,526
Police	8,474,358	278,826	353,368	8,399,816
Total public safety	13,092,063	1,502,277	789,998	13,804,342
Health, community services and recreation				
Parks and recreation	3,221,844	1,420,563	1,345,761	3,296,646
Total health, community services and recreation	3,221,844	1,420,563	1,345,761	3,296,646
Public building and services				
Public works	14,656,364	288,936	619,023	14,326,277
Total public buildings and services	14,656,364	288,936	619,023	14,326,277
Education	29,734,060	1,245,868	1,231,784	29,748,144
<b>Total governmental fund capital assets</b>	<b>\$ 75,420,521</b>	<b>\$ 6,011,695</b>	<b>\$ 5,543,115</b>	<b>\$ 75,889,101</b>



**OTHER INFORMATION**



**CITY OF BANGOR, MAINE**  
**Assessed Valuation, Commitment and Collections**  
**For the Fiscal Year Ended June 30, 2017**

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**VALUATION**

Land and buildings	\$ 2,344,351,100
Land and buildings - Homestead exemption	74,491,300
Personal property	221,870,900
Personal property - BETE exemption	<u>105,332,700</u>
Total valuation	<u><u>\$ 2,746,046,000</u></u>

**COMMITMENT**

Real estate, personal property (excludes Homestead and BETE exemptions)	\$ 2,566,222,000
Tax rate	<u>0.02250</u>
Total commitment	57,739,995

**ADD**

Supplemental taxes committed	<u>41,722</u>
	57,781,717

**LESS**

Collections 2017	56,513,791
Abatements	<u>116,643</u>
2017 taxes receivable at June 30, 2017	<u><u>\$ 1,151,283</u></u>

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**CITY OF BANGOR, MAINE**  
**General Fund Unassigned Fund Balance Sufficiency Calculation**  
**For the Fiscal Year Ended June 30, 2017**

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The City Charter states that the City Council shall target an a General Fund unassigned fund balance of no more than 16.66% of operating expenditures. The target balance is established at 8.33% of the last year's General Fund operating expenditures. The following table sets forth the calculation as of June 30, 2017.

General Fund expenditures/uses ( Schedule A-2)

General government	\$ 5,292,146
Public safety	17,380,180
Health, community services and recreation	4,972,166
Public buildings and services	10,929,752
Other agencies	4,880,069
Education	51,709,777
Other appropriations	6,435,976
Other uses, gross*	1,350,614
Gross expenditures and uses	102,950,680
General Fund debt service	<u>7,520,573</u>
Net expenditures and uses	<u>\$ 95,430,107</u>
Indicated unassigned fund balance @ 8.33%	\$ 7,949,328
Actual unassigned fund balance (Schedule A-2)	\$ 12,171,566
Actual unassigned fund balance as a percentage of net expenditures and uses	12.75%

\* excludes amounts appropriated from unassigned and assigned fund balance

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# STATISTICAL SECTION

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

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

Table 1

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

	Fiscal Year						
	2011	2012	2013	2014	2015	2016	2017
Governmental activities:							
Net investment in capital assets	\$ 40,176,260	\$ 67,253,588	\$ 54,540,288	\$ 49,674,874	\$ 50,030,025	\$ 47,792,253	\$ 49,367,869
Restricted*	5,033,496	5,054,449	3,966,494	4,745,034	4,494,021	4,045,808	3,547,716
Unrestricted	(3,751,473)	(28,635,920)	(24,261,524)	(29,701,463)	(25,459,136)	(16,048,402)	(15,045,713)
Total governmental activities net position	<u>41,458,283</u>	<u>43,672,117</u>	<u>34,245,258</u>	<u>24,718,445</u>	<u>29,064,910</u>	<u>35,789,659</u>	<u>37,869,872</u>
Business-type activities:							
Net investment in capital assets	155,344,528	152,749,709	165,548,784	159,116,820	156,544,970	159,537,793	153,328,264
Unrestricted	15,549,352	12,823,198	4,879,657	6,860,485	8,428,935	8,766,272	14,668,855
Total business-type activities net position	<u>170,893,880</u>	<u>165,572,907</u>	<u>170,428,441</u>	<u>165,977,305</u>	<u>164,973,905</u>	<u>168,304,065</u>	<u>167,997,119</u>
Primary government:							
Net investment in capital assets	195,520,788	220,003,297	220,089,072	208,791,694	206,574,995	207,330,046	202,696,133
Restricted*	5,033,496	5,054,449	3,966,494	4,745,034	4,494,021	4,045,808	3,547,716
Unrestricted	11,797,879	(15,812,722)	(19,381,867)	(22,840,978)	(17,030,201)	(7,282,130)	(376,858)
Total primary government net position	<u>\$ 212,352,163</u>	<u>\$ 209,245,024</u>	<u>\$ 204,673,699</u>	<u>\$ 190,695,750</u>	<u>\$ 194,038,815</u>	<u>\$ 204,093,724</u>	<u>\$ 205,866,991</u>

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

\* Certain amounts within net position have been reclassified to conform with 2016 presentation.

