



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## CITY OF BANGOR MAINE

## FOR FISCAL YEAR JUNE 30, 2018

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**CITY OF BANGOR, MAINE**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2018**

CITY OF BANGOR

Prepared by:

Debbie Cyr, Finance Director

David Little, Deputy Finance Director

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# **INTRODUCTORY SECTION**



# DEPARTMENT OF FINANCE

## CITY OF BANGOR

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DEBBIE A. CYR  
DIRECTOR

December 27, 2018

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, 2018 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 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 central, 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 2018 unemployment rate of 3.4% was on par with the state rate of 3.2% and lower than the national of 4.2%.

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 2018, Bangor's retail taxable sales were \$1.82 billion and represent 7.92% 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) continues 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 18.37% in the tax rate from 2009 to 2018.

**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 five years and includes 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:

- \$5.6 million invested in streets, sidewalks, traffic control, and other infrastructure;
- \$1.1 million invested in upgrades to Community Connector vehicles;
- \$1.9 million invested in the upgrade and separation of the City's combined sewer systems;
- \$1.9 million invested in airport equipment and infrastructure; and
- \$1.8 million invested in school facilities.

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 approach to blighted properties;
- Provided assistance to homeowners and designated neighborhoods through CDBG funding;
- Leadership in the Community Health Leadership Board to address community drug and alcohol issues;
- Development of housing work group to focus on the issue of quality, affordable housing;
- Sustained commitment to academic excellence for all;
- Energy efficiency initiatives for residential and City properties ; and
- 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, 2018 was 14.41% 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, 2017. 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**

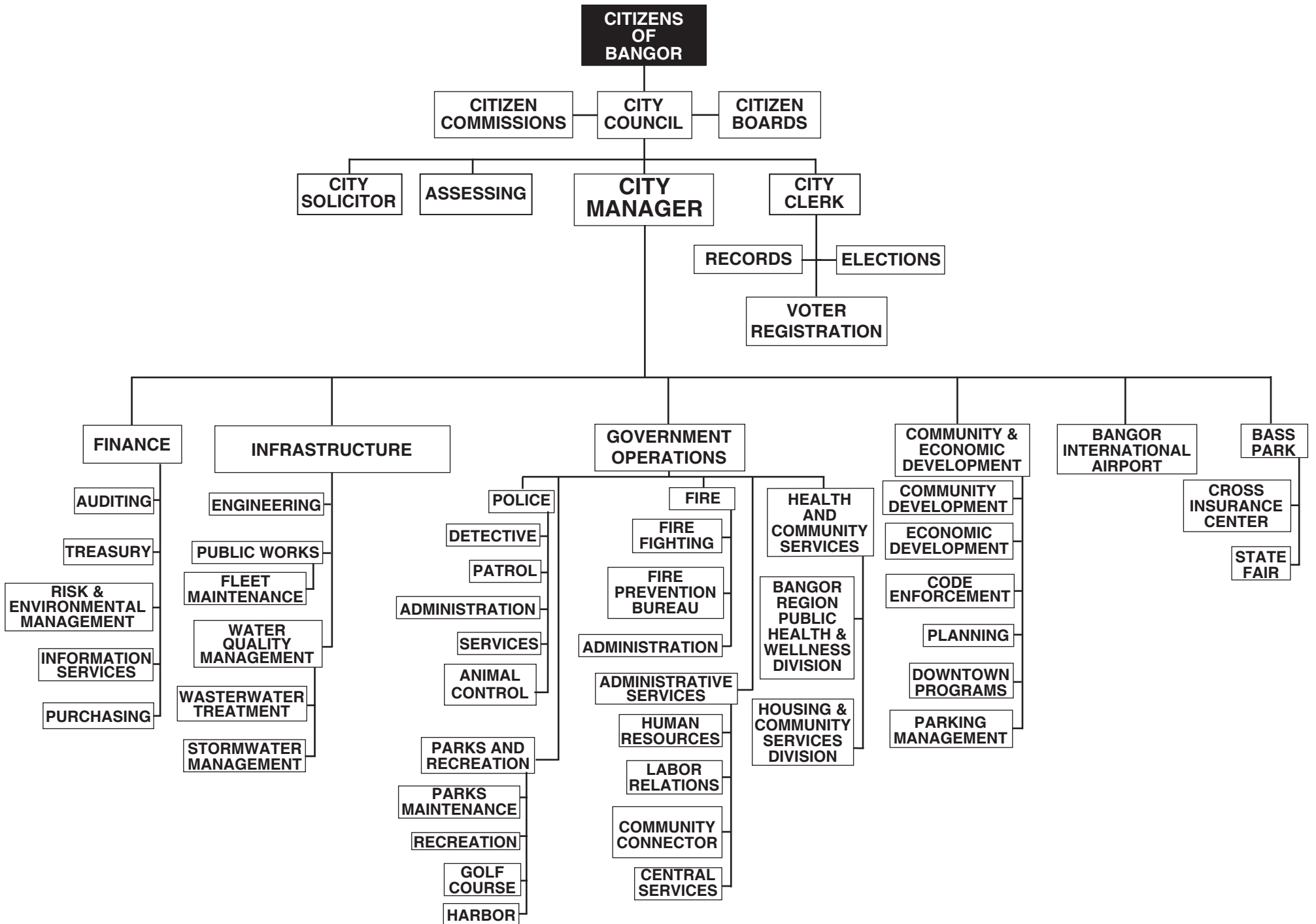
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

CITY OF BANGOR ORGANIZATIONAL CHART Revised (10-15)



**City of Bangor, Maine  
Elected Officials and Principal Administrative Officers  
June 30, 2018**

**City Council**

Benjamin Sprague, Chair

Clare Davitt  
David Nealley  
Joseph Perry  
Daniel Tremble

Gibran Graham  
Sarah Nichols  
Laura Supica  
Cary Weston

**City Staff**

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

**School Committee**

Susan Hawes, Chair

Jennifer Degroff  
Susan Sorg  
Marlene Susi

Brian Doore, Vice Chair  
Timothy Surette  
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, 2018, 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, 2018, 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.

### ***Change in Accounting Principle***

As described in the notes to the financial statements, in 2018, the City adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***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 changes in the City's total health plan OPEB liability and related ratios, the schedule of City's proportionate share of the net OPEB liability, schedule of City's OPEB contributions, the schedule of the City's proportionate share of the net pension liability, and the schedule of City's net pension 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 December 21, 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 solely 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 the effectiveness of the City of Bangor, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bangor, Maine's internal control over financial reporting and compliance.



December 21, 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, 2018. 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-5 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 \$211.3 million (net position).
- At the close of fiscal year 2018, the City of Bangor's governmental funds reported combined ending fund balances of \$39.3 million, an increase of \$5.1 million over the prior year restated balance of \$34.2 million. The Capital Projects Fund fund balance increased by \$2.1 million, as projects that have been funded were not completed at year end. The General Fund fund balance increased by \$3.4 million. General Fund revenues exceeded estimates by \$4.4 million as follows; excise taxes \$942 thousand, property taxes \$474 thousand, intergovernmental revenues \$1.35 million, charges for service \$845 thousand, licenses and permits \$391 thousand and revenue from use of money and property \$352 thousand. During fiscal year 2018, \$1.6 million of the General Fund unassigned fund balance was transferred to various assigned fund balances to fund future 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 72.4% of the total amount, or \$28.5 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 \$14.1 million, or 14.41% 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 \$1.3 million and \$3.9 million, respectively. The decrease in governmental activities is related to a decrease in the net pension liability. For business-type activities, the decrease is a result of principal payments on general obligation bonds (\$4.2 million) exceeding proceeds from general obligation bonds.

### 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 and Capital

Projects Fund, both of which are considered to be major funds. Data from the other eight 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			
	2018	2017	2018	2017	2018	2017
Current & other assets	\$ 47,629,450	\$ 43,365,544	\$ 35,896,965	\$ 32,500,253	\$ 83,526,415	\$ 75,865,797
Capital assets, net of						
accumulated depreciation	78,401,733	76,143,287	216,888,151	225,010,237	295,289,884	301,153,524
Total assets	126,031,183	119,508,831	252,785,116	257,510,490	378,816,299	377,019,321
Total deferred outflows of resources*	2,714,002	4,761,982	499,792	1,118,213	3,213,794	5,880,195
Long-term debt outstanding*	74,828,962	76,206,615	82,217,040	86,125,711	157,046,002	162,332,326
Other liabilities	7,000,338	7,233,422	4,552,595	4,448,512	11,552,933	11,681,934
Total liabilities	81,829,300	83,440,037	86,769,635	90,574,223	168,598,935	174,014,260
Total deferred inflows of resources*	1,707,130	1,393,093	423,002	503,461	2,130,132	1,896,554
Net position:						
Net investment in capital assets*	49,138,743	49,622,055	146,713,851	153,328,264	195,852,594	202,950,319
Restricted	7,831,587	8,036,337	-	-	7,831,587	8,036,337
Unrestricted*	(11,761,575)	(18,220,709)	19,378,420	14,222,755	7,616,845	(3,997,954)
Total net position	\$ 45,208,755	\$ 39,437,683	\$ 166,092,271	\$ 167,551,019	\$ 211,301,026	\$ 206,988,702

\* Restated for 2017 - Refer to Note G New Pronouncement and Restatement

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. The remaining balance of unrestricted net position is \$7.6 million, the governmental activities deficit of \$11.8 million is offset by the business type activities balance of \$19.4 million. The governmental activities deficit is primarily due to \$18.4 million in outstanding pension obligation bonds.

Governmental activities net position increased \$5.8 million. The major components associated with the increase in governmental activities net position are excise tax revenues exceeding estimates by \$942 thousand, intergovernmental revenues exceeding estimated by \$1.35 million, unanticipated building permit fees of \$391 thousand, increased interest earnings \$352 thousand, and funding of Capital Projects to be completed after the fiscal year end, as well as public safety, public services and health and recreation expenses below estimates due to savings realized related to turnover, vacancies and fewer services required.

Business-type net position decreased \$1.5 million. 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.

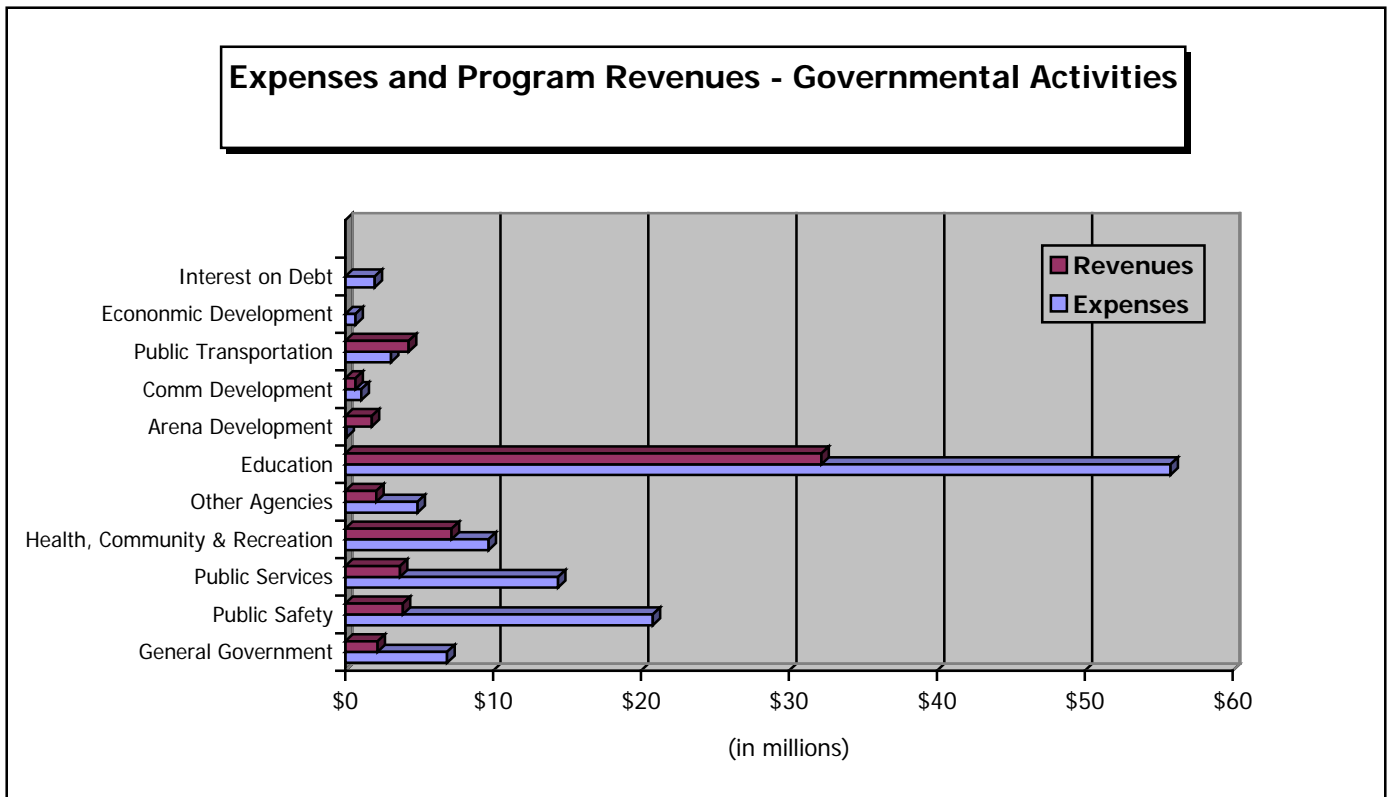
## Changes in Net Position

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

	Activities		Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 19,193,320	\$ 18,795,482	\$ 32,373,368	\$ 31,102,229	\$ 51,566,688	\$ 49,897,711
Operating grants & contributions	35,577,981	33,872,652	-	-	35,577,981	33,872,652
Capital grants & contributions	3,499,613	2,391,680	1,789,607	3,776,705	5,289,220	6,168,385
General Revenues						
Property and other taxes	63,865,201	63,471,807	1,100,000	1,100,000	64,965,201	64,571,807
Grants and contributions not restricted to specific programs	5,273,333	4,464,142	-	-	5,273,333	4,464,142
Other	674,137	380,580	521,200	555,259	1,195,337	935,839
Total Revenues	128,083,585	123,376,343	35,784,175	36,534,193	163,867,760	159,910,536
<b>Expenses</b>						
General government	6,916,390	6,953,399	-	-	6,916,390	6,953,399
Public safety	20,802,943	18,841,238	-	-	20,802,943	18,841,238
Health, community and recreation	9,705,672	9,497,729	-	-	9,705,672	9,497,729
Public services	14,427,613	15,997,665	-	-	14,427,613	15,997,665
Other agencies	4,943,064	5,049,394	-	-	4,943,064	5,049,394
Education	55,799,044	55,079,037	-	-	55,799,044	55,079,037
Arena development	62,748	801,439	-	-	62,748	801,439
Community development	1,090,372	1,335,282	-	-	1,090,372	1,335,282
Waterfront	1,077,972	-	-	-	1,077,972	-
Public transportation	3,071,020	3,273,876	-	-	3,071,020	3,273,876
Interest on debt	1,983,492	2,142,976	-	-	1,983,492	2,142,976
Economic development (tif)	632,185	711,220	-	-	632,185	711,220
Sewer Utility	-	-	6,861,750	7,725,453	6,861,750	7,725,453
Airport	-	-	21,827,174	21,217,373	21,827,174	21,217,373
Stormwater Utility	-	-	692,174	509,884	692,174	509,884
Parking	-	-	1,001,359	1,037,558	1,001,359	1,037,558
Bass Park	-	-	7,571,370	7,886,589	7,571,370	7,886,589
Municipal Golf Course	-	-	703,104	604,127	703,104	604,127
Economic Development	-	-	394,026	466,485	394,026	466,485
Total Expenses	120,512,515	119,683,255	39,050,957	39,447,469	159,563,472	159,130,724
Excess (deficiency) before transfers						
	7,571,070	3,693,088	(3,266,782)	(2,913,276)	4,304,288	779,812
Gain (loss) on disposition of asset	(6,771)	62,180	14,807	931,275	8,036	993,455
Transfers	(1,793,227)	(1,675,055)	1,793,227	1,675,055	-	-
Change in net position	5,771,072	2,080,213	(1,458,748)	(306,946)	4,312,324	1,773,267
<b>Beginning net position</b>	39,437,683	35,789,659	167,551,019	168,304,065	206,988,702	204,093,724
<b>Restatement - Note G</b>	-	1,567,811	-	(446,100)	-	1,121,711
<b>Ending net position</b>	<u>\$ 45,208,755</u>	<u>\$ 39,437,683</u>	<u>\$ 166,092,271</u>	<u>\$ 167,551,019</u>	<u>\$ 211,301,026</u>	<u>\$ 206,988,702</u>