Table 2

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 8,744,549	\$ 7,868,247	\$ 8,279,943	\$ 9,223,718	\$ 4,490,599	\$ 4,733,021	\$ 7,110,075	\$ 6,871,396	\$ 6,588,238	\$ 6,953,399
Public safety	14,945,855	15,671,645	16,898,374	17,018,427	18,016,430	17,864,294	18,050,107	17,933,525	18,107,357	18,841,238
Health, community services and recreation	8,413,205	9,168,870	9,331,784	9,523,225	8,455,977	9,298,196	9,586,571	9,692,379	10,112,526	9,497,729
Public services*	10,501,253	11,812,548	16,380,337	12,413,601	15,399,933	14,408,500	14,249,015	12,956,599	15,409,518	15,997,665
Other agencies	4,829,547	4,580,661	4,658,904	4,479,888	4,209,428	4,630,915	6,799,934	4,638,805	4,528,591	5,049,394
Education	47,537,197	54,294,824	52,763,860	50,986,350	51,223,806	50,145,937	50,594,050	52,297,774	51,901,230	55,079,037
Arena development	41,091	51,332	39,075	61,334	536,251	2,201,200	500,566	-	136	801,439
Community development	2,156,241	912,992	1,506,038	1,542,975	1,152,289	1,356,184	2,178,972	1,316,591	1,592,047	1,335,282
Waterfront	1,754,281	9,252,263	79,911	1,439,065	606,249	381,437	272,857	360,004	331,622	-
Public transportation	2,118,374	3,042,434	2,792,904	1,701,112	3,276,780	3,250,752	2,782,968	2,784,081	3,166,692	3,273,876
Economic development (tif)	1,066,192	1,114,112	1,630,081	1,383,662	1,502,503	1,334,470	1,440,452	1,568,811	929,322	711,220
Interest on debt	3,206,764	2,651,599	2,555,839	2,151,172	2,710,135	3,343,590	2,464,804	2,604,030	2,362,899	2,142,976
Total governmental activities expenses	105,314,549	120,421,527	116,917,050	111,924,529	111,580,380	112,948,496	116,030,371	113,023,995	115,030,178	119,683,255
Business-type activities:										
Sewer Utility	6,052,419	6,197,277	6,253,436	6,202,202	6,758,495	6,827,790	6,843,975	6,603,195	7,210,861	7,725,453
Airport	19,641,953	19,934,243	20,532,553	20,458,552	20,752,350	20,722,960	20,855,066	20,893,894	20,266,935	21,217,373
Park Woods	678,867	590,250	529,610	496,478	533,671	473,289	497,833	507,210	-	-
Stormwater Utility	-	-	-	-	-	-	149,590	241,082	400,924	509,884
Parking	1,438,125	1,374,909	1,402,922	1,206,989	995,631	972,327	925,595	978,658	931,676	1,037,558
Bass Park	1,993,205	1,851,914	1,923,073	2,075,644	1,919,301	3,314,865	6,317,039	7,855,957	7,735,775	7,886,589
Municipal Golf Course	695,969	745,339	733,380	664,311	671,113	687,317	643,323	849,164	613,930	604,127
Economic Development	695,851	712,195	634,764	618,980	615,816	586,140	628,252	698,294	508,234	466,485
Total business-type activities expenses	31,196,389	31,406,127	32,009,738	31,723,156	32,246,377	33,584,688	36,860,673	38,627,454	37,668,335	39,447,469
Total primary government expenses	\$ 136,510,938	\$ 151,827,654	\$ 148,926,788	\$ 143,647,685	\$ 143,826,757	\$ 146,533,184	\$ 152,891,044	\$ 151,651,449	\$ 152,698,513	\$ 159,130,724