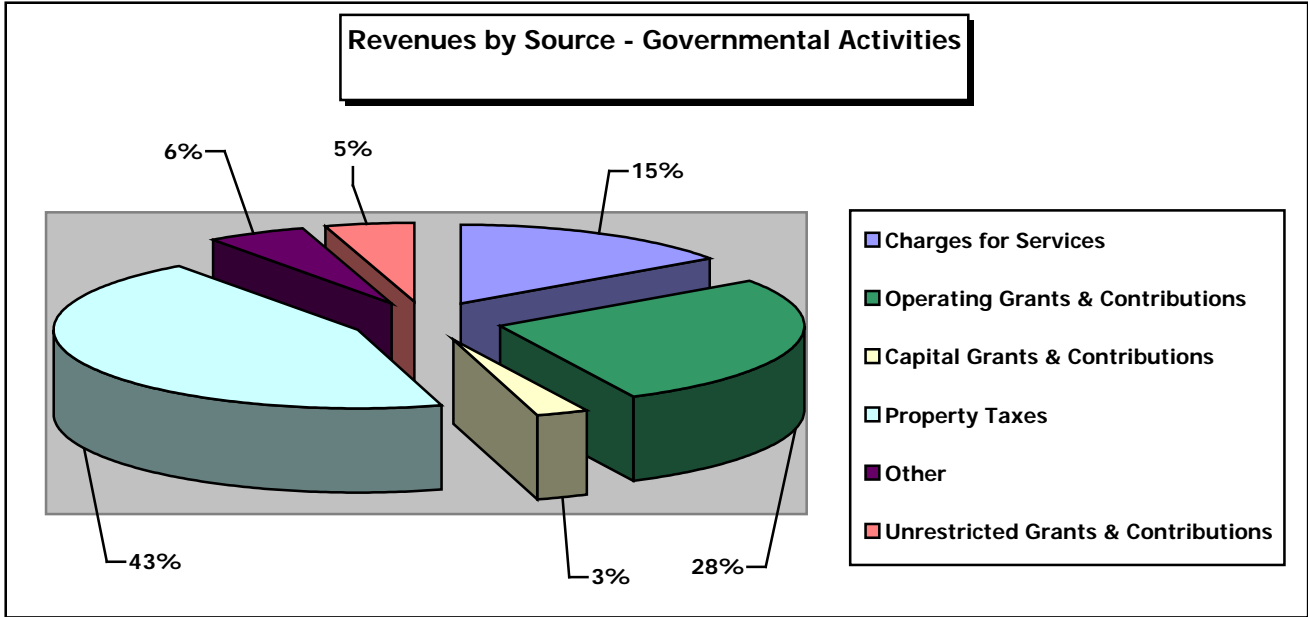
## Governmental Activities

The cost of all governmental activities was \$120.5 million. As shown on the Statement of Activities, the total amount financed by the property tax was \$56.8 million, or 47% of expenses. Those who directly benefit from an activity provided \$19.2 million in payments. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$35.6 million. Capital grants and contributions accounted for \$3.5 million. The City also received \$13.0 million in other general revenues such as state revenue sharing, motor vehicle and boat excise taxes, reimbursement for homestead exemptions, and interest earnings.



Total governmental activities expenses were relatively flat with an increase of \$829 thousand or .7% over prior year levels.



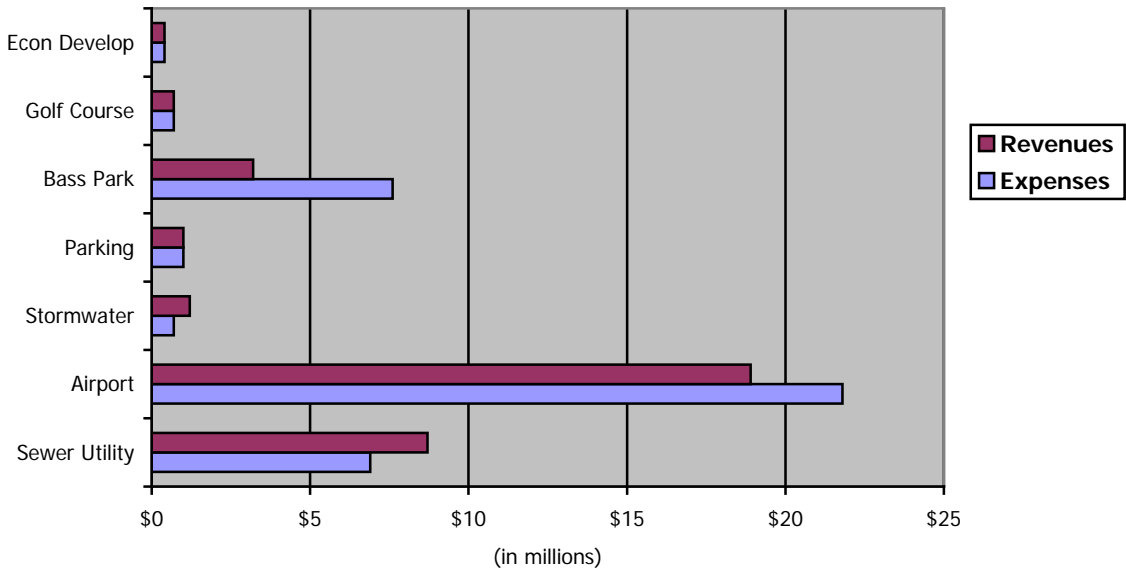


Total governmental activities' revenues increased \$4.7 million over prior year total of \$123.4 million. The largest single source of revenue continues to be the property tax, which increased \$393 thousand. Capital grants and contributions increased \$1.1 million due to funding associated with public transportation. Operating grants and contributions increased \$1.7 million due to increased education funding from the State of Maine. Charges for services increased \$398 thousand, mostly related to increased billings for ambulance services.

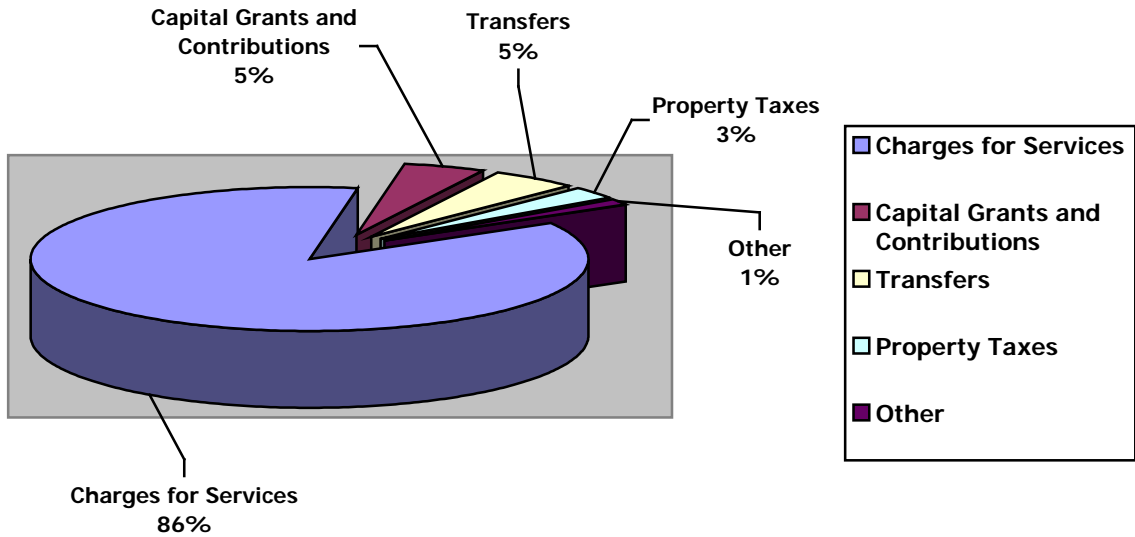
**Business-type Activities**

Total business-type activities expenses remained relatively flat over prior year levels, with a decrease of \$397 thousand or 1%. Sewer Fund expenses decreased as a result on the completion of the planning process for implementation of improvements required under the Consent Decree with the U.S. EPA, a lower level of repairs and maintenance both with City forces and third parties, the balance of the decrease is due to the change in the net pension liability and associated changes within the net pension related deferred inflows and outflows of resources. Increased Airport Fund expenses, included an overall increase in fuel cost, the expiration of stormwater credits, the grossing up of parking revenues and expenses and an increase in repairs in maintenance which were offset by a reduction in depreciation.

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



### Revenues by Source - Business-type Activities



In total, business-type activities revenue decreased \$750 thousand or 2.1%. This decrease is due to a \$2 million reduction in grant contributions received for capital assets. 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. This decrease was partially offset by increases in Airport Fund charges for services of \$1.2 million. Of that amount \$284 thousand was the result of a grossing up of parking revenues and expenses, the balance of \$916 thousand, is a result of an increase in numbers of domestic flights and increased rents and concession fees.

## 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 \$39.3 million, an increase of \$5.1 million over the prior year restated balance. During the year, the Capital Projects funds received funding for projects that would be completed after the fiscal year end, which resulted in an increase in its fund balance of \$2.1 million. The General Fund fund balance increased \$3.4 million and the Community Development Block Grant fund balance decreased \$245 thousand due to a loan forgiveness program related to employment thresholds. All other governmental fund fund balances remained relatively unchanged from prior year amounts. Of the combined ending balance of \$39.3 million, approximately 72.4% (\$28.5 million) is either committed, assigned or unassigned and \$7.3 million, or 18.6%, is restricted. Committed, assigned and unassigned fund balances are available for spending by formal action of the City Council. 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 \$26.0 million, a \$3.4 million increase from the prior year's balance of \$22.6 million. The General Fund received revenues in excess of estimates in the following areas; excise and property taxes, charges for services, intergovernmental revenues (homestead exemption and aid to education, and licenses and permits (due to a significant development that began construction)).

The Capital Projects Fund varies significantly from year to year depending upon City Council priorities and available funding opportunities. While total expenditures increased \$1.5 million over the prior year it is comprised of a \$1.4 million reduction in debt service costs and a \$3.0 million increase in capital outlay. FY 2017 debt service expenditures included the impact of a debt refunding, contributing to the \$1.5 million decrease in debt service expenditures. Capital outlay expenditures increased \$2.9 million. Significant project costs incurred in FY 2018 included \$5.6 million investment in streets/sidewalks and other infrastructure, \$1.1 in Community Connector vehicles, and \$1.2 million ladder fire truck.

**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 \$1.5 million to \$166.1 million. The Sewer Utility fund net position increased \$2.0 million due to annual rate increases to keep pace with inflation and in advance of significant capital investments. The Airport Fund net position decreased \$2.8 million and Bass Park Fund net position decreased \$1.3 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 \$3.1 million. The net impact of additional amendments were minimal, however, as the State of Maine's budget was adopted mid July, the City made significant budget adjustments to reduce anticipated taxes due to additional state funding approved for education purposes. The City's commitment to budgetary integrity continues, actual operating revenues ended the year over budget estimates 4.21%, or \$4.4 million, municipal expenditures were under budget by 2.5%, or \$1.3 million. Education expenditures were under budget by \$2.3 million or 4.1% and by statute, education balances must be segregated from municipal balances.

## **Capital Asset and Debt Administration**

**Capital assets.** As of June 30, 2018, the City of Bangor's investment in capital assets for its governmental and business-type activities amounted to \$295.3 million (net of accumulated depreciation), a decrease of \$5.6 million over the prior year. This investment includes land, buildings, machinery and equipment, roads, runways, and sewer lines. Depreciation expense of \$16.4 million exceeded the City's investment in capital assets for the current fiscal year of \$10.6 million. Governmental activities invested \$6.6 million, and business-type activities invested \$4.0 million and depreciation expense was \$4.2 million and \$12.2 million, respectively.

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

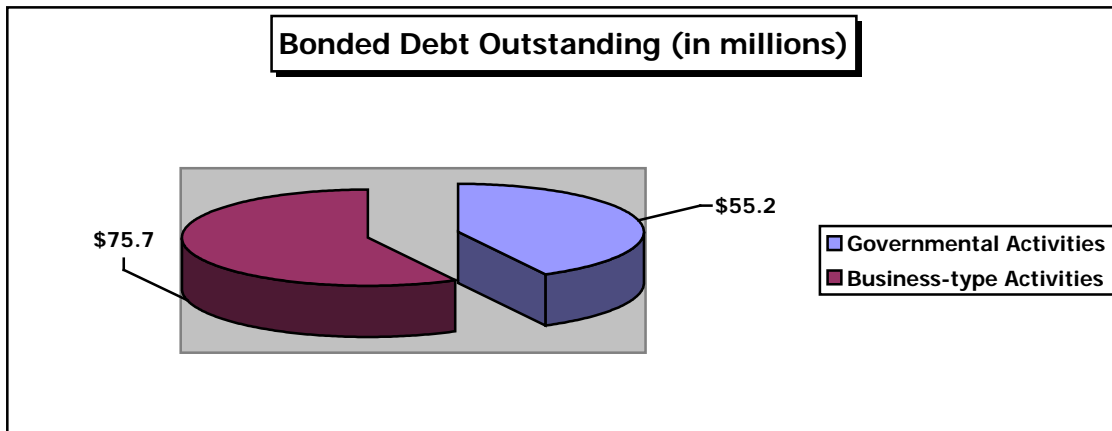
- The City continues to invest in its core functions of infrastructure, vehicles and equipment replacements. This year the City invested \$5.6 million in streets, sidewalks, traffic control and other infrastructure, as well as \$1.1 million in upgrades to Community Connector vehicles and \$1.3 million to replace public safety and services vehicles.
- During FY 2018, the School department invested \$1.8 in school facilities, which included roof, water service and playground replacements. In addition, the department completed the renovation of the Cameron stadium athletic facilities, which included the replacement of electrical service, seating, fencing and updating of locker rooms.
- The Airport Fund invested \$1.9 million in operational assets at Bangor International Airport. Investments included parking lot and building improvements as well as airfield operational equipment such as a baggage tractor, belt loader, ground power units and vehicles.
- The Sewer Fund invested \$1.7 million in sewer replacement and separation projects. The majority of the investment was spent to support the replacement and separation of 100+ year old underground infrastructure.

## Capital Assets (net of depreciation)

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Land and improvements	\$13,989,597	\$4,410,075
Buildings and improvements	41,019,356	58,721,448
Machinery and equipment	1,568,335	4,657,145
Vehicles	8,877,698	-
Infrastructure	12,082,889	50,680,376
Parking structures	-	1,671,068
Aircraft operational assets	-	94,619,801
Construction in process	863,858	2,128,238
<b>Total</b>	<b>\$78,401,733</b>	<b>\$216,888,151</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 \$130.9 million, a decrease of \$3.1 million over the previous 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 \$386.2 million, which is significantly in excess of existing general obligation debt of \$130.9 million.