\* - 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)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 2,282,374	\$ 1,869,711	\$ 2,386,637	\$ 2,070,189	\$ 2,501,326	\$ 2,214,675	\$ 2,764,659	\$ 2,493,428	\$ 2,196,463	\$ 2,117,874
Public safety	2,439,831	3,010,167	2,401,930	3,289,153	2,681,152	3,418,686	2,682,248	3,193,528	3,383,956	3,013,577
Health, community services and recreation	771,254	768,450	836,689	928,307	1,048,707	1,139,382	1,164,090	1,118,582	1,193,185	1,266,221
Public services	4,127,341	3,807,886	3,954,116	3,922,847	4,002,973	3,520,517	3,758,666	3,904,548	3,618,373	3,637,836
Other agencies	22,243	22,068	-	20,248	103,560	-	46,882	-	-	-
Education	4,539,787	4,386,457	4,533,041	5,165,261	3,806,614	3,835,409	3,446,006	4,699,101	4,506,591	5,705,049
Arena development	1,689,657	2,205,771	2,380,158	2,331,584	2,434,915	2,079,869	1,960,876	1,952,929	1,896,633	1,838,285
Community development	297,394	301,019	332,295	323,494	588,587	474,013	994,546	273,269	313,396	442,445
Public transportation	809,531	944,804	923,433	1,025,080	1,023,717	1,045,793	816,819	857,013	1,048,974	774,195
Tax increment financing	-	1,711	-	-	-	-	-	-	-	-
Operating grants and contributions	41,370,518	34,155,649	35,683,710	35,604,940	33,137,275	31,901,386	34,600,320	33,541,085	34,838,496	33,872,652
Capital grants and contributions	2,119,150	2,068,478	6,578,917	4,935,614	3,725,432	2,345,794	1,720,879	1,540,614	3,064,312	2,391,680
Total governmental activities program revenues	60,469,080	53,542,171	60,010,926	59,616,717	55,054,258	51,975,524	53,955,991	53,574,097	56,060,379	55,059,814
Business-type activities:										
Charges for services										
Sewer Utility	6,745,112	7,537,879	7,288,499	7,340,935	7,320,469	7,708,101	8,426,054	8,189,623	7,975,639	8,634,449
Airport	14,475,879	13,953,287	13,767,394	13,080,217	12,540,347	12,069,935	12,220,328	12,036,215	13,576,325	15,870,081
Park Woods	340,494	369,478	371,832	372,715	397,426	417,407	440,295	459,905	-	-
Stormwater Utility	-	-	-	-	-	-	359,029	1,088,119	1,000,864	1,053,892
Parking	1,001,697	997,111	1,050,579	1,057,710	1,012,109	960,947	1,002,164	1,022,305	1,030,872	1,008,494
Bass Park	1,426,599	1,253,236	1,382,947	1,276,869	1,304,384	1,249,595	2,683,094	3,239,457	3,346,951	3,387,105
Municipal Golf Course	655,834	608,930	658,053	643,501	628,869	592,825	575,020	611,132	732,016	644,303
Economic Development	422,716	569,549	507,867	585,785	409,486	462,033	515,339	589,383	674,066	503,905
Operating grants and contributions	-	-	-	-	-	-	-	193,061	-	-
Capital grants and contributions	3,426,732	4,113,557	8,684,860	3,717,755	2,351,779	6,121,523	4,039,968	6,947,799	8,776,331	3,776,705
Total business-type activities program revenues	28,495,063	29,403,027	33,712,031	28,075,487	25,964,869	29,582,366	30,261,291	34,376,999	37,113,064	34,878,934
Total primary government program revenues	\$ 88,964,143	\$ 82,945,198	\$ 93,722,957	\$ 87,692,204	\$ 81,019,127	\$ 81,557,890	\$ 84,217,282	\$ 87,951,096	\$ 93,173,443	\$ 89,938,748

Continued on next page

Table 2 (con't)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (44,845,469)	\$ (66,879,356)	\$ (56,906,124)	\$ (52,307,812)	\$ (56,526,122)	\$ (60,972,972)	\$ (62,074,380)	\$ (59,449,898)	\$ (58,969,799)	\$ (64,623,441)
Business-type activities	(2,701,326)	(2,003,100)	1,702,293	(3,647,669)	(6,281,508)	(4,002,322)	(6,599,382)	(4,250,455)	(555,271)	(4,568,535)
Total primary government expense	(47,546,795)	(68,882,456)	(55,203,831)	(55,955,481)	(62,807,630)	(64,975,294)	(68,673,762)	(63,700,353)	(59,525,070)	(69,191,976)
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Property taxes	43,775,938	46,977,792	48,182,455	48,027,330	48,520,390	49,930,989	52,243,583	55,303,613	56,062,583	56,721,029
Payment in lieu of taxes	122,510	141,595	117,770	161,879	156,629	95,620	161,438	156,417	193,599	233,683
Excise taxes	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947	4,594,821	5,400,100	5,844,800	6,272,270	6,170,792
Franchise taxes	300,768	322,526	348,163	367,672	372,542	362,088	350,014	341,605	336,979	346,303
Unrestricted grants and contributions	5,520,774	5,260,439	4,999,567	4,859,811	4,963,161	4,857,030	3,787,128	3,794,664	4,173,167	4,464,142
Unrestricted investment earnings	1,274,939	874,824	673,295	565,326	530,631	57,620	510,429	413,923	488,936	380,580
Gain on sale of asset	-	-	-	-	-	-	-	-	-	62,180
Miscellaneous	161,439	93,967	135,849	92,379	16,698	112,060	1,863	410,991	179,163	-
Transfers	(539,088)	(739,179)	761,103	(637,898)	(417,042)	(8,772,781)	(3,170,717)	(2,469,650)	(2,012,149)	(1,675,055)
Total governmental activities	55,258,600	57,683,969	59,913,138	57,952,251	58,739,956	51,237,447	59,283,838	63,796,363	65,694,548	66,703,654
Business-type activities:										
Property taxes	-	-	-	-	-	-	750,000	800,000	1,000,000	1,100,000
Unrestricted investment earnings	1,326,787	1,025,098	1,035,753	752,891	543,493	345,932	504,584	462,069	420,951	555,259
Gain (loss) on sale of asset	-	-	-	-	-	(260,857)	-	-	452,331	931,275
Special Item	-	-	-	-	-	-	-	(484,664)	-	-
Transfers	539,088	739,179	(761,103)	637,898	417,042	8,772,781	3,170,717	2,469,650	2,012,149	1,675,055
Total business-type activities	1,865,875	1,764,277	274,650	1,390,789	960,535	8,857,856	4,425,301	3,247,055	3,885,431	4,261,589
Total primary government	57,124,475	59,448,246	60,187,788	59,343,040	59,700,491	60,095,303	63,709,139	67,043,418	69,579,979	70,965,243
<b>Change in net position</b>										
Governmental activities	10,413,131	(9,195,387)	3,007,014	5,644,439	2,213,834	(9,735,525)	(2,790,542)	4,346,465	6,724,749	2,080,213
Business-type activities	(835,451)	(238,823)	1,976,943	(2,256,880)	(5,320,973)	4,855,534	(2,174,081)	(1,003,400)	3,330,160	(306,946)
Total primary government	\$ 9,577,680	\$ (9,434,210)	\$ 4,983,957	\$ 3,387,559	\$ (3,107,139)	\$ (4,879,991)	\$ (4,964,623)	\$ 3,343,065	\$ 10,054,909	\$ 1,773,267