Additional information on the City's long-term debt can be found in Note I, Detailed Notes on all funds, 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 the City of 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 devote significant resources 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 FY 2019, the City will undertake a comprehensive transportation study to develop a phased plan to enhance the operations and efficiencies of the transit service, addressing both operational and capital needs.

The City continues to focus on 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.

Despite being one of the youngest cities in Maine, Bangor has a substantial population of elderly in the community. In 2016, the City actively engaged in 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, 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.

Following, the successful template of the CHLB, in FY 2019, the City convened a work group to focus on the issue of quality, affordable housing in the City and the region. The work group includes representatives from the public and private sector, including individuals, landlords, renters, housing developers and nonprofit agencies. The goal being to provide recommendations for local programs and/or policy that can address the shortage of quality and affordable housing in the region. The process will conclude in early 2019 when a final recommended plan will be presented to the City Council.

## **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, public portal to search City documents, 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. In the coming years, the City will continue its efforts to convert paper records and expand upon the types of documents that are readily available to the public.

## **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 tax shift to municipalities. These actions include State legislative mandates to municipalities with no State funding such as; 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, homestead exemption program 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. Recent changes at the administrative and legislative level of State government, may serve to alleviate these fiscal pressures.

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

- The unemployment rate for the City of Bangor in FY 2018 was 3.4%, which continues to be on par or below both the national and State rates of 4.2% and 3.2%, respectively.
- While Bangor represents less than 3% of the State's population, businesses within the City generate 7.92% of the State's retail sales tax.
- Residential and commercial valuations continue to remain relatively flat in the coming year.
- 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 \$13.2 million, or 10.6%, for a total of \$138.3 million.

The fiscal year 2019 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.

In fiscal year 2019, the City's taxable assessed value increased .5%. The impact of the increase in taxable value was not sufficient to offset increased operating costs. The primary area of increased expense were wages and benefit, healthcare costs continue to increase at a double digit pace. State mandated increases in minimum wages, wages are increasing \$1 per hour per year for temporary and on-call part time positions, creating compression within regular full time pay rates. The budget allowed the City Council to provide a 1.00% 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. Recently, the city entered into a contract with a consumer analytics company that works with communities and retailers to attract, retain and expand business. Additional resources to support retail markets may include investment of infrastructure and/or review of zoning requirements. Developers have recently acquired the former Macy's property, the Bangor Mall, and Kmart (adjacent to the Bangor Mall) properties and two strip malls 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 spring of 2019, 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)).

The State of Maine's 2020-2021 Biennial budget will begin in earnest in January. The results of the mid-term election have resulted in a significant change in the State's administrative and legislative branches. The newly elected priorities and approaches appear to be vastly different than the previous eight years. 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

**CITY OF BANGOR, MAINE**  
**Statement of Net Position**  
**June 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bangor Public Library
<b>ASSETS</b>				
Cash and cash equivalents	\$ 31,089,744	\$ 12,330,398	\$ 43,420,142	\$ 229,895
Investments	181,590	14,268,918	14,450,508	12,605,126
Receivables:				
Accounts (net of allowance of \$533,530 and \$229,997, respectively)	1,004,987	7,738,135	8,743,122	21,084
Intergovernmental	4,454,713	765,530	5,220,243	-
Taxes and liens - prior years	967,027	-	967,027	-
Taxes receivable - current year	1,066,238	-	1,066,238	-
Special assessments	30,130	-	30,130	-
Loans and notes	6,026,496	1,548,304	7,574,800	-
Internal balances	1,700,000	(1,700,000)	-	-
Inventories	520,910	254,185	775,095	-
Prepaid items	587,615	623,932	1,211,547	-
Other assets	-	67,563	67,563	-
Non-depreciable capital assets	5,956,226	5,523,376	11,479,602	-
Depreciable capital assets, net	72,445,507	211,364,775	283,810,282	12,523,563
Total assets	126,031,183	252,785,116	378,816,299	25,379,668
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Net OPEB	723,378	213,437	936,815	-
Net pension	1,990,624	286,355	2,276,979	-
Total deferred outflows of resources	2,714,002	499,792	3,213,794	-
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	2,341,966	3,245,895	5,587,861	104,863
Accrued wages and benefits payable	4,566,196	359,726	4,925,922	-
Unearned revenues	92,176	946,974	1,039,150	-
Noncurrent liabilities:				
Due within one year	7,724,397	4,555,099	12,279,496	-
Due in more than one year	67,104,565	77,661,941	144,766,506	60,002
Total liabilities	81,829,300	86,769,635	168,598,935	164,865
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenues - assessments	30,130	-	30,130	-
Net OPEB	546,825	23,100	569,925	-
Net pension	1,130,175	399,902	1,530,077	-
Total deferred inflows of resources	1,707,130	423,002	2,130,132	-
<b>NET POSITION</b>				
Net investment in capital assets	49,138,743	146,713,851	195,852,594	12,523,563
Restricted for:				
Nonexpendable trust principal	512,633	-	512,633	4,711,478
Expendable income	523,122	-	523,122	7,577,353
Grants and other balances	6,795,832	-	6,795,832	-
Unrestricted	(11,761,575)	19,378,420	7,616,845	402,409
<b>Total net position</b>	<b>\$ 45,208,755</b>	<b>\$ 166,092,271</b>	<b>\$ 211,301,026</b>	<b>\$ 25,214,803</b>

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2018**

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		
<b>Primary government</b>								
Governmental activities:								
General government	\$ 6,916,390	\$ 2,170,614	\$ 7,000	\$ -	\$ (4,738,776)	\$ -	\$ (4,738,776)	\$ -
Public safety	20,802,943	3,464,870	322,036	75,108	(16,940,929)	-	(16,940,929)	-
Health, community services and recreation	9,705,672	1,452,453	5,751,770	-	(2,501,449)	-	(2,501,449)	-
Public services	14,427,613	3,666,013	4,591	-	(10,757,009)	-	(10,757,009)	-
Other agencies	4,943,064	19,490	-	2,052,246	(2,871,328)	-	(2,871,328)	-
Education	55,799,044	5,826,279	26,403,658	-	(23,569,107)	-	(23,569,107)	-
Arena development	62,748	1,770,957	-	-	1,708,209	-	1,708,209	-
Community development	1,090,372	31,708	693,026	-	(365,638)	-	(365,638)	-
Waterfront	1,077,972	-	-	297,504	(780,468)	-	(780,468)	-
Public transportation	3,071,020	790,936	2,395,900	1,074,755	1,190,571	-	1,190,571	-
Economic development (tif)	632,185	-	-	-	(632,185)	-	(632,185)	-
Interest on debt	1,983,492	-	-	-	(1,983,492)	-	(1,983,492)	-
Total governmental activities	120,512,515	19,193,320	35,577,981	3,499,613	(62,241,601)	-	(62,241,601)	-
Business-type activities:								
Sewer Utility	6,861,750	8,715,468	-	-	-	1,853,718	1,853,718	-
Airport	21,827,174	17,073,888	-	1,789,607	-	(2,963,679)	(2,963,679)	-
Stormwater Utility	692,174	1,248,962	-	-	-	556,788	556,788	-
Parking	1,001,359	967,704	-	-	-	(33,655)	(33,655)	-
Bass Park	7,571,370	3,237,736	-	-	-	(4,333,634)	(4,333,634)	-
Municipal Golf Course	703,104	734,578	-	-	-	31,474	31,474	-
Economic Development	394,026	395,032	-	-	-	1,006	1,006	-
Total business-type activities	39,050,957	32,373,368	-	1,789,607	-	(4,887,982)	(4,887,982)	-
<b>Total primary government</b>	<b>\$ 159,563,472</b>	<b>\$ 51,566,688</b>	<b>\$ 35,577,981</b>	<b>\$ 5,289,220</b>	<b>(62,241,601)</b>	<b>(4,887,982)</b>	<b>(67,129,583)</b>	<b>-</b>
<b>Component unit</b>								
<b>Bangor Public Library</b>	<b>\$ 2,885,124</b>	<b>\$ 321,911</b>	<b>\$ 1,679,639</b>	<b>\$ 10,143</b>				<b>\$ (873,431)</b>
General revenues:								
Property taxes, levied for general purposes					56,804,294	1,100,000	57,904,294	-
Payment in lieu of taxes					284,405	-	284,405	-
Excise taxes					6,427,990	-	6,427,990	-
Franchise taxes					348,512	-	348,512	-
Grants and contributions not restricted to specific programs:								
Homestead/BETE exemption					2,739,026	-	2,739,026	-
Other State aid					27,755	-	27,755	-
State Revenue Sharing					2,506,552	-	2,506,552	-
Unrestricted investment earnings					674,137	521,200	1,195,337	668,279
Gain (loss) on sale of assets					(6,771)	14,807	8,036	-
Transfers					(1,793,227)	1,793,227	-	-
Total general revenues and transfers					68,012,673	3,429,234	71,441,907	668,279
Change in net position					5,771,072	(1,458,748)	4,312,324	(205,152)
Net position, beginning of year - Restated Note G					39,437,683	167,551,019	206,988,702	25,419,955
<b>Net position, end of year</b>					<b>\$ 45,208,755</b>	<b>\$ 166,092,271</b>	<b>\$ 211,301,026</b>	<b>\$ 25,214,803</b>

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 23,783,223	\$ 5,533,670	\$ 1,772,851	\$ 31,089,744
Investments	50,000	-	131,590	181,590
Receivables:				
Taxes	2,033,265	-	-	2,033,265
Accounts (net of allowance of \$533,530)	729,892	-	275,095	1,004,987
Interfund	2,062,830	-	-	2,062,830
Intergovernmental	3,421,145	764,850	268,718	4,454,713
Loans and notes	455,769	-	5,570,727	6,026,496
Unearned special assessments	-	30,130	-	30,130
Inventory, at cost	520,910	-	-	520,910
Prepaid items	587,615	-	-	587,615
<b>Total assets</b>	<b>33,644,649</b>	<b>6,328,650</b>	<b>8,018,981</b>	<b>47,992,280</b>
<b>LIABILITIES</b>				
Accounts payable	1,432,831	479,638	50,723	1,963,192
Accrued wages and benefits payable	4,561,848	-	4,348	4,566,196
Interfund loans payable	-	-	362,830	362,830
Unearned revenues	-	42,523	49,653	92,176
Due to rehabilitation recipients	-	-	36,673	36,673
<b>Total liabilities</b>	<b>5,994,679</b>	<b>522,161</b>	<b>504,227</b>	<b>7,021,067</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	1,619,639	-	-	1,619,639
Unavailable revenues - special assessments	-	30,130	-	30,130
<b>Total deferred inflows of resources</b>	<b>1,619,639</b>	<b>30,130</b>	<b>-</b>	<b>1,649,769</b>
<b>FUND BALANCES (Note J)</b>				
Nonspendable	3,009,025	-	512,633	3,521,658
Restricted	714,412	-	6,604,542	7,318,954
Committed	118,316	-	397,579	515,895
Assigned	8,124,295	5,776,359	-	13,900,654
Unassigned	14,064,283	-	-	14,064,283
<b>Total fund balances</b>	<b>26,030,331</b>	<b>5,776,359</b>	<b>7,514,754</b>	<b>39,321,444</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 33,644,649</b>	<b>\$ 6,328,650</b>	<b>\$ 8,018,981</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	78,401,733
Unavailable revenues - property taxes are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,619,639
Long-term liabilities, including bonds payable \$55,202,719, accrued interest \$342,101, accrued compensated absences \$2,275,939, self insurance liability \$2,725,939, bond premium \$715,252, capital leases \$24,306, and net pension \$5,635,892 and OPEB \$7,211,913 liabilities, including deferred outflows and inflows of resources are not due and payable in the current period and therefore, are not reported in the funds.	(74,134,061)
Net position of governmental activities	<b>\$ 45,208,755</b>

*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, 2018**

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 62,395,656	\$ 1,913,539	\$ -	\$ 64,309,195
Intergovernmental	33,119,172	3,432,881	7,560,721	44,112,774
Licenses and permits	1,014,170	-	-	1,014,170
Charges for services	14,649,774	-	784,006	15,433,780
Program income	-	-	31,208	31,208
Revenue from use of money and property	1,527,875	55,150	1,863,194	3,446,219
Other	92,496	73,732	166,172	332,400
Total revenues	112,799,143	5,475,302	10,405,301	128,679,746
<b>Expenditures</b>				
Current:				
General government	5,301,228	-	-	5,301,228
Public safety	18,173,695	-	-	18,173,695
Health, community services and recreation	5,066,925	-	-	5,066,925
Public services	10,521,736	-	-	10,521,736
Other agencies	4,907,267	-	-	4,907,267
Education	56,111,179	-	-	56,111,179
Tax increment financing	745,170	-	-	745,170
Unclassified	15,319	-	-	15,319
Restricted grants	-	-	8,540,312	8,540,312
Capital outlay	1,105,303	11,413,332	-	12,518,635
Debt service	5,950,002	246,675	126,926	6,323,603
Total expenditures	107,897,824	11,660,007	8,667,238	128,225,069
Excess (deficiency) of revenues over (under) expenditures	4,901,319	(6,184,705)	1,738,063	454,677
<b>Other financing sources (uses)</b>				
Issuance of debt	-	6,060,037	-	6,060,037
Premium on debt issuance	-	294,646	-	294,646
Sale of assets	81,549	10,001	-	91,550
Transfers to other funds	(1,913,199)	(342,078)	(2,108,015)	(4,363,292)
Transfers from other funds	333,017	2,237,048	-	2,570,065
Total other financing sources (uses)	(1,498,633)	8,259,654	(2,108,015)	4,653,006
Net change in fund balances	3,402,686	2,074,949	(369,952)	5,107,683
Fund balances, beginning of year - Restated Note G	22,627,645	3,701,410	7,884,706	34,213,761
<b>Fund balances, end of year</b>	<b>\$ 26,030,331</b>	<b>\$ 5,776,359</b>	<b>\$ 7,514,754</b>	<b>\$ 39,321,444</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, 2018**

Net change in fund balances - total governmental funds (from Exhibit 4)	\$	5,107,683
<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 \$6,563,213 exceeds loss on disposal of assets of \$98,321 and depreciation expense of \$4,206,446.</p>		
		2,258,446
<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>		
		(596,161)
<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 received \$294,646 in bond premiums and amortized \$92,948 of bond premiums. During the year, \$6,060,037 in bond proceeds were received. Repayments of bond and capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. For the year, repayments were \$6,003,153</p>		
		(258,582)
<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: decrease in net pension liability including deferred outflows and inflows of (\$518,590) and increases in net OPEB liability including deferred outflows and inflows of (\$912,957), self insurance liability (\$153,794), accrued interest (\$14,532) and accrued compensated absences (\$177,621).</p>		
		(740,314)
<b>Change in net position of governmental activities (see Exhibit 2)</b>		<b>\$ 5,771,072</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, 2018**

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 61,258,465	\$ 60,954,900	\$ 62,395,656	\$ 1,440,756
Intergovernmental	27,846,604	28,286,552	29,636,778	1,350,226
Licenses and permits	622,743	622,743	1,014,170	391,427
Charges for services:				
Municipal	8,210,128	8,210,128	8,566,100	355,972
School	5,337,192	5,337,192	5,826,279	489,087
Fines, forfeits and penalties	23,000	23,000	26,821	3,821
Revenue from use of money and property				
Municipal	635,140	635,140	987,292	352,152
Total revenues	103,933,272	104,069,655	108,453,096	4,383,441
<b>Expenditures</b>				
Current:				
General government	5,575,694	5,647,509	5,415,774	231,735
Public safety	18,510,643	18,708,211	18,169,124	539,087
Health, community services and recreation	5,175,102	5,225,472	5,067,611	157,861
Public services	10,872,824	10,857,824	10,539,710	318,114
Other agencies	4,846,370	4,929,431	4,907,267	22,164
Education	53,080,201	55,904,394	53,624,920	2,279,474
Unclassified	801,021	801,021	760,489	40,532
Debt service	5,950,002	5,950,002	5,950,002	-
Total expenditures	104,811,857	108,023,864	104,434,897	3,588,967
Excess (deficiency) of revenues over (under) expenditures	(878,585)	(3,954,209)	4,018,199	7,972,408
<b>Other financing sources (uses)</b>				
Appropriation from restricted, committed and assigned fund balances	1,345,916	1,345,916	7,480	(1,338,436)
Appropriation to assigned fund balance	-	-	(1,598,000)	(1,598,000)
Sale of assets	29,000	29,000	3,515	(25,485)
Contributions	3,000	5,500	470	(5,030)
Insurance settlements	7,500	7,500	41,066	33,566
Transfers to other funds	(829,387)	(869,199)	(869,199)	-
Transfers from other funds	322,556	322,556	127,247	(195,309)
Total other financing sources (uses)	878,585	841,273	(2,287,421)	(3,128,694)
Net change in fund balances	\$ -	\$ (3,112,936)	1,730,778	\$ 4,843,714
Unassigned fund balance, beginning of year			12,171,566	
Changes in fund balance classification in accordance with GAAP				
Changes in balances carried			208,491	
Inventory and prepaids (GASB 54)			(46,552)	
<b>Unassigned fund balance, end of year</b>			<b>\$ 14,064,283</b>	

*See accompanying notes to financial statements.*



**CITY OF BANGOR, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

**Business-type Activities - Enterprise Funds**

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 5,130,726	\$ 2,426,037	\$ 1,282,389	\$ 3,491,246	\$ 12,330,398
Investments	-	9,402,912	-	-	9,402,912
Accounts receivable	3,007,199	4,049,099	461,227	450,607	7,968,132
Less allowance for uncollectible accounts	(45,000)	(184,997)	-	-	(229,997)
Accounts receivable (net of allowance)	2,962,199	3,864,102	461,227	450,607	7,738,135
Due from other governments	-	765,530	-	-	765,530
Inventories, at cost	-	214,263	39,922	-	254,185
Prepaid items	48,291	389,571	70,605	115,465	623,932
Total current assets	8,141,216	17,062,415	1,854,143	4,057,318	31,115,092
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	9,031,648	-	2,020,234	655,585	11,707,467
Infrastructure	65,417,872	-	-	683,189	66,101,061
Aircraft operational assets	-	295,522,500	-	-	295,522,500
Parking structures	-	-	-	11,372,837	11,372,837
Construction in process	1,210,832	586,908	-	330,498	2,128,238
Total capital assets	105,370,795	296,109,408	71,557,466	22,637,797	495,675,466
Less accumulated depreciation	(48,988,448)	(200,902,699)	(14,835,485)	(14,060,683)	(278,787,315)
Net capital assets	56,382,347	95,206,709	56,721,981	8,577,114	216,888,151
Investments	-	4,866,006	-	-	4,866,006
Loans receivable	-	204,054	-	1,344,250	1,548,304
Due from bond trustee	67,563	-	-	-	67,563
Total noncurrent assets	56,449,910	100,276,769	56,721,981	9,921,364	223,370,024
Total assets	64,591,126	117,339,184	58,576,124	13,978,682	254,485,116
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Net OPEB	51,127	148,172	-	14,138	213,437
Net pension	81,008	198,360	-	6,987	286,355
Total deferred outflows of resources	132,135	346,532	-	21,125	499,792

*See accompanying notes to financial statements.*

Continued on next page

**CITY OF BANGOR, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

**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	584,469	1,317,833	169,495	105,491	2,177,288
Accrued wages and benefits payable	42,037	155,119	145,361	17,209	359,726
Accrued interest	56,335	49,288	917,463	45,521	1,068,607
Workers' compensation	20,000	157,535	-	346	177,881
Interfund loans payable	-	-	1,700,000	-	1,700,000
General obligation debt payable	1,436,417	624,792	1,216,380	599,308	3,876,897
Capital lease obligation payable	-	-	7,638	12,089	19,727
Accrued compensated absences	72,217	299,072	-	18,594	389,883
Unearned revenue	-	-	946,974	-	946,974
Other liabilities	-	-	90,711	-	90,711
<b>Total current liabilities</b>	<b>2,211,475</b>	<b>2,603,639</b>	<b>5,194,022</b>	<b>798,558</b>	<b>10,807,694</b>
Long-term liabilities					
Workers' compensation	-	123,680	-	9,654	133,334
General obligation debt payable	12,399,739	7,420,463	48,675,942	3,310,103	71,806,247
Capital lease obligation payable	-	-	2,911	39,265	42,176
Accrued compensated absences	66,355	122,372	-	20,249	208,976
Net OPEB obligation	418,943	1,328,953	-	105,215	1,853,111
Net pension liability	387,020	947,306	-	33,343	1,367,669
Other long-term liabilities	156,498	-	2,093,930	-	2,250,428
<b>Total long-term liabilities</b>	<b>13,428,555</b>	<b>9,942,774</b>	<b>50,772,783</b>	<b>3,517,829</b>	<b>77,661,941</b>
<b>Total liabilities</b>	<b>15,640,030</b>	<b>12,546,413</b>	<b>55,966,805</b>	<b>4,316,387</b>	<b>88,469,635</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Net OPEB	5,534	16,035	-	1,531	23,100
Net pension	113,164	276,991	-	9,747	399,902
<b>Total deferred inflows of resources</b>	<b>118,698</b>	<b>293,026</b>	<b>-</b>	<b>11,278</b>	<b>423,002</b>
<b>NET POSITION</b>					
Net investment in capital assets	43,297,967	89,706,709	8,072,207	5,636,968	146,713,851
Unrestricted	5,666,566	15,139,568	(5,462,888)	4,035,174	19,378,420
<b>Total net position</b>	<b>\$ 48,964,533</b>	<b>\$ 104,846,277</b>	<b>\$ 2,609,319</b>	<b>\$ 9,672,142</b>	<b>\$ 166,092,271</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, 2018**

<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>
Operating revenues					
Charges for services	\$ 8,715,468	\$ 17,073,888	\$ 3,237,736	\$ 3,346,276	\$ 32,373,368
<b>Total operating revenues</b>	<b>8,715,468</b>	<b>17,073,888</b>	<b>3,237,736</b>	<b>3,346,276</b>	<b>32,373,368</b>
Operating expenses					
Operating expenses other than depreciation	5,021,098	14,337,011	2,855,295	2,122,753	24,336,157
Depreciation	1,550,246	7,134,931	2,953,445	522,998	12,161,620
<b>Total operating expenses</b>	<b>6,571,344</b>	<b>21,471,942</b>	<b>5,808,740</b>	<b>2,645,751</b>	<b>36,497,777</b>
<b>Operating income (loss)</b>	<b>2,144,124</b>	<b>(4,398,054)</b>	<b>(2,571,004)</b>	<b>700,525</b>	<b>(4,124,409)</b>
Nonoperating revenue (expenses)					
Interest income	176,155	199,447	-	145,598	521,200
Interest expense	(290,406)	(355,232)	(1,762,630)	(144,912)	(2,553,180)
Taxes (Downtown TIF)	-	-	1,100,000	-	1,100,000
Gain on sale of assets	11,657	-	-	3,150	14,807
<b>Total nonoperating revenue (expenses)</b>	<b>(102,594)</b>	<b>(155,785)</b>	<b>(662,630)</b>	<b>3,836</b>	<b>(917,173)</b>
<b>Net income (loss) before grants/contributions and transfers</b>	<b>2,041,530</b>	<b>(4,553,839)</b>	<b>(3,233,634)</b>	<b>704,361</b>	<b>(5,041,582)</b>
Grants/contributions received for capital assets	-	1,779,607	-	10,000	1,789,607
Transfers to other funds	(32,228)	-	-	(281,621)	(313,849)
Transfers from other funds	29,061	-	1,978,015	100,000	2,107,076
<b>Change in net position</b>	<b>2,038,363</b>	<b>(2,774,232)</b>	<b>(1,255,619)</b>	<b>532,740</b>	<b>(1,458,748)</b>
<b>Net position, beginning of year - restated Note G</b>	<b>46,926,170</b>	<b>107,620,509</b>	<b>3,864,938</b>	<b>9,139,402</b>	<b>167,551,019</b>
<b>Net position, end of year</b>	<b>\$ 48,964,533</b>	<b>\$ 104,846,277</b>	<b>\$ 2,609,319</b>	<b>\$ 9,672,142</b>	<b>\$ 166,092,271</b>

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**  
**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	\$ 8,895,965	\$ 16,482,223	\$ 3,309,845	\$ 3,297,508	\$ 31,985,541
Cash paid to suppliers for goods and services	(3,050,856)	(7,230,403)	(2,916,954)	(1,254,850)	(14,453,063)
Cash paid to employees for services	(1,933,876)	(7,484,295)	-	(881,407)	(10,299,578)
Net cash provided by operating activities	3,911,233	1,767,525	392,891	1,161,251	7,232,900
Cash flows from noncapital financing activities					
Interfund loans (repayments)	-	-	(97,574)	-	(97,574)
Taxes (Downtown TIF)	-	-	1,100,000	-	1,100,000
Transfers in	29,061	-	1,978,015	100,000	2,107,076
Transfers out	(32,228)	-	-	(281,621)	(313,849)
Net cash provided by (used for) noncapital financing activities	(3,167)	-	2,980,441	(181,621)	2,795,653
Cash flows from capital and related financing activities					
Proceeds from general obligation bonds	711,963	-	-	-	711,963
Acquisition and construction of capital assets	(1,932,125)	(1,907,708)	-	(344,257)	(4,184,090)
Principal paid on general obligation bonds/capital leases	(1,667,873)	(606,758)	(1,211,712)	(620,572)	(4,106,915)
Interest paid on general obligation bonds/capital leases	(291,521)	(358,335)	(1,882,281)	(152,227)	(2,684,364)
Proceeds from sale of property	11,657	-	-	-	11,657
Grant/contribution monies received for capital assets	-	1,921,259	-	10,000	1,931,259
Net cash (used for) capital and related financing activities	(3,167,899)	(951,542)	(3,093,993)	(1,107,056)	(8,320,490)
Cash flows from investing activities					
Net sales (purchases) of investments	8,961	(93,581)	-	-	(84,620)
Investment of unexpended bond proceeds	1,426,445	-	-	-	1,426,445
Interest on investments	176,155	199,447	-	145,596	521,198
Loan repayments	-	77,792	-	52,046	129,838
Net cash provided by investing activities	1,611,561	183,658	-	197,642	1,992,861
Net increase in cash and cash equivalents	2,351,728	999,641	279,339	70,216	3,700,924
Cash and cash equivalents, beginning of year	2,778,998	1,426,396	1,003,050	3,421,030	8,629,474
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,130,726</b>	<b>\$ 2,426,037</b>	<b>\$ 1,282,389</b>	<b>\$ 3,491,246</b>	<b>\$ 12,330,398</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 \$224,423 and expended \$283,038 in capital asset acquisition costs to be reimbursed by Federal and State grants in a subsequent year.

During the year, the Golf Course entered into a capital lease in the amount of \$62,975 to partially finance the acquisition of capital assets.

*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, 2018**

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**Business-type Activities - Enterprise Funds**

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	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 2,144,124	\$ (4,398,054)	\$ (2,571,004)	\$ 700,525	\$ (4,124,409)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	1,550,246	7,134,931	2,953,445	522,998	12,161,620
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	180,497	(1,066,668)	(185,369)	(65,217)	(1,136,757)
(Increase) decrease in inventories	-	(47,605)	(11,906)	-	(59,511)
(Increase) decrease in prepaid items	(8,071)	(19,934)	(1,574)	14,319	(15,260)
Increase (decrease) in accounts payable	(19,736)	192,052	(134,691)	(32,134)	5,491
Increase (decrease) in unearned revenue	-	-	257,478	-	257,478
Increase (decrease) in other liabilities	64,173	(27,197)	86,512	20,760	144,248
Total adjustments	1,767,109	6,165,579	2,963,895	460,726	11,357,309
<b>Net cash provided by operating activities</b>	<b>\$ 3,911,233</b>	<b>\$ 1,767,525</b>	<b>\$ 392,891</b>	<b>\$ 1,161,251</b>	<b>\$ 7,232,900</b>

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 132,803
<b>Total assets</b>	<b>132,803</b>
<b>LIABILITIES</b>	
Amounts held for others	132,803
<b>Total liabilities</b>	<b>\$ 132,803</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, 2018**

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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 all members of the Library Board in accordance with the City of Bangor Charter. 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 68% of the operating financial support received by the Library during the year ended June 30, 2018. 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 March 31, 2018 (most recent data available) the City of Bangor's share of the Joint Venture's net position was \$2,566,321. 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 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 amounts transferred from the Arena Fund, event 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 and improvements	25 – 50 years
Land improvements	25 – 50 years
Machinery/Equipment/Vehicles	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 and balance sheet 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 report deferred inflow of resources includes; unavailable revenue from property taxes and special assessments. These amounts are considered unavailable and recognized as an inflow of resources (revenue) in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension and net OPEB liabilities, which include the City's contribution subsequent to the measurement date, which is recognized as a reduction of the net pension and OPEB liabilities 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.

**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, 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.

**10. Other Post Employment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined based on actuary reports prepared by the OPEB Plan's actuary. 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 \$3,482,393. 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)	\$ 1,730,778
Activity in assigned and committed fund balances	2,005,131
2018 encumbrances	1,095,529
2017 encumbrances paid	(1,418,924)
2017 encumbrances lapsed	<u>(9,828)</u>
Excess of revenues and other financing sources over expenditures and other uses (GAAP)	<u>\$ 3,402,686</u>

**C. Excess of Expenditures Over Appropriations**

The following General Fund departments were over-expended by the indicated dollar amounts; Executive \$64,159, Public transportation \$2,309, Assessing \$1,446, Insurance \$18,858 and Tax increment financing payments \$23,827. 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 2018.