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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Tax Revenues</b>										
Property taxes	\$ 43,775,938	\$ 46,977,792	\$ 48,182,455	\$ 48,027,330	\$ 48,520,390	\$ 49,930,989	\$ 52,243,583	\$ 55,303,613	\$ 56,062,583	\$ 56,721,029
Excise taxes	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947	4,594,821	5,400,100	5,844,800	6,272,270	6,170,792
Franchise taxes	300,768	322,526	348,163	367,672	372,542	362,088	350,014	341,605	336,979	346,303
Total tax revenues	\$ 48,718,026	\$ 52,052,323	\$ 53,225,554	\$ 52,910,754	\$ 53,489,879	\$ 54,887,898	\$ 57,993,697	\$ 61,490,018	\$ 62,671,832	\$ 63,238,124

Table 4

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

	Fiscal Year						
	2011	2012	2013	2014	2015	2016	2017
<b>General Fund:</b>							
Nonspendable							
Advances to other funds	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500
Inventory and prepaid items	963,770	860,187	873,714	853,265	672,248	1,238,139	1,061,973
Restricted							
Education purposes	1,213,508	936,158	186,871	974,012	889,481	1,354,267	745,039
Municipal purposes	405,119	349,362	288,519	288,857	19,803	19,830	19,883
Committed - municipal purposes	19,033	373,753	10,583	2,623	110,933	5,406	288,743
Assigned							
Encumbrances	1,389,501	1,548,268	777,788	31,347	15,987	244,899	72,264
Municipal purposes	3,115,199	3,240,838	3,415,627	3,386,444	4,626,740	5,509,947	6,367,677
Unassigned	8,017,940	7,563,658	7,727,014	9,598,472	9,995,105	11,315,235	12,171,566
Total general fund	<u>\$ 17,024,570</u>	<u>\$ 16,772,724</u>	<u>\$ 15,180,616</u>	<u>\$ 17,035,520</u>	<u>\$ 18,230,797</u>	<u>\$ 21,588,223</u>	<u>\$ 22,627,645</u>
<b>All other governmental funds:</b>							
Nonspendable							
Permanent Fund Principal	\$ 608,710	\$ 588,515	\$ 574,492	\$ 544,200	\$ 532,758	\$ 532,338	\$ 525,249
Capital Project Fund	-	-	-	-	-	-	1,120,229
Restricted							
Community Development Block Grant	346,605	415,956	252,479	-	-	-	50,811
Penobscot River	759	759	-	-	-	-	-
Nonmajor Special Revenue Funds	1,637,362	1,862,992	1,730,231	1,971,397	2,060,733	1,633,366	1,692,082
Nonmajor Permanent Funds	410,337	449,974	466,951	483,284	495,623	506,007	514,652
Committed							
Arena Fund	6,690,287	-	2,761,541	1,051,134	871,271	587,141	613,291
Assigned							
Capital Project Fund	826,179	-	4,426,655	4,868,248	4,657,905	7,169,264	2,581,181
Capital Project Fund Encumbrances	-	1,853,043	127,712	-	-	-	-
Unassigned							
Community Development Block Grant	-	-	-	(3,275)	(10,679)	(3,153)	-
Arena Fund	-	(4,603,950)	-	-	-	-	-
Capital Project Fund	(537)	-	-	-	-	-	-
Nonmajor Special Revenue Funds	(12,257)	(4,584)	(5,736)	-	-	-	-
Total all other governmental funds	<u>\$ 10,507,445</u>	<u>\$ 562,705</u>	<u>\$ 10,334,325</u>	<u>\$ 8,914,988</u>	<u>\$ 8,607,611</u>	<u>\$ 10,424,963</u>	<u>\$ 7,097,495</u>

Only seven 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)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Taxes:										
Property taxes	\$ 43,767,914	\$ 47,113,576	\$ 48,284,733	\$ 48,371,202	\$ 48,688,270	\$ 50,004,619	\$ 52,748,153	\$ 55,650,209	\$ 56,626,711	\$ 57,378,981
Excise taxes	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947	4,594,821	5,400,100	5,844,800	6,272,270	6,170,792
Total tax revenues	48,409,234	51,865,581	52,979,669	52,886,954	53,285,217	54,599,440	58,148,253	61,495,009	62,898,981	63,549,773
Intergovernmental	41,345,956	41,123,520	46,211,718	45,304,160	40,536,525	39,029,824	40,025,974	38,563,450	41,912,419	40,506,368
Licenses and permits	956,965	644,621	633,339	601,202	948,267	576,559	1,389,717	831,968	755,273	644,795
Charges for services	13,283,275	13,449,587	13,655,764	15,226,575	13,594,482	14,079,514	12,782,036	14,889,219	14,802,549	15,525,283
Program income	296,325	288,677	329,800	314,203	575,460	462,380	765,142	247,549	284,619	407,403
Revenue from use of money and property	3,812,356	3,836,654	3,864,984	3,473,975	4,042,881	3,067,949	3,114,817	2,883,535	2,823,151	2,693,947
Other	7,691,463	428,220	1,108,213	279,426	561,118	165,686	156,659	516,714	227,243	275,771
Total revenues	115,795,574	111,636,860	118,783,487	118,086,495	113,543,950	111,981,352	116,382,598	119,427,444	123,704,235	123,603,340
<b>Expenditures:</b>										
General government**	5,122,152	5,103,378	5,422,805	4,858,721	5,390,049	5,612,408	5,172,972	5,391,279	5,172,435	5,133,047
Public safety	14,162,638	14,400,420	15,287,575	15,800,938	16,028,180	16,209,402	16,409,651	16,994,567	17,146,674	17,330,311
Health, community services and recreation	4,305,709	4,414,673	4,720,477	5,584,184	5,383,295	4,945,994	4,826,149	5,041,486	5,117,412	4,972,166
Public services	9,906,759	10,048,539	10,055,161	10,196,576	9,842,829	9,835,549	10,052,683	10,704,017	10,387,416	10,907,018
Other agencies	4,227,552	4,294,283	4,291,329	4,747,617	4,409,545	4,382,776	4,566,380	4,684,697	4,723,022	4,886,577
Education	48,293,846	50,380,309	51,590,324	51,391,657	50,159,407	49,880,770	50,771,925	53,037,177	52,655,986	54,722,897
Tax increment financing	-	215,483	432,033	165,133	524,013	550,308	632,364	724,347	717,260	711,220
Unclassified	166,994	63,115	54,451	118,216	260,685	2,323,972	590,627	74,128	104,422	44,568
Restricted grants	9,098,706	8,360,660	8,479,740	8,232,148	7,414,001	9,202,815	10,729,492	9,691,489	9,852,311	8,799,030
Capital outlay*	8,038,242	16,118,777	20,818,168	12,799,978	45,478,235	10,213,552	12,534,783	8,158,063	7,940,743	9,419,396
Debt service										
Principal	2,044,428	2,136,415	12,423,331	3,862,188	6,996,892	22,907,595	3,222,253	3,685,728	3,970,474	5,563,414
Interest	2,436,120	2,373,922	2,472,643	2,375,397	2,180,013	2,923,060	1,957,347	2,050,633	1,983,468	1,871,056
Other charges	299	6,000	61,952	45,988	-	-	-	-	-	-
Total expenditures	107,803,445	117,915,974	136,109,989	120,178,741	154,067,144	138,988,201	121,466,626	120,237,611	119,771,623	124,360,700
Excess (deficiency) of revenues over (under) expenditures	7,992,129	(6,279,114)	(17,326,502)	(2,092,246)	(40,523,194)	(27,006,849)	(5,084,028)	(810,167)	3,932,612	(757,360)
<b>Other financing sources/(uses)</b>										
Issuance of debt	-	3,100,000	3,100,000	2,086,100	30,659,143	10,378,985	8,369,000	3,602,000	3,014,000	-
Capital leases	-	-	-	-	-	456,581	-	-	61,152	-
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	161,439	104,620	135,849	117,558	84,507	186,709	187,760	565,717	179,163	144,369
Transfers to other funds	(2,690,305)	(2,865,418)	(1,789,024)	(2,015,003)	(1,861,301)	(9,783,007)	(4,406,771)	(3,698,558)	(4,015,412)	(4,238,315)
Transfers from other funds	2,151,217	2,126,239	2,550,127	1,377,105	1,444,259	1,010,226	1,236,054	1,228,908	2,003,263	2,563,260
Total other financing sources	(377,649)	9,557,369	13,593,592	1,565,760	30,326,608	(1,235,871)	5,519,595	1,698,067	1,242,166	(1,530,686)
Net change in fund balances	\$ 7,614,480	\$ 3,278,255	\$ (3,732,910)	\$ (526,486)	\$ (10,196,586)	\$ (28,242,720)	\$ 435,567	\$ 887,900	\$ 5,174,778	\$ (2,288,046)
Debt service as a percentage of noncapital expenditures	4.70%	4.64%	14.84%	6.17%	9.23%	25.09%	4.99%	5.39%	5.62%	6.92%