**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, 2018, none of the City's bank balance of \$44,763,448 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, 2018, the City had the following investments and maturities:

Investment types	Rating	Fair Value	Not Applicable	Maturity (years)		
				<1	1-5	6-10
Mutual Funds		\$ 8,299,977	\$ 8,299,977	\$ -	\$ -	\$ -
US Treasuries	AA	5,614,363	-	748,357	4,766,648	99,358
Common Stock		486,168	486,168	-	-	-
Certificate of Deposit		50,000	-	50,000	-	-
Totals		<u>\$ 14,450,508</u>	<u>\$ 8,786,145</u>	<u>\$ 798,357</u>	<u>\$ 4,766,648</u>	<u>\$ 99,358</u>

Investment types	Fair Value	Level 1	Level 2	Level 3
		Inputs	Inputs	Inputs
Mutual Funds	\$ 8,299,977	\$ 8,299,977	\$ -	\$ -
US Treasuries	5,614,363	5,614,363	-	-
Common Stock	486,168	486,168	-	-
Totals	<u>\$ 14,400,508</u>	<u>\$ 14,400,508</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, bonds and mutual funds. 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, 2018, 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 31, 2017, on the assessed value listed as of the prior April 1<sup>st</sup> 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, 2017 and March 15, 2018. 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, 2018 was as follows:

	Balance 6/30/2017*	Increases	Decreases	Balance June 30, 2018
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,092,368	\$ -	\$ -	\$ 5,092,368
Construction in process	2,532,688	2,977,393	4,646,223	863,858
Total capital assets not being depreciated	7,625,056	2,977,393	4,646,223	5,956,226
Capital assets, being depreciated:				
Land improvements	13,925,629	1,478,402	-	15,404,031
Buildings and improvements	71,873,873	1,733,401	-	73,607,274
Machinery and equipment	12,656,918	312,411	-	12,969,329
Vehicles	18,259,754	3,710,959	2,826,888	19,143,825
Infrastructure	24,066,357	996,870	-	25,063,227
Total capital assets being depreciated	140,782,531	8,232,043	2,826,888	146,187,686
Less accumulated depreciation for:				
Land improvements	(5,861,204)	(645,598)	-	(6,506,802)
Buildings and improvements	(31,050,356)	(1,537,562)	-	(32,587,918)
Machinery and equipment	(11,040,393)	(360,601)	-	(11,400,994)
Vehicles	(11,703,673)	(1,291,021)	(2,728,567)	(10,266,127)
Infrastructure	(12,608,674)	(371,664)	-	(12,980,338)
Total accumulated depreciation	(72,264,300)	(4,206,446)	(2,728,567)	(73,742,179)
Total capital assets being depreciated, net	68,518,231	4,025,597	98,321	72,445,507
<b>Governmental activities capital assets, net</b>	<b>\$ 76,143,287</b>	<b>\$ 7,002,990</b>	<b>\$ 4,744,544</b>	<b>\$ 78,401,733</b>

\*restated see Note G

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,395,138	\$ -	\$ -	\$ 3,395,138
Construction in process	3,948,216	2,383,686	4,203,664	2,128,238
Total capital assets not being depreciated	7,343,354	2,383,686	4,203,664	5,523,376
Capital assets, being depreciated:				
Land improvements	2,876,243	-	-	2,876,243
Buildings and improvements	102,571,982	-	-	102,571,982
Machinery and equipment	9,184,555	2,536,710	13,798	11,707,467
Infrastructure	64,286,899	1,814,162	-	66,101,061
Airport operational assets	294,013,860	1,508,640	-	295,522,500
Parking structures	11,372,837	-	-	11,372,837
Total capital assets being depreciated	484,306,376	5,859,512	13,798	490,152,090
Less accumulated depreciation for:				
Land improvements	(1,805,031)	(56,275)	-	(1,861,306)
Buildings and improvements	(40,379,719)	(3,470,815)	-	(43,850,534)
Machinery and equipment	(6,500,453)	(563,667)	(13,798)	(7,050,322)
Infrastructure	(14,759,865)	(660,820)	-	(15,420,685)
Airport operational assets	(193,767,768)	(7,134,931)	-	(200,902,699)
Parking structures	(9,426,657)	(275,112)	-	(9,701,769)
Total accumulated depreciation	(266,639,493)	(12,161,620)	(13,798)	(278,787,315)
Total capital assets being depreciated, net	217,666,883	(6,302,108)	-	211,364,775
<b>Business-type activities capital assets, net</b>	<b>\$ 225,010,237</b>	<b>\$ (3,918,422)</b>	<b>\$ 4,203,664</b>	<b>\$ 216,888,151</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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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 1,413,879
Public safety	765,928
Health, community services and recreation	174,456
Public services	564,187
Education	<u>1,287,996</u>
<b>Total depreciation expense - governmental activities</b>	<b><u><u>\$ 4,206,446</u></u></b>
Business-type activities:	
Sewer Utility Fund	\$ 1,550,246
Airport Fund	7,134,931
Bass Park Fund	2,953,445
Stormwater	16,494
Economic Development Fund	158,746
Parking Fund	275,112
Municipal Golf Course	<u>72,646</u>
<b>Total depreciation expense - business-type activities</b>	<b><u><u>\$ 12,161,620</u></u></b>

Construction commitments:

At June 30, 2018 the City had entered into contracts or otherwise committed to various construction projects:

	Contract Amount	Paid To Date	Balance Remaining
Building Improvements	\$ 456,048	\$ 329,435	\$ 126,613
Sewer Upgrades	110,548	73,861	36,687
Stormwater Upgrades	333,333	291,207	42,126

**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, 2018, the balances were as follows:

	Receivable	Payable
General Fund	\$ 2,062,830	\$ -
Nonmajor Governmental Funds	-	362,830
Bass Park Fund	-	1,700,000
	<u>\$ 2,062,830</u>	<u>\$ 2,062,830</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, 2018 are comprised primarily of transfers from fund balances to fund capital projects and to provide operating subsidies to certain proprietary funds.

	Transfers to	Transfers from
General Fund	\$ 1,913,199	\$ 333,017
Capital Projects Fund	342,078	2,237,048
Nonmajor Governmental Funds	2,108,015	-
Bass Park Fund	-	1,978,015
Sewer Fund	32,228	29,061
Nonmajor Enterprise Funds	281,621	100,000
	\$ 4,677,141	\$ 4,677,141

**E. Due From Other Governments**

Due from other governments is comprised of the following amounts at June 30, 2018:

	Federal Government	State of Maine	Other	Total
General Fund	\$ 1,182,500	\$ 1,417,872	\$ 820,773	\$ 3,421,145
Capital Projects Fund	-	764,850	-	764,850
Nonmajor Special Revenue Funds	173,258	95,460	-	268,718
Airport Fund	422,979	342,551	-	765,530
Total	\$ 1,778,737	\$ 2,620,733	\$ 820,773	\$ 5,220,243

Amounts due from Federal Government are comprised of operating and capital grants for all fund types. Of the General Fund's \$1,417,872 due from State of Maine, \$659,668 represents school grant and State agency billings, and \$248,314 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 \$169,928 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 2068 and 2041, respectively. Minimum future rentals to be received on noncancelable leases as of June 30, 2018 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
2019	\$ 3,660,459	\$ 468,983
2020	3,548,095	426,458
2021	2,608,007	380,767
2022	1,328,464	343,647
2023	1,242,517	303,849
Subsequent to 2024	12,290,536	2,735,239
	<u>\$ 24,678,078</u>	<u>\$ 4,658,943</u>

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. The Airport received \$2,549,332 in contingent rentals in fiscal year 2018.

The carrying amounts of the leased assets are as follows:

	Airport	Economic Development
Land	\$ 565,532	\$ 2,515,911
Buildings	22,544,673	3,674,723
Less accumulated depreciation	(15,322,165)	(1,672,194)
Total	<u>\$ 7,788,040</u>	<u>\$ 4,518,440</u>

**Capital Leases**

The City entered into several leases for financing the acquisition of heavy equipment, landscaping 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, 2018:

	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 630,581	\$ 165,812
Less accumulated depreciation	(595,781)	(34,213)
Carrying value	<u>\$ 34,800</u>	<u>\$ 131,599</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, 2018:

Fiscal Year ending June 30,	Governmental Activities	Business-type Activities
2019	\$ 25,527	\$ 22,083
2020	-	17,093
2021	-	14,155
2022	-	14,155
Total minimum lease payments	25,527	67,486
Less: amount representing interest	(1,221)	(5,583)
Present value of future minimum lease payments	<u>\$ 24,306</u>	<u>\$ 61,903</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	\$ 67,563
Total	\$ 67,563

**H. Unearned Revenue**

Community Development Block Grant and Capital Projects Fund unearned revenues consist of \$49,653 and \$42,523 in advance deposits, respectively. Bass Park Fund unearned revenues consist of \$946,974 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 \$187,885,915. The following is a summary of general obligation bond and note transactions of the City for the fiscal year ended June 30, 2018:

Bonds and notes payable at June 30, 2017	\$ 134,045,609
Add: principal additions	6,772,000
Less: principal repayments	9,931,746
Bonds and notes payable at June 30, 2018	\$ 130,885,863

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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

Bonds and notes payable at June 30, 2018 are comprised of the following:

	Fiscal year of maturity	Interest rate	Governmental Activities		Business-type Activities	Total June 30, 2018
			City	School		
Long-term debt						
Public improvements note*	2020	4.50%	203,874	-	-	203,874
Pension obligation bonds	2026	3.06% - 6.45%	17,272,030	1,109,719	3,721,536	22,103,285
Combined sewer overflow	2023	1.94%	-	-	835,233	835,233
Briggs building note	2023	4.50%	-	-	455,768	455,768
Combined sewer overflow	2025	1.41%	-	-	1,045,231	1,045,231
Chancellor's property note	2026	5.00%	-	-	1,166,906	1,166,906
Combined sewer overflow	2027	1.64%	-	-	980,781	980,781
Combined sewer overflow	2028	1.81%	-	-	1,089,451	1,089,451
Public improvements - 2009	2029	2.00% - 4.375%	1,705,000	-	-	1,705,000
ARRA - CWSRF	2029	0.00%	-	-	532,900	532,900
ARRA - CWSRF	2030	0.00%	-	-	308,256	308,256
Public improvements/refunding	2020	2.00% - 3.25%	541,690	1,325,999	32,311	1,900,000
Public improvements/refunding	2021	2.00% - 3.25%	567,356	-	1,387,644	1,955,000
Qualified school construction bond	2028	4.65%	-	5,600,000	-	5,600,000
Refunding/public improvements	2022	2.00% - 2.25%	964,821	866,584	573,595	2,405,000
Arena	2043	3.25% - 5.00%	-	-	49,580,000	49,580,000
Qualified school construction bond	2035	4.05%	-	2,795,000	-	2,795,000
Refunding/public improvements	2032	2.00% - 4.00%	5,038,730	-	1,121,270	6,160,000
Refunding/airport improvements	2033	.50% - 4.25%	-	-	3,380,000	3,380,000
Public improvements	2034	2.00% - 4.00%	5,510,000	960,000	240,000	6,710,000
Combined sewer overflow	2034	0.10%	-	-	2,128,178	2,128,178
Public improvements	2030	2.00% - 2.75%	2,165,000	280,000	-	2,445,000
Airport improvements	2035	3.00% - 3.65%	-	-	1,360,000	1,360,000
Refunding/public improvements	2030	2.00% - 3.00%	2,613,000	-	242,000	2,855,000
Airport improvements	2027	0.95% - 3.25%	-	-	760,000	760,000
Combined sewer overflow	2036	1.00%	-	-	4,066,000	4,066,000
Public improvements	2036	1.00%	5,063,022	620,894	676,084	6,360,000
Total bonds and notes payable			\$ 41,644,523	\$ 13,558,196	\$ 75,683,144	\$ 130,885,863

\* Note is 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
2019	\$ 5,423,167	\$ 1,976,218	\$ 3,876,897	\$ 2,522,970
2020	5,495,756	1,768,444	3,985,390	2,391,466
2021	4,662,047	1,564,473	3,990,978	2,249,337
2022	4,731,224	1,412,749	3,724,704	2,104,990
2023	4,455,633	1,152,840	3,721,886	1,964,199
2024-2028	17,589,582	2,537,324	16,357,088	7,849,021
2029-2033	9,362,716	426,935	13,390,540	5,598,474
2034-2038	3,482,594	47,219	13,040,661	3,610,588
2039-2043	-	-	13,595,000	1,375,225
Total	\$ 55,202,719	\$ 10,886,202	\$ 75,683,144	\$ 29,666,270



**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, 2018, the statutory limit for the City was \$386,265,000. The City's outstanding long-term debt of \$130,885,863 at June 30, 2018 was within the statutory limit.

**Authorized and Unissued**

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, 2018, \$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, 2018, \$1,735,000 remains authorized and unissued. The City expects to issue the debt within the next twenty-four months.

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 improvements. As of June 30, 2018 the bonds had not been issued. The majority of the bonds were issued subsequent to year end.

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

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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**Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Balance		Balance		Due within
	June 30, 2017	Additions	Reductions	June 30, 2018	one year
Governmental activities:					
General obligation debt	\$ 54,988,615	\$ 6,060,037	\$ 5,845,933	\$ 55,202,719	\$ 5,423,167
Accrued compensated absences*	2,098,318	1,774,963	1,597,342	2,275,939	1,382,857
Capital leases	181,526	-	157,220	24,306	24,306
Bond premium	513,554	294,646	92,948	715,252	84,023
Net OPEB obligation* - Restated, Note G	7,038,918	349,548	-	7,388,466	-
Net pension liability*	8,813,539	-	2,317,198	6,496,341	-
Self insurance liability	2,572,145	566,077	412,283	2,725,939	810,044
Governmental activities long-term liabilities	<u>\$ 76,206,615</u>	<u>\$ 9,045,271</u>	<u>\$ 10,422,924</u>	<u>\$ 74,828,962</u>	<u>\$ 7,724,397</u>
Business-type activities:					
General obligation debt	\$ 79,056,998	\$ 711,963	\$ 4,085,817	\$ 75,683,144	\$ 3,876,897
Accrued compensated absences*	571,850	463,038	436,029	598,859	389,883
Capital leases	20,026	62,975	21,098	61,903	19,727
Bond premium	2,275,353	-	90,712	2,184,641	90,711
Net OPEB obligation* - Restated, Note G	1,586,409	266,702	-	1,853,111	-
Net pension liability*	2,147,362	-	779,693	1,367,669	-
Self insurance liability	311,215	41,047	41,047	311,215	177,881
Other	156,498	-	-	156,498	-
Business-type activities long-term liabilities	<u>\$ 86,125,711</u>	<u>\$ 1,545,725</u>	<u>\$ 5,454,396</u>	<u>\$ 82,217,040</u>	<u>\$ 4,555,099</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, 2018, fund balances components consisted of the following:

	Nonspendable	Restricted	Committed	Assigned
General Fund:				
Advances to other funds	\$ 1,900,500	\$ -	\$ -	\$ -
Inventory and prepaid items	1,108,525	-	-	-
PEG capital support	-	20,210	-	-
School capital	-	683,635	-	-
Education	-	10,567	-	-
Cultural Comm/Public Transport	-	-	118,316	-
Subsequent year expenditures	-	-	-	60,268
Pooled equipment reserve	-	-	-	495,879
Bus equipment reserve	-	-	-	968,287
Fire equipment reserve	-	-	-	584,221
Self insurance reserve	-	-	-	2,725,939
Improvement reserve	-	-	-	1,615,815
Demolition reserve	-	-	-	103,506
Benefit reserve	-	-	-	1,056,757
Energy efficiency reserve	-	-	-	491,232
Parks & Recreation reserve	-	-	-	22,391
Subtotal	<u>3,009,025</u>	<u>714,412</u>	<u>118,316</u>	<u>8,124,295</u>
Capital Projects Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,776,359</u>
Other Governmental Funds:				
Nonexpendable trust principal	512,633	-	-	-
Nonmajor Special Revenue Funds				
Community development	-	4,134,389	-	-
Infrastructure	-	496,431	-	-
Public Safety	-	247,152	-	-
Transportation	-	103,478	-	-
Economic Develop	-	434,538	-	-
Parks	-	557,109	-	-
Health	-	51,766	-	-
Arena	-	-	397,579	-
Other Municipal	-	56,557	-	-
Nonmajor Permanent Funds				
Cemetery	-	92,098	-	-
Missionary	-	96,335	-	-
Education	-	121,628	-	-
Other Municipal	-	213,061	-	-
Subtotal	<u>512,633</u>	<u>6,604,542</u>	<u>397,579</u>	<u>-</u>
Total	<u>\$ 3,521,658</u>	<u>\$ 7,318,954</u>	<u>\$ 515,895</u>	<u>\$ 13,900,654</u>

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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

Encumbrances at year end were \$1,095,529 for General Fund, \$3,462,607 for Capital Projects Fund, \$712,198 for Airport Fund, \$1,535,050 for Sewer Utility Fund and \$42,126 for the Stormwater Fund.