\* - 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**

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Homestead Exemption<sup>1</sup></b>	<b>Business Equipment Tax Exemption<sup>2</sup></b>	<b>Other Exemptions<sup>3</sup></b>
2008	\$ 2,082,355,000	254,991,600	2,337,346,600	17.74	\$ 68,742,200	-	754,362,000
2009	\$ 2,230,645,100	244,740,100	2,475,385,200	17.99	\$ 70,408,200	8,523,800	793,480,900
2010	\$ 2,299,385,800	257,018,100	2,556,403,900	17.98	\$ 70,357,600	24,801,200	780,391,900
2011	\$ 2,261,383,800	256,321,000	2,517,704,800	18.09	\$ 53,990,200	41,980,400	788,121,900
2012	\$ 2,274,528,200	248,183,200	2,522,711,400	18.00	\$ 54,283,600	57,635,300	795,735,300
2013	\$ 2,282,480,900	245,768,300	2,528,249,200	18.47	\$ 53,981,600	66,043,600	801,351,000
2014	\$ 2,306,517,400	244,302,800	2,550,820,200	19.56	\$ 52,765,500	72,600,700	894,525,200
2015	\$ 2,322,253,300	239,021,300	2,561,274,600	20.54	\$ 51,753,000	86,984,900	914,815,400
2016	\$ 2,370,220,600	229,981,900	2,600,202,500	20.69	\$ 50,758,900	101,258,300	918,968,900
2017	\$ 2,344,351,100	221,870,900	2,566,222,000	21.16	\$ 74,491,300	105,332,700	1,017,482,300

\* Source - City of Bangor Commitment Report. It is City policy to assess at 100% of estimated actual value.

<sup>1</sup> The City receives reimbursement from the State of Maine for 50% of the tax loss related to the Homestead Exemption.

<sup>2</sup> The Business Equipment Tax Exemption began in 2009. Upon implementation, the City received reimbursement from the State of Maine for 100% of the tax loss; that reimbursement has declined to 58.0% for 2017.

<sup>3</sup> Other exemptions consists of property owned by federal, state and local governments, various fully exempt organizations and non-reimbursable personal exemptions.

Table 7

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

<b>Fiscal Year</b>	<b>General City Government</b>	<b>General Fund Debt Service</b>	<b>Education</b>	<b>Total Direct Tax Rate</b>	<b>Penobscot County</b>	<b>Total Tax/ (Mill) Rate</b>
2008	7.69	1.18	8.87	17.74	1.06	18.80
2009	8.12	1.16	8.71	17.99	1.06	19.05
2010	8.01	1.27	8.70	17.98	1.07	19.05
2011	7.94	1.40	8.75	18.09	1.11	19.20
2012	7.75	1.42	8.83	18.00	1.20	19.20
2013	8.08	1.41	8.98	18.47	1.18	19.65
2014	8.67	1.48	9.41	19.56	1.24	20.80
2015	8.89	1.65	10.00	20.54	1.26	21.80
2016	8.20	2.61	9.88	20.69	1.26	21.95
2017	8.33	2.64	10.19	21.16	1.34	22.50

Table 8

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

Taxpayer	Business	2017			2008		
		Assessed Value	Rank	% of Total Tax Base	Assessed Value	Rank	% of Total Tax Base
GLP Capital L.P.	Gaming	\$ 75,565,400	1	2.94%	-	-	-
Bangor Mall LLC	Shopping mall	62,230,900	2	2.43%	-	-	-
Emera Maine	Utility	40,761,500	3	1.59%	-	-	-
General Electric	Manufacturer	26,957,400	4	1.05%	\$ 81,913,200	1	3.40%
Walmart Stores	Retailer	21,864,000	5	0.85%	-	-	-
QV Realty Trust	Real estate interests	21,737,300	6	0.85%	15,602,200	5	0.65%
Bangor Gas Company LLC	Utility	20,722,100	7	0.81%	14,327,700	7	0.60%
Banres, LLC	Hotel	17,642,500	8	0.69%	-	-	-
HC Bangor LLC	Gaming	17,575,000	9	0.68%	-	-	-
Bangor Savings Bank	Commercial bank	17,388,100	10	0.68%	15,094,000	6	0.63%
BANMAK Associates	Shopping mall	-	-	-	56,985,700	2	2.37%
Paradigm Development LLC	Utility	-	-	-	31,251,400	3	1.30%
Inland Western Parkade	Shopping mall	-	-	-	26,206,600	4	1.09%
Eastern Maine Healthcare	Medical institution	-	-	-	13,464,500	8	0.56%
May Department Stores	Retailer	-	-	-	12,845,000	9	0.53%
Cabrel Company	Real estate interests	-	-	-	12,636,400	10	0.53%
Totals		<u>\$ 322,444,200</u>		<u>12.57%</u>	<u>\$ 280,326,700</u>		<u>11.66%</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			
2008	\$ 44,082,476	341,521	43,740,955	42,847,656	97.96%	\$ 841,791	43,689,447	99.88%
2009	\$ 47,235,370	275,489	46,959,881	45,688,356	97.29%	\$ 1,200,000	46,888,356	99.85%
2010	\$ 48,719,847	588,817	48,131,030	46,205,428	96.00%	\$ 1,790,348	47,995,776	99.72%
2011	\$ 48,362,646	168,932	48,193,714	46,857,606	97.23%	\$ 1,208,158	48,065,764	99.73%
2012	\$ 48,529,834	175,844	48,353,990	47,025,587	97.25%	\$ 1,200,139	48,225,726	99.73%
2013	\$ 49,713,855	134,598	49,579,257	48,276,445	97.37%	\$ 1,170,154	49,446,599	99.73%
2014	\$ 53,077,993	43,339	53,034,654	51,692,178	97.47%	\$ 1,171,531	52,863,709	99.68%
2015	\$ 55,903,061	282,782	55,620,279	53,708,753	96.56%	\$ 1,717,204	55,425,957	99.65%
2016	\$ 57,090,091	445,799	56,644,292	55,557,652	98.08%	\$ 582,806	56,140,458	99.11%
2017	\$ 57,781,717	116,643	57,665,074	56,513,791	98.00%	\$ -	56,513,791	98.00%