**K. Net Position**

Net position represents the difference between assets and deferred inflows of resources and liabilities and deferred outflows of resources. 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 or 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, 2018:

	Governmental	Business-type
Capital assets	\$ 152,143,912	\$ 495,675,466
Accumulated depreciation	(73,742,179)	(278,787,315)
Bonds payable	(55,202,719)	(75,683,144)
Capital leases	(24,306)	(61,903)
Non capital related bonds payable	26,053,767	7,687,825
Premium on long term debt	(715,252)	(2,184,641)
Unspent bond proceeds	625,520	67,563
Net investment in capital assets	\$ 49,138,743	\$ 146,713,851

**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, 2018, 2017 and 2016.

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, 2018, the amount of self-insurance liability was \$3,037,154. 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, 2016 resulted from the following:

	Workers' Compensation	All other self- insured risks	Total
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	2,589,898	293,462	2,883,360
Incurred claims	256,514	-	256,514
Payments	(453,330)	-	(453,330)
Changes in estimates and other adjustments	347,130	3,480	350,610
 Unpaid claims as of July 1, 2018	 \$ 2,740,212	 \$ 296,942	 \$ 3,037,154

**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 (TIF) districts 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 2018, the City captured \$3,631,103 in incremental property taxes and dispersed \$345,798 in CEA payments to fifteen (15) developers. The remaining \$3,285,305 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 \$93,154 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 \$47,999 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.

**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.

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, deferred compensation 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 (i.e. eligible for benefits) 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 2018, covered payroll was \$21,122,263 and City contributions were \$1,815,103. 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 \$245,866 and \$33,100 respectively, in fiscal year 2018.

**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, 2018 ranged from 9.6% - 15.7% depending on the applicable benefit structure. The City's contributions to the pension plan were \$740,057 for the year ended June 30, 2018.

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, 2018 was 15.05% of annual payroll of which 3.97% of payroll was required from the City and 11.08% was required from the State. Contributions to the pension plan from the City were \$1,060,090 for the year ended June 30, 2018.

**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, 2017, 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, 2018, the City's reported liability of its proportionate share of the net pension liability was \$5,954,157. At June 30, 2017, the City's proportion of the PLD plan was 1.4542%.

SET Plan – At June 30, 2018, the City's reported liability of its proportionate share of the net pension liability was reduced to reflect the State support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability associated with the City were as follows:

City's proportionate share of the net pension liability	\$1,909,853
<u>State's proportionate share of the net pension liability</u>	<u>29,009,028</u>
<u>Total</u>	<u>\$30,918,881</u>

At June 30, 2017, the City's proportion of the SET Plan was .1315%.

For the year ended June 30, 2018, the City recognized pension expense of \$7,188,494 for the PLD Plan and \$4,687,401 of pension expense and revenue of \$2,958,640 for support provided by the State for the SET Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to PLD Plan from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 286,055
Changes of assumptions	506,661	-
Net difference between projected and actual earnings on pension plan investments	-	163,724
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,291,219
City contributions subsequent to the measurement date	740,057	-
	<u>\$ 1,246,718</u>	<u>\$ 1,740,998</u>

\$740,057 is reported as deferred outflows of resources related to the PLD Plan 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PLD Plan will be recognized in pension expense as follows:



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

**OTHER INFORMATION, CONTINUED**

Year ended June 30:		
2019	\$	(308,553)
2020		(308,553)
2021		(308,553)
2022		(308,553)
2023		(125)

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to SET Plan from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 80,323	\$ -
Changes of assumptions	-	29,829
Net difference between projected and actual earnings on pension plan investments	-	28,088
Changes in proportion and differences between City contributions and proportionate share of contributions	158,686	-
City contributions subsequent to the measurement date	1,060,090	-
	\$ 1,299,099	\$ 57,917

\$1,060,090 is reported as deferred outflows of resources related to the SET Plan 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SET Plan will be recognized in pension expense as follows:

Year ended June 30:		
2019	\$	34,915
2020		34,915
2021		34,915
2022		38,173
2023		38,174

Actuarial assumptions - The total pension liability in the June 30, 2017 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%

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

**OTHER INFORMATION, CONTINUED**

Mortality rates were based on the RP2014 Total Data Set for Healthy Annuitant Mortality Tables projected forward to 2017.

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real Assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%
	<u>100.0%</u>	

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:

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

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**OTHER INFORMATION, CONTINUED**

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	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
PLD Plan	\$ 11,945,868	\$ 5,954,157	\$1,443,327
	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
SET Plan	\$ 3,351,226	\$ 1,909,853	\$ 719,794

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, 2018.

**Deferred Compensation Plan**

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

**Social Security**

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

**E. Other Postemployment Benefits (OPEB)**

Description of the Plan – The City sponsors two post-retirement benefit plans providing group term life insurance to retiring employees. For municipal employees and certain School Department employees the City contributes to the Group Life Insurance Plan for Participating Local District (PLD). Teachers also participate in the Group Term Life Insurance Plan for State Employees and Teachers (SET). Both plans are a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for each plan. MPERS issues financial reports that are publicly available at [www.maineipers.org](http://www.maineipers.org).

In addition, the City sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the City. The City Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria

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

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**OTHER INFORMATION, CONTINUED**

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of paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Benefits Provided – Under both the PLD and SET OPEB plans, MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Under the Health Plan, CIGNA provides healthcare benefits for retirees and their dependents. Full-time City employees age 55 or older, with 5 years of service, and covered under the active medical plan are eligible to participate in the plan. 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.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the Health Plan benefit terms:

Active employees with coverage	394
Active employees without coverage	103
Inactive employees entitled to but not yet receiving benefits	-
Retirees with coverage	<u>59</u>
Total	<u><u>556</u></u>

Contributions – Premium rates for both the PLD and SET OPEB plans are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims.

PLD OPEB Plan - The City is required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the PLD OPEB plan from the City were \$29,765 for the year ended June 30, 2018. Employees are not required to contribute to the PLD OPEB plan.

SET OPEB Plan - The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the SET OPEB plan by the State of Maine on-behalf of the City were \$59,780 for the year ended June 30, 2018. Employers and employees are not required to contribute to the SET OPEB plan.

Health OPEB Plan – Contributions to the Health OPEB plan from the City were \$0.00 for the year ended June 30, 2018. Retirees are required to pay 100% of the premiums.

OPEB Liabilities, Expense and Deferred Outflows and Inflows of Resources Related to OPEB – The net OPEB liability for both the PLD and SET OPEB plans was measured as of June 30, 2017, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liabilities was based on a projection of the City's long-term share of contributions to the PLD and SET OPEB plans relative to the projected contributions of all participating employers, actuarially determined.

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

**OTHER INFORMATION, CONTINUED**

PLD OPEB Plan – At June 30, 2018, the City reported a liability of \$1,241,184 for its proportionate share of the net OPEB liability. At June 30, 2017, the City's proportion was 7.42%.

SET OPEB Plan – At June 30, 2018, the City reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the City was \$659,610 as of June 30, 2018. At June 30, 2017, the City's proportion was 0.00%.

The City's total Health Plan OPEB liability of \$8,000,393 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

	Total OPEB Liability
Balance at June 30, 2017	\$ 6,866,981
Changes for the year:	
Service costs	236,094
Interest	249,384
Changes in benefit terms	-
Changes in assumptions	(112,190)
Differences between expected and actual experience	1,036,629
Benefit payments	<u>(276,505)</u>
Net Changes	<u>1,133,412</u>
Balance at June 30, 2018	<u>\$ 8,000,393</u>

Change in assumptions reflects a change in the discount rate from 4.00% to 3.58% at the beginning of the year and 3.87% as of the end of the year, a change in the actuarial cost method from Projected Unit Credit with linear proration to decrement to Entry Age Normal Level % of Salary.

For the year ended June 30, 2018, the City recognized OPEB gain of \$12,351 for the PLD OPEB Plan. For the year ended June 30, 2018, the City recognized OPEB expense of \$59,780 and also revenues of \$59,780 for support provided by the State related to the SET OPEB plan. At June 30, 2018, the City reported no deferred outflows of resources or deferred inflows of resources related to the SET OPEB plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 345,850
Net difference between projected and actual earnings on OPEB plan investments	-	59,421
Changes in proportion and differences between City contributions and proportionate share of contributions	-	66,488
City contributions subsequent to the measurement date	<u>29,765</u>	-
Total	<u>\$ 29,765</u>	<u>\$ 471,759</u>

\$29,765 is reported as deferred outflows of resources related to the PLD OPEB plan resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

**OTHER INFORMATION, CONTINUED**

Year ended June 30:		
2019	\$	(97,323)
2020		(97,323)
2021		(97,323)
2022		(97,323)
2023		(82,467)

For the year ended June 30, 2018, the City recognized an OPEB expense of \$5,295,708 related to the Health Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 907,050	\$ -
Changes of assumptions or other inputs	-	98,166
<b>Total</b>	<b>\$ 907,050</b>	<b>\$ 98,166</b>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Health Plan OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2019	\$	115,555
2020		115,555
2021		115,555
2022		115,555
2023		115,555
Thereafter		231,109

Actuarial Assumptions – The total OPEB liability in the June 30, 2017 actuarial valuations for both the PLD and SET OPEB plans was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	PLD OPEB Plan	SET OPEB Plan
Inflation	2.75%	2.75%
Salary Increases	2.75%-9.00%	2.75%-14.50%
Investment rate of return	6.875%	6.875%

Mortality rates for each plan were based on the RP-2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, with adjustments ranging 104% to 120% based on actuarially determined demographic differences.

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

**OTHER INFORMATION, CONTINUED**

The actuarial assumptions used in the June 30, 2017 valuations for both the PLD and SET OPEB plans were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The total OPEB liability in the June 30, 2018 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75% per year
Payroll growth	2.75% plus merit and productivity increases
Discount rate	3.87% as of June 30, 2018 and 3.58% as of June 30, 2017
Health care cost trends	9.00%, decreasing 0.5% per year
Retirees' share of the benefit related costs	Retirees pay 100% of premiums

Mortality rates for the Health Plan were based on the SOA RPH-2017 Total Dataset Headcount-weighted Mortality fully generational using Scale MP-2017.

The actuarial assumptions used in the June 30, 2018 valuation for the Health Plan represent a reasonable long-term expectation of future OPEB outcomes.

The long-term expected rate of return on both the PLD and SET OPEB plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) which are developed for each major class of assets. These ranges are combined to produce 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.00%	6.00%
Real estate	5.00%	5.20%
Traditional credit	16.00%	3.00%
US Government securities	9.00%	2.30%
	<u>100.00%</u>	

Discount Rate – The rate used to measure the total OPEB liability for the PLD OPEB plan was 5.41% which is a blend of the assumed long-term expected rate of return of 6.875% and a municipal bond index rate of 3.58%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2017. Projections of the plan's fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2052. Therefore, the portion of the future

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

**OTHER INFORMATION, CONTINUED**

projected benefit payments after 2052 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The rate used to measure the total OPEB liability for the SET OPEB plan was 6.875%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The rate used to measure the net OPEB liability for the Health Plan was 3.58% as of the beginning of the year and 3.87% as of the end of the year based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) tax-exempt, high quality 20-year municipal bonds.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net PLD OPEB plan liability calculated using the discount rate of 5.41%, as well as what the City's proportionate share of the net PLD OPEB plan liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.41%) or 1 percentage-point higher (6.41%) than the current rate:

	1% Decrease 4.41%	Discount Rate 5.41%	1% Increase 6.41%
Net OPEB liability	\$ 1,665,750	\$ 1,241,184	\$ 906,011

Sensitivity of the City's proportionate share of the net SET OPEB plan liability to the changes in the discount rate are not presented as the City does not have any liability related to this plan given that the SET OPEB plan is 100% funded by contributions from the State of Maine.

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate – The following presents the City's total OPEB liability related to the Health Plan calculated using the discount rate of 3.87%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.87%) or 1 percentage-point higher (4.87%) than the current rate:

	1% Decrease 2.87%	Discount Rate 3.87%	1% Increase 4.87%
Total OPEB liability	\$ 8,998,531	\$ 8,000,393	\$ 7,169,270

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the City's total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates of 9.00% decreasing 0.5% per year, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point



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

**OTHER INFORMATION, CONTINUED**

lower (8.00% decreasing 0.5% per year) or 1 percentage-point higher (10.00% decreasing 0.5% per year) than the current healthcare cost trend rates:

	1% Decrease 8.00% decreasing 0.5% per year	Healthcare Cost Trend Rates 9.00% decreasing 0.5% per year	1% Increase 10.00% decreasing 0.5% per year
Total OPEB liability	\$ 7,574,791	\$ 8,000,393	\$ 8,498,912

OPEB Plan Fiduciary Net Position – Detailed information about both the PLD and SET OPEB plan's fiduciary net positions are available in a separately issued MPERS financial report.

**F. Subsequent Events**

Effective July 1, 2018, public safety employees may choose to participate in either the City's Defined Contribution Plan or Defined Benefit Pension Plan for retirement benefit. Prior to that date, all new employees were enrolled in the City's Defined Contribution Plan. This change was implemented to increase departmental recruitment and retention efforts.

On August 27, 2018 the City Council authorized the issuance of up to \$4,506,000 in general obligation bonds for the purpose of funding street and sidewalk work, the City's annual fleet/equipment replacement, building improvements and WWTP infrastructure. In addition, the City Council authorized the issuance of up to \$3,300,000 in general obligation bonds through the Maine Municipal Bond Bank State Revolving Fund to finance sewer infrastructure improvements

On September 26, 2018, the City issued \$1,415,000 in general obligation bonds with an interest rate of 5%. The proceeds were used to redeem the 2009 general obligation bonds maturing on or after September 1, 2019. The 2009 general obligation bonds have interest rates ranging from 3.5% - 4.375%. This redemption did not extend the final maturity date of the debt and resulted in a reduction of total debt service payments over 10 years of \$118,666 and an economic gain of \$103,576 (difference between the present value of the debt service payments on the old and new debt).

In September 2018, two Bangor taxpayers filed appeals with the State Board of Property Tax Review regarding their respective April 1, 2017 (FY 2018) taxable real estate valuations. Bangor Mall LLC is appealing the City's taxable valuation of \$60.9 million. In their opinion, the taxable value should have been \$28.9 million, a reduction of \$32 million. Wal-Mart Real Estate Business Trust is appealing the City's taxable valuation of \$19.2 million. In their opinion, the taxable value should have been \$12.5 million, a reduction of \$6.7 million. At this time, the potential impact, if any, is unknown.

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

**OTHER INFORMATION, CONTINUED**

**G. New Pronouncement and Restatement**

For the fiscal year ended June 30, 2018, the City has elected to implement *Statement No. 75 of the Governmental Accounting Standards Board – Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. As a result of implementing GASB Statement No. 75, the City has restated beginning net position in Exhibit 2 – Statement of Activities and Exhibit 8 – Statement of Revenues, Expenses and Changes in Net Position to account for the additional OPEB liability calculated under the new pronouncement, which effectively decreased the City's net position for Governmental Activities as of June 30, 2017 by \$3,174,996 and decreased the City's net position for Business-type Activities as of June 30, 2017 by \$446,100. During the current fiscal year, beginning governmental activities capital assets were restated. The restatement was due to capital assets not properly recorded in a prior year related to vehicles, software and minor rounding adjustments.

Governmental activities net capital assets balances as of June 30, 2017 have been restated as follows:

	Governmental Activities
Governmental activities capital assets previously reported	\$ 75,889,101
Increase for vehicles for BAT community connector	205,086
Decrease City Hall for misclassified software	(80,681)
Increase for software for Information services	136,615
Related accumulated depreciation	(6,831)
Net rounding adjustments	(3)
Beginning governmental activities capital assets, as restated	\$ 76,143,287

This restatement resulted in a \$254,186 increase beginning governmental activities net position.

During the year, beginning government funds fund balance was restated by \$4,488,621 to properly classify certain long term notes receivables, that had been previously reported as deferred inflows of resources.

**CITY OF BANGOR, MAINE**  
**Required Supplementary Information**  
**Schedule of Changes in the City's Total Health Plan OPEB Liability and**  
**Related Ratios**  
**For the Fiscal Year Ended June 30, 2018**

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service Costs	\$ 236,094
Interest	249,384
Changes of benefit terms	-
Changes of assumptions	(112,190)
Differences between expected and actual experience	1,036,629
Benefit payments	(276,505)
<b>Net change in total OPEB liability</b>	<b>1,133,412</b>
Total OPEB liability - beginning of year	6,866,981
Total OPEB liability - end of year	\$ 8,000,393
Covered payroll	\$ 23,057,983
Total OPEB liability as a percentage of covered employee payroll	34.70%

Only one year has been presented because 2018 was the year GASB Statement 75 was implemented.

**CITY OF BANGOR, MAINE**  
**Required Supplementary Information**  
**Schedule of City's Proportionate Share of the Net OPEB Liability**  
**For the Fiscal Year Ended June 30, 2018**

		<u>2018</u>
<b>PLD OPEB Plan</b>		
City's proportion of the net OPEB liability		7.42%
City's proportionate share of net OPEB liability	\$	1,241,184
City's covered-employee payroll		7,963,681
City's proportionate share of net OPEB liability as a percentage of covered employee payroll		15.59%
Plan fiduciary net position as a percentage of the OPEB liability		47.42%
<b>SET OPEB Plan</b>		
City's proportion of the net OPEB liability		0.00%
City's proportionate share of net OPEB liability	\$	-
State's proportionate share of net OPEB liability associated with the City		659,610
Total	<u>\$</u>	<u>659,610</u>
Plan fiduciary net position as a percentage of the OPEB liability		47.29%

Only one year has been presented because 2018 was the year GASB Statement 75 was implemented.

**CITY OF BANGOR, MAINE**  
**Required Supplementary Information**  
**Schedule of City OPEB Contributions**  
**For the Fiscal Year Ended June 30, 2018**

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		<b>2018</b>
<b>PLD OPEB Plan</b>		
Contractually required contribution	\$	29,765
Contributions in relation to the contractually required contribution		(29,765)
Contribution deficiency (excess)	\$	-
City's covered employee payroll	\$	7,963,681
Contributions as a percentage of covered employee payroll		0.37%

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Only one year has been presented because 2018 was the year GASB Statement 75 was implemented.

**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\***

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>PLD Plan</b>				
Proportion of the net pension liability	2.2584%	1.9745%	1.6638%	1.4542%
Proportionate share of the net pension liability	3,475,288	6,299,478	8,840,254	5,954,157
Covered payroll	10,645,005	9,799,964	8,662,976	7,963,681
Proportion share of the net pension liability as a percentage of its covered payroll	32.65%	64.28%	102.05%	74.77%
Plan fiduciary net position as a percentage of the total pension liability	94.10%	88.27%	81.61%	86.43%
<b>SET Plan</b>				
Proportion of the net pension liability	0.0936%	0.1096%	0.1200%	0.1315%
City's proportionate share of the net pension liability	\$1,011,232	\$1,479,608	\$2,120,647	\$1,909,853
State's proportionate share of the net pension liability	22,516,392	28,378,344	35,661,692	29,009,028
Total	<u>23,527,624</u>	<u>29,857,952</u>	<u>37,782,339</u>	<u>30,918,881</u>
Covered payroll	24,415,639	25,212,217	25,111,931	25,731,918
Proportion share of the net pension liability as a percentage of its covered payroll	4.14%	5.87%	8.44%	7.42%
Plan fiduciary net position as a percentage of the total pension liability	83.91%	81.18%	76.21%	83.35%

\* 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 Net Pension Contributions**  
**Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)**  
**Last 10 Fiscal Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>PLD Plan</b>										
Contractually required contributions	468,553	474,008	584,306	724,134	769,519	782,913	807,117	779,134	745,366	740,057
Contributions in relation to the contractually required contribution	468,553	474,008	584,306	724,134	769,519	782,913	807,117	779,134	745,366	740,057
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	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	7,528,843
Contributions as a percentage of covered payroll	3.21%	3.22%	3.95%	5.49%	6.48%	7.35%	8.24%	8.99%	9.36%	9.83%
<b>SET Plan*</b>										
Contractually required contributions	-	-	-	-	-	647,014	668,126	843,679	865,039	1,060,090
Contributions in relation to the contractually required contribution	-	-	-	-	-	647,014	668,126	843,679	865,039	1,060,090
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	-	-	-	-	-	24,415,639	25,212,217	25,111,931	25,731,918	26,702,523
Contributions as a percentage of covered payroll	-	-	-	-	-	2.65%	2.65%	3.36%	3.36%	3.97%

\* - 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, 2018**

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**Net OPEB Liability**

**Change of benefit terms** - None

**Changes of assumptions** - None related to the PLD and SET OPEB plans. Under the Health Plan, numerous assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used each period:

	<u>2018</u>	<u>2017</u>
Discount rate	3.87%	3.58%

The valuation method was changed from Projected Unit Credit with linear proration to decrement to Entry Age Normal Level % of Salary.

Mortality assumptions have been updated from RPH-2015 Total Dataset Mortality Table fully generational using scale MP-2015 to RPH-2017 Total Dataset Mortality Table generational using scale MP-2017.

Health care cost trend rates have been reset to an initial trend of 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0%

**Net Pension Liability**

**Change of benefit terms** - None

**Changes of assumptions** -

The PLD and Set plans changed the discount rate from 7.125%, the inflation rate of 3.5% and the cost of living increase of 2.55% in the 2015 valuation to 6.875%, 2.75% and 2.20%, respectively in the 2016 valuation. The PLD plan changed the salary increases in the 2015 valuation from 3.5% - 13.5% to 2.75% - 9.0% in the 2016 valuation. The SET plan changed the salary increases in the 2015 valuation from 3.5% - 9.5% to 2.75% - 14.5% in the 2016 valuation. In addition, the mortality rates were previously based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA, which, in the 2016 valuation was changed to mortality rates that were based on the RP2014 Total Data Set Healthy Annuity Mortality Table.

The PLD Plan changed the discount rate from 7.25% in the 2014 valuation to 7.125% in the 2015 valuation. The PLD Plan also changed the cost of living benefits increase from 3.12% in the 2014 valuation to 2.55% in the 2015 valuation.

The SET Plan changed the discount rate from 7.25% in the 2013 valuation to 7.125% in the 2014 valuation.



## **GENERAL FUND**

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



CITY OF BANGOR

**CITY OF BANGOR, MAINE**  
**Balance Sheet**  
**General Fund**  
**June 30, 2018**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 23,783,223
Investments	50,000
Receivables:	
Taxes	2,033,265
Accounts (net of allowance of \$533,530)	729,892
Interfund	2,062,830
Intergovernmental	3,421,145
Loans	455,769
Inventory, at cost	520,910
Prepaid items	587,615
<b>Total assets</b>	<b>33,644,649</b>
<b>LIABILITIES</b>	
Accounts payable	1,432,831
Accrued wages and benefits payable	4,561,848
Total liabilities	5,994,679
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenues - property taxes	1,619,639
Total deferred inflows of resources	1,619,639
<b>FUND BALANCES</b>	
Nonspendable	3,009,025
Restricted	714,412
Committed	118,316
Assigned	8,124,295
Unassigned	14,064,283
Total fund balance	26,030,331
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 33,644,649</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, 2018**

	Balances			Variance	
	Carried 7/1/2017	Budget	Actual	Surplus	Carried
Revenues					
Taxes					
Real and personal property	\$ -	\$ 57,734,385	\$ 57,612,168	\$ (122,217)	\$ -
Change in unavailable property tax	-	-	596,161	596,161	-
Tax increment financing district	-	(2,724,477)	(2,721,414)	3,063	-
Payment in lieu of taxes	-	234,492	284,405	49,913	-
Excise	-	5,485,500	6,427,990	942,490	-
Interest on delinquent taxes	-	225,000	196,346	(28,654)	-
<b>Total taxes</b>	-	<b>60,954,900</b>	<b>62,395,656</b>	<b>1,440,756</b>	-
Intergovernmental					
State revenue sharing	-	2,300,000	2,506,552	206,552	-
School subsidy	-	18,333,469	18,483,961	-	150,492
Other -					
Municipal	-	4,421,291	4,208,961	(212,330)	-
School	-	3,231,792	4,437,304	-	1,205,512
<b>Total intergovernmental</b>	-	<b>28,286,552</b>	<b>29,636,778</b>	<b>(5,778)</b>	<b>1,356,004</b>
Other revenue					
Licenses and permits	-	622,743	1,014,170	391,427	-
Charges for service -					
Municipal	-	8,210,128	8,566,100	355,972	-
School	-	5,337,192	5,826,279	-	489,087
Fines, forfeits and penalties	-	23,000	26,821	3,821	-
Revenue from use of money and property					
Municipal	-	635,140	987,292	352,152	-
<b>Total other revenue</b>	-	<b>14,828,203</b>	<b>16,420,662</b>	<b>1,103,372</b>	<b>489,087</b>
<b>Total revenues</b>	-	<b>104,069,655</b>	<b>108,453,096</b>	<b>2,538,350</b>	<b>1,845,091</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, 2018**

	Balances			Variance	
	Carried 7/1/2017	Budget	Actual	Surplus	Carried
Expenditures					
General government					
Council	-	34,323	25,754	8,569	-
Executive	11,815	605,371	681,345	(64,159)	-
Public Transportation	75,000	523,733	506,042	(2,309)	95,000
City clerk	-	403,097	368,036	35,061	-
Assessing	-	354,800	356,246	(1,446)	-
Legal	-	290,461	276,117	14,344	-
Finance	-	1,871,494	1,724,221	147,273	-
Insurance	-	185,000	203,858	(18,858)	-
Planning, econ dev, code enforcement	-	1,292,415	1,274,155	18,260	-
Total general government	86,815	5,560,694	5,415,774	136,735	95,000
Public safety					
Police	86,992	9,232,615	8,855,608	463,999	-
Fire	106,447	9,282,157	9,313,516	68,505	6,583
Total public safety	193,439	18,514,772	18,169,124	532,504	6,583
Health, community services and recreation					
Health and community services	-	3,156,681	3,032,652	124,029	-
Parks and recreation	-	2,068,791	2,034,959	33,832	-
Total health, commun. serv and rec.	-	5,225,472	5,067,611	157,861	-
Public services	-	10,857,824	10,539,710	318,114	-

**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, 2018**

	Balances			Variance	
	Carried 7/1/2017	Budget	Actual	Surplus	Carried
Expenditures, continued					
Other agencies					
County tax	-	3,381,124	3,381,124	-	-
Downtown Development District	-	60,791	60,791	-	-
Public library	-	1,363,607	1,363,607	-	-
Other agencies	8,489	115,420	101,745	5,431	16,733
Total other agencies	8,489	4,920,942	4,907,267	5,431	16,733
Education					
Regular instruction	-	19,547,697	19,326,319	-	-
Special education	-	7,231,381	7,230,320	-	-
Instructional support	-	3,889,142	3,777,188	-	-
System administration	-	1,119,323	1,089,020	-	-
CTE instruction	-	545,000	541,309	-	-
School administration	-	2,473,410	2,395,731	-	-
Facilities maintenance	-	5,423,570	5,403,841	-	-
Transportation	-	1,905,000	1,886,504	-	-
Other instruction	-	1,369,221	1,351,954	-	-
Debt service	-	1,606,308	1,606,238	-	-
Contingency & other	-	117,229	114,925	-	-
Regular	2,039,940	45,227,281	44,723,349	-	2,543,872
Adult education	185,681	700,671	570,859	-	315,493
School lunch	23,893	1,524,516	1,339,145	-	209,264
Special revenue	104,025	2,968,292	3,987,923	-	(915,606)
Trust and agency	470,654	2,659,441	3,003,644	-	126,451
Total education	2,824,193	53,080,201	53,624,920	-	2,279,474
Other appropriations					
Pensions and other fringe benefits	-	2,419,957	2,387,161	32,796	-
Debt service	-	3,445,204	3,413,641	31,563	-
Tax increment financing payments	-	885,862	909,689	(23,827)	-
Total other appropriations	-	6,751,023	6,710,491	40,532	-
Total expenditures	3,112,936	104,910,928	104,434,897	1,191,177	2,397,790
Excess (deficiency) of revenues over/under expenditures	(3,112,936)	(841,273)	4,018,199	3,729,527	4,242,881

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Unassigned**  
**Fund Balance - Budget and Actual - Budgetary Basis**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Balances			Variance	
	Carried 7/1/2017	Budget	Actual	Surplus	Carried
Other financing sources (uses)					
Appropriation from restricted, committed and assigned fund balances	-	1,345,916	7,480	-	(1,338,436)
Appropriation to assigned fund balances	-	-	(1,598,000)	(1,598,000)	-
Sale of assets	-	29,000	3,515	(25,485)	-
Contributions	-	5,500	470	(5,030)	-
Insurance settlements	-	7,500	41,066	33,566	-
Transfers to other funds	-	(869,199)	(869,199)	-	-
Transfers from other funds	-	322,556	127,247	(195,309)	-
Total other financing sources (uses)	-	841,273	(2,287,421)	(1,790,258)	(1,338,436)
Net change in unassigned fund balance	\$ (3,112,936)	\$ -	\$ 1,730,778	\$ 1,939,269	\$ 2,904,445
Unassigned fund balance, beginning of year				12,171,566	
Changes in amounts required to be shown as nonspendable fund balance					
Inventory and prepaids				(46,552)	
<b>Unassigned fund balance, end of year</b>				<b>\$ 14,064,283</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.

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.

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

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, and City forest.

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 Funds**

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

**CITY OF BANGOR, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,772,851	\$ -	\$ 1,772,851
Investments	-	131,590	131,590
Receivables:			
Accounts	275,095	-	275,095
Loans and notes	4,666,562	904,165	5,570,727
Intergovernmental	268,718	-	268,718
<b>Total assets</b>	<b>6,983,226</b>	<b>1,035,755</b>	<b>8,018,981</b>
<b>LIABILITIES</b>			
Accounts payable	50,723	-	50,723
Accrued wages and benefits payable	4,348	-	4,348
Interfund loans payable	362,830	-	362,830
Unearned revenues	49,653	-	49,653
Due to rehabilitation recipients	36,673	-	36,673
Total liabilities	504,227	-	504,227
<b>FUND BALANCES</b>			
Nonspendable	-	512,633	512,633
Restricted	6,081,420	523,122	6,604,542
Committed	397,579	-	397,579
Total fund balances	6,478,999	1,035,755	7,514,754
<b>Total liabilities and fund balances</b>	<b>\$ 6,983,226</b>	<b>\$ 1,035,755</b>	<b>\$ 8,018,981</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, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>Revenues</b>			
Intergovernmental	\$ 7,560,721	\$ -	7,560,721
Charges for services	784,006	-	784,006
Program income	31,208	-	31,208
Revenue from use of money and property	1,829,472	-	1,829,472
Other revenue	164,372	1,800	166,172
Interest revenue	-	33,722	33,722
Total revenues	10,369,779	35,522	10,405,301
<b>Expenditures</b>			
Current:			
Personnel	1,402,149	-	1,402,149
Payments to beneficiaries	26,830	4,668	31,498
Other	3,089,808	-	3,089,808
Restricted grant	969,777	-	969,777
Bus operations	3,174,006	-	3,174,006
Total expenditures	8,662,570	4,668	8,667,238
Excess of revenues over expenditures	1,707,209	30,854	1,738,063
<b>Other financing (uses)</b>			
Transfers to other funds	(2,073,015)	(35,000)	(2,108,015)
Total other financing uses	(2,073,015)	(35,000)	(2,108,015)
Net change in fund balances	(365,806)	(4,146)	(369,952)
Fund balances, beginning of year - Restated Note G	6,844,805	1,039,901	7,884,706
<b>Fund balances, end of year</b>	<b>\$ 6,478,999</b>	<b>\$ 1,035,755</b>	<b>\$ 7,514,754</b>