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*
2008	\$ 56,998,022	-	41,722,545	-	98,720,567	3,157.85	4.22%	10.62%
2009	\$ 56,687,684	7,091,928	37,623,522	-	101,403,134	3,236.72	4.10%	10.88%
2010	\$ 61,689,447	-	34,956,548	-	96,645,995	3,073.00	3.78%	10.33%
2011	\$ 58,455,666	-	31,985,337	-	90,441,003	2,737.40	3.59%	7.06%
2012	\$ 80,674,158	-	28,707,990	-	109,382,148	3,314.61	4.34%	9.47%
2013	\$ 62,727,567	361,009	82,492,223	-	145,580,799	4,416.49	5.76%	11.71%
2014	\$ 67,154,638	277,728	82,983,011	41,699	150,457,076	4,604.94	5.90%	13.12%
2015	\$ 65,147,398	549,636	83,619,820	33,082	149,349,936	4,585.79	5.83%	12.64%
2016	\$ 62,635,756	408,687	81,041,828	29,210	144,115,481	4,449.24	5.54%	12.27%
2017	\$ 55,502,169	181,526	81,332,351	20,026	137,036,072	4,284.39	5.34%	12.01%

\* 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
2008	31,262	\$ 2,337,346,600	98,720,567	4.22%	3,157.85
2009	31,329	\$ 2,475,385,200	94,311,206	3.81%	3,010.35
2010	31,450	\$ 2,556,403,900	96,645,995	3.78%	3,073.00
2011	33,039	\$ 2,517,704,800	90,441,003	3.59%	2,737.40
2012	33,000	\$ 2,522,711,400	109,382,148	4.34%	3,314.61
2013	32,963	\$ 2,528,249,200	145,219,790	5.74%	4,405.54
2014	32,673	\$ 2,550,820,200	150,137,649	5.89%	4,595.16
2015	32,568	\$ 2,561,274,600	148,767,218	5.81%	4,567.90
2016	32,391	\$ 2,600,202,500	143,677,584	5.53%	4,435.73
2017	31,985	\$ 2,566,222,000	136,834,520	5.33%	4,278.08

\* Source: U.S. Census Bureau.

**CITY OF BANGOR, MAINE**  
**Computation of Direct and Overlapping Debt**  
**June 30, 2017**

	<b>Total Debt Outstanding</b>	<b>Percentage Applicable to Bangor</b>	<b>Amount Applicable to Bangor</b>
Direct Debt			
City of Bangor			
General Obligation Bonds	\$ 55,502,169	100.00%	\$ 55,502,169
Capital Leases	181,526	100.00%	181,526
Total Debt	<u>\$ 55,683,695</u>		<u>\$ 55,683,695</u>

\* - For year end June 30, 2017 the City had no overlapping debt obligations.

Table 13

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

<b>Fiscal Year</b>	<b>Debt Limit</b>	<b>Total Net Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>	<b>Percentage of Net Debt to Debt Limit</b>
2008	\$ 353,737,500	98,720,567	255,016,933	27.91%
2009	\$ 356,670,000	94,311,206	262,358,794	26.44%
2010	\$ 365,400,000	96,645,995	268,754,005	26.45%
2011	\$ 369,997,500	90,441,003	279,556,497	24.44%
2012	\$ 368,467,500	109,382,148	259,085,352	29.69%
2013	\$ 369,300,000	145,219,790	224,080,210	39.32%
2014	\$ 369,637,500	146,954,498	222,683,002	39.76%
2015	\$ 381,555,000	145,681,059	235,873,941	38.18%
2016	\$ 383,182,500	140,744,237	242,438,263	36.73%
2017	\$ 381,555,000	134,045,613	247,509,387	35.13%

**Legal Debt Margin Calculation for Fiscal Year 2017**

Total State Valuation	\$ 2,543,700,000
Debt Limitation: 15 % of State Valuation	381,555,000
Debt Applicable to Debt Limitation:	
General Obligation Bonds:	
Municipal	104,996,451
School	14,257,096
Sewer	14,792,066
Total debt applicable to limit	<u>134,045,613</u>
Legal Debt margin	<u>\$ 247,509,387</u>

Table 14

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

<b>Fiscal Year</b>	<b>Population *</b>	<b>Median Household Income*</b>	<b>Per Capita Income*</b>	<b>Median Age*</b>	<b>Public School Enrollment**</b>	<b>Unemployment Rate ***</b>
2008	31,262	29,740	19,295	36.1	3,886	5.10%
2009	31,329	29,740	19,295	36.1	3,878	7.80%
2010	31,450	29,740	19,295	36.1	3,821	8.10%
2011	33,039	38,775	25,344	36.7	3,830	7.50%
2012	33,000	34,993	25,344	37.5	3,819	7.10%
2013	32,963	37,707	24,945	36.8	3,875	6.70%
2014	32,673	35,107	23,791	36.5	3,810	5.40%
2015	32,568	36,272	23,977	35.9	3,765	4.60%
2016	32,391	36,272	23,977	35.9	3,780	3.80%
2017	31,985	35,674	23,928	35.4	3,759	3.70%

\* Source: U.S. Census.

\*\* Source: Bangor School Department.

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

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

2017*			2008 <sup>1</sup>		
Employees	Employer	Location	Employees	Employer	Location
1000-4000	Eastern Maine Medical Center	Bangor	1000-4999	Eastern Maine Medical Center	Bangor
	St. Joseph Hospital	Bangor		Bangor Mall	Bangor
500-999	Acadia Hospital	Bangor		City of Bangor	Bangor
	Bangor Savings Bank	Bangor	Hannaford Supermarkets	Throughout	
	Bank of America	Bangor	Cianbro Corporation	Throughout	
	City of Bangor	Bangor	500-999	Acadia Hospital	Bangor
	Hannaford Supermarkets	Throughout		L.L. Bean	Bangor
	Husson University	Bangor		Bangor Savings Bank	Bangor
	Penobscot Community Health Care	Throughout		Hollywood Slots	Bangor
	Walmart	Throughout		Walmart	Throughout
			St. Joseph Hospital	Bangor	

\* Source - State of Maine, Department of Labor.

<sup>1</sup> Source - Bangor, Maine Community & Economic Profile Report, Published by City of Bangor Community & Economic Development.

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

<b>Function</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General government	100	100	100	100	99	97	92	103	74	77
Public safety										
Police	93	93	97	97	96	96	96	93	91	94
Fire	91	91	95	95	95	95	91	87	90	89
Health, community services and recreation	49	49	49	47	49	48	46	41	34	36
Public building and services	81	82	82	81	78	78	76	63	62	61
Education	618	618	621	610	580	580	568	578	570	580
Sewer utility	21	21	21	21	24	24	24	24	27	27
Airport	89	90	86	87	88	93	77	85	69	79
Park woods	2	2	2	2	2	2	1	-	-	-
Parking	3	3	3	3	3	3	3	3	2	2
Bass park	7	8	8	7	6	5	-	-	-	-
Municipal golf course	9	3	3	3	3	3	3	3	3	3
<b>Totals</b>	<b>1,163</b>	<b>1,160</b>	<b>1,167</b>	<b>1,153</b>	<b>1,123</b>	<b>1,124</b>	<b>1,077</b>	<b>1,080</b>	<b>1,022</b>	<b>1,048</b>

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

Table 17

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

<b>Function</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Code enforcement										
Building permits	485	501	427	518	405	453	433	454	517	571
Certificates of occupancy	430	440	341	448	350	361	395	452	630	609
Sign permits	118	103	90	96	70	69	82	83	86	89
Police										
Calls for service	32,392	34,329	32,351	30,167	31,640	33,740	36,153	36,967	38,347	38,505
Fire										
Calls for service	7,477	7,990	7,357	8,000	9,020	9,044	9,031	9,292	10,048	10,110
Sewer										
Treated flow (billions of gallons)	3.21	3.89	3.55	2.81	3.10	2.68	2.69	3.20	2.57	2.44
Biosolids (tons)	7,236	7,609	7,572	6,518	6,789	5,832	6,309	5,821	6,230	6,101

\* Source - City of Bangor Departmental records.

Table 18

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

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	47	50	54	54	50	48	43	50	57	57
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	28	27	25	25	26	26	26	26	24	25
Public works										
Streets (miles)	427	429	429	429	431	431	431	431	432	432
Sidewalks (miles)	99.6	99.6	99.6	101.4	101.4	101.4	101.4	101.4	101.4	101.4
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	47	49	49	49	49

\* Source - City of Bangor Departmental records.