**CITY OF BANGOR, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2018**

	Other HUD Funds	Community Development Block Grant	Arena Fund	Grant Fund	Dedicated Revenue Funds	Other	Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ 274,538	\$ 75,292	\$ 270,315	\$ 7,407	546,496	\$ 598,803	\$ 1,772,851
Receivables:							
Accounts	-	-	107,761	167,334	-	-	275,095
Loans and notes	160,000	4,138,828	-	-	262,741	104,993	4,666,562
Intergovernmental	-	11,593	19,503	237,622	-	-	268,718
<b>Total assets</b>	<b>434,538</b>	<b>4,225,713</b>	<b>397,579</b>	<b>412,363</b>	<b>809,237</b>	<b>703,796</b>	<b>6,983,226</b>
<b>LIABILITIES</b>							
Accounts payable	-	650	-	33,857	-	16,216	50,723
Accrued wages and benefits payable	-	4,348	-	-	-	-	4,348
Interfund loans payable	-	-	-	362,830	-	-	362,830
Unearned revenues	-	49,653	-	-	-	-	49,653
Due to rehabilitation recipients	-	36,673	-	-	-	-	36,673
<b>Total liabilities</b>	<b>-</b>	<b>91,324</b>	<b>-</b>	<b>396,687</b>	<b>-</b>	<b>16,216</b>	<b>504,227</b>
<b>FUND BALANCES</b>							
Restricted	434,538	4,134,389	-	15,676	809,237	687,580	6,081,420
Committed	-	-	397,579	-	-	-	397,579
<b>Total fund balances</b>	<b>434,538</b>	<b>4,134,389</b>	<b>397,579</b>	<b>15,676</b>	<b>809,237</b>	<b>687,580</b>	<b>6,478,999</b>
<b>Total liabilities and fund balances</b>	<b>\$ 434,538</b>	<b>\$ 4,225,713</b>	<b>\$ 397,579</b>	<b>\$ 412,363</b>	<b>\$ 809,237</b>	<b>\$ 703,796</b>	<b>\$ 6,983,226</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, 2018**

	Other HUD Funds	Community Development Block Grant	Arena Fund	Grant Fund	Dedicated Revenue Funds	Other	Totals
<b>Revenues</b>							
Intergovernmental	\$ -	\$ 693,026	\$ -	\$ 6,867,695	\$ -	\$ -	7,560,721
Charges for services	-	-	-	784,006	-	-	784,006
Program income	-	31,208	-	-	-	-	31,208
Revenue from use of money and property	-	-	1,770,957	-	25,100	33,415	1,829,472
Other	-	500	-	1,250	1,639	160,983	164,372
<b>Total revenues</b>	<b>-</b>	<b>724,734</b>	<b>1,770,957</b>	<b>7,652,951</b>	<b>26,739</b>	<b>194,398</b>	<b>10,369,779</b>
<b>Expenditures</b>							
Current:							
Personnel	-	-	-	1,402,149	-	-	1,402,149
Payments to beneficiaries	-	-	-	-	741	26,089	26,830
Other	-	-	8,654	3,081,154	-	-	3,089,808
Restricted grant	-	969,777	-	-	-	-	969,777
Bus operations	-	-	-	3,174,006	-	-	3,174,006
<b>Total expenditures</b>	<b>-</b>	<b>969,777</b>	<b>8,654</b>	<b>7,657,309</b>	<b>741</b>	<b>26,089</b>	<b>8,662,570</b>
Excess (deficiency) of revenues over (under) expenditures	-	(245,043)	1,762,303	(4,358)	25,998	168,309	1,707,209
<b>Other financing (uses)</b>							
Transfers to other funds	-	-	(1,978,015)	-	-	(95,000)	(2,073,015)
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>(1,978,015)</b>	<b>-</b>	<b>-</b>	<b>(95,000)</b>	<b>(2,073,015)</b>
Net change in fund balances	-	(245,043)	(215,712)	(4,358)	25,998	73,309	(365,806)
Fund balances, beginning of year - Restated Note G	434,538	4,379,432	613,291	20,034	783,239	614,271	6,844,805
<b>Fund balances, end of year</b>	<b>\$ 434,538</b>	<b>\$ 4,134,389</b>	<b>\$ 397,579</b>	<b>\$ 15,676</b>	<b>\$ 809,237</b>	<b>\$ 687,580</b>	<b>\$ 6,478,999</b>

**CITY OF BANGOR, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2018**

	Other Funds	Revolving Loan Funds	Totals
<b>ASSETS</b>			
Investments	\$ -	\$ 131,590	\$ 131,590
Loans receivable	904,165	-	904,165
<b>Total assets</b>	<b>904,165</b>	<b>131,590</b>	<b>1,035,755</b>
<b>FUND BALANCES</b>			
Nonspendable	381,043	131,590	512,633
Restricted	523,122	-	523,122
Total fund balances	904,165	131,590	1,035,755
<b>Total fund balances</b>	<b>\$ 904,165</b>	<b>\$ 131,590</b>	<b>\$ 1,035,755</b>

**CITY OF BANGOR, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Other Funds</b>	<b>Revolving Loan Funds</b>	<b>Totals</b>
<b>Revenues</b>			
Investment income	\$ 28,578	\$ 5,144	\$ 33,722
Lot sales	1,800	-	1,800
Total revenues	30,378	5,144	35,522
<b>Expenditures</b>			
Current:			
Payments to beneficiaries	121	4,547	4,668
Total expenditures	121	4,547	4,668
Excess of revenues over expenditures	30,257	597	30,854
<b>Other financing uses</b>			
Transfer to other funds	(35,000)	-	(35,000)
Total other financing uses	(35,000)	-	(35,000)
Net change in fund balances	(4,743)	597	(4,146)
Fund balances, beginning of year	908,908	130,993	1,039,901
<b>Fund balances, end of year</b>	<b>\$ 904,165</b>	<b>\$ 131,590</b>	<b>\$ 1,035,755</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 the 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, 2018**

<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	\$ 1,268,638	\$ 868,992	\$ 859,398	\$ 494,218	\$ 3,491,246
Accounts receivable	413,134	37,473	-	-	450,607
Prepaid items	3,503	37,010	67,008	7,944	115,465
<b>Total current assets</b>	<b>1,685,275</b>	<b>943,475</b>	<b>926,406</b>	<b>502,162</b>	<b>4,057,318</b>
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	-	-	408,187	655,585
Infrastructure	-	683,189	-	-	683,189
Parking structures	-	-	11,372,837	-	11,372,837
Construction in process	330,498	-	-	-	330,498
<b>Total capital assets</b>	<b>577,896</b>	<b>7,771,538</b>	<b>11,372,837</b>	<b>2,915,526</b>	<b>22,637,797</b>
Less accumulated depreciation	(41,233)	(2,215,737)	(9,701,769)	(2,101,944)	(14,060,683)
<b>Net capital assets</b>	<b>536,663</b>	<b>5,555,801</b>	<b>1,671,068</b>	<b>813,582</b>	<b>8,577,114</b>
Loans receivable	-	1,344,250	-	-	1,344,250
<b>Total noncurrent assets</b>	<b>536,663</b>	<b>6,900,051</b>	<b>1,671,068</b>	<b>813,582</b>	<b>9,921,364</b>
<b>Total assets</b>	<b>2,221,938</b>	<b>7,843,526</b>	<b>2,597,474</b>	<b>1,315,744</b>	<b>13,978,682</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Net OPEB	5,708	-	2,644	5,786	14,138
Net pension	-	-	6,987	-	6,987
<b>Total deferred outflows of resources</b>	<b>5,708</b>	<b>-</b>	<b>9,631</b>	<b>5,786</b>	<b>21,125</b>

Continued on next page

**CITY OF BANGOR, MAINE**  
**Combining Statement of Net Position**  
**Nonmajor Proprietary Funds**  
**June 30, 2018**

**Business-type Activities - Enterprise Funds**

	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	51,553	3,158	31,850	18,930	105,491
Accrued wages and benefits payable	4,564	-	2,295	10,350	17,209
Accrued interest	-	37,979	5,957	1,585	45,521
Workers' compensation	-	-	346	-	346
General obligation debt payable	74,133	253,760	235,818	35,597	599,308
Capital lease obligation payable	-	-	-	12,089	12,089
Accrued compensated absences	-	-	7,647	10,947	18,594
<b>Total current liabilities</b>	<b>130,250</b>	<b>294,897</b>	<b>283,913</b>	<b>89,498</b>	<b>798,558</b>
Long-term liabilities					
Workers' compensation	-	-	9,654	-	9,654
General obligation debt payable	767,022	1,700,582	586,246	256,253	3,310,103
Capital lease obligation payable	-	-	-	39,265	39,265
Accrued compensated absences	-	-	7,144	13,105	20,249
Net OPEB obligation	27,640	-	24,870	52,705	105,215
Net pension liability	-	-	33,343	-	33,343
<b>Total long-term liabilities</b>	<b>794,662</b>	<b>1,700,582</b>	<b>661,257</b>	<b>361,328</b>	<b>3,517,829</b>
<b>Total liabilities</b>	<b>924,912</b>	<b>1,995,479</b>	<b>945,170</b>	<b>450,826</b>	<b>4,316,387</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Net OPEB	618	-	286	627	1,531
Net pension	-	-	9,747	-	9,747
<b>Total deferred inflows of resources</b>	<b>618</b>	<b>-</b>	<b>10,033</b>	<b>627</b>	<b>11,278</b>
<b>NET POSITION</b>					
Net investment in capital assets	536,663	3,601,459	966,222	532,624	5,636,968
Unrestricted	765,453	2,246,588	685,680	337,453	4,035,174
<b>Total net position</b>	<b>\$ 1,302,116</b>	<b>\$ 5,848,047</b>	<b>\$ 1,651,902</b>	<b>\$ 870,077</b>	<b>\$ 9,672,142</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, 2018**

	<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	\$ 1,248,962	\$ 395,032	\$ 967,704	\$ 734,578	\$ 3,346,276
Operating expenses					
Operating expenses other than depreciation	675,680	138,984	692,318	615,771	2,122,753
Depreciation	16,494	158,746	275,112	72,646	522,998
Total operating expenses	692,174	297,730	967,430	688,417	2,645,751
Operating income	556,788	97,302	274	46,161	700,525
Nonoperating revenue (expenses)					
Interest income	68,683	63,068	9,088	4,759	145,598
Interest expense	-	(96,296)	(33,929)	(14,687)	(144,912)
Gain on sale of assets	-	-	-	3,150	3,150
Total nonoperating revenue (expenses)	68,683	(33,228)	(24,841)	(6,778)	3,836
Net income (loss) before transfers	625,471	64,074	(24,567)	39,383	704,361
Grants/contributions received for capital assets	10,000	-	-	-	10,000
Transfers to other funds	(181,621)	(100,000)	-	-	(281,621)
Transfers from other funds	100,000	-	-	-	100,000
Change in net position	553,850	(35,926)	(24,567)	39,383	532,740
Net position, beginning of year - restated Note H	748,266	5,883,973	1,676,469	830,694	9,139,402
<b>Net position, end of year</b>	<b>\$ 1,302,116</b>	<b>\$ 5,848,047</b>	<b>\$ 1,651,902</b>	<b>\$ 870,077</b>	<b>\$ 9,672,142</b>

**CITY OF BANGOR, MAINE**  
**Combining Statement of Cash Flows - Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**

<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>
Cash flows from operating activities					
Cash received from customers	\$ 1,193,602	\$ 401,624	\$ 967,704	\$ 734,578	\$ 3,297,508
Cash paid to suppliers for goods and services	(454,553)	(177,163)	(362,665)	(260,469)	(1,254,850)
Cash paid to employees for services	(211,019)	-	(338,539)	(331,849)	(881,407)
Net cash provided by operating activities	528,030	224,461	266,500	142,260	1,161,251
Cash flows from noncapital financing activities					
Transfers in	100,000	-	-	-	100,000
Transfers out	(181,621)	(100,000)	-	-	(281,621)
Net cash (used for) noncapital financing activities	(81,621)	(100,000)	-	-	(181,621)
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(294,255)	-	-	(50,002)	(344,257)
Principal paid on general obligation bonds/capital leases	(74,134)	(264,176)	(233,241)	(49,021)	(620,572)
Interest paid on general obligation bonds/capital leases	-	(101,668)	(35,669)	(14,890)	(152,227)
Grants/contributions received for capital assets	10,000	-	-	-	10,000
Net cash (used for) capital and related financing activities	(358,389)	(365,844)	(268,910)	(113,913)	(1,107,056)
Cash flows from investing activities					
Interest on investments	68,682	63,068	9,088	4,758	145,596
Loan repayments	-	52,046	-	-	52,046
Net cash provided by investing activities	68,682	115,114	9,088	4,758	197,642
Net increase (decrease) in cash and cash equivalents	156,702	(126,269)	6,678	33,105	70,216
Cash and cash equivalents, beginning of year	1,111,936	995,261	852,720	461,113	3,421,030
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,268,638</b>	<b>\$ 868,992</b>	<b>\$ 859,398</b>	<b>\$ 494,218</b>	<b>\$ 3,491,246</b>

Schedule of noncash investing, capital and financing activities:

During the year, the Golf Course entered into a capital lease in the amount of \$62,975 to partially finance the acquisition of capital assets.

Continued on next page

**CITY OF BANGOR, MAINE**  
**Combining Statement of Cash Flows - Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**  
**Business-type Activities - Enterprise Funds**

	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Reconciliation of operating income to net cash provided by operating activities					
Operating income	\$ 556,788	\$ 97,302	\$ 274	\$ 46,161	\$ 700,525
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	16,494	158,746	275,112	72,646	522,998
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(55,360)	(9,857)	-	-	(65,217)
(Increase) decrease in prepaid items	(430)	16,449	(1,275)	(425)	14,319
Increase (decrease) in accounts payable	2,610	(38,179)	(7,969)	11,404	(32,134)
Increase (decrease) in other liabilities	7,928	-	358	12,474	20,760
Total adjustments	(28,758)	127,159	266,226	96,099	460,726
<b>Net cash provided by operating activities</b>	<b>\$ 528,030</b>	<b>\$ 224,461</b>	<b>\$ 266,500</b>	<b>\$ 142,260</b>	<b>\$ 1,161,251</b>

Continued from previous page

## **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

**CITY OF BANGOR, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2018**

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>ASSETS</b>				
Cash and cash equivalents:				
School Activity Funds	\$ 136,926	\$ 180,780	\$ 184,903	\$ 132,803
<b>Total assets</b>	<b>136,926</b>	<b>180,780</b>	<b>184,903</b>	<b>132,803</b>
<b>LIABILITIES</b>				
Amounts held for others:				
School Activity Funds	136,926	180,780	184,903	132,803
<b>Total liabilities</b>	<b>\$ 136,926</b>	<b>\$ 180,780</b>	<b>\$ 184,903</b>	<b>\$ 132,803</b>

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



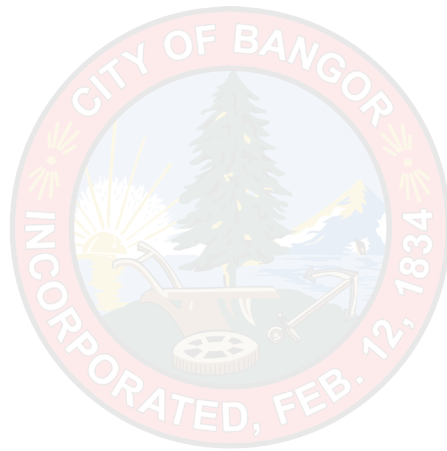
CITY OF BANGOR

**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, 2018**

Function and Activity	Balance 2017*	Additions	Deletions	Balance 2018
General government				
Community Connector	\$ 1,612,116	\$ 1,850,412	\$ 821,460	\$ 2,641,068
Central service	14,913	-	2,421	12,492
City hall	541,342	-	24,446	516,896
Community and economic development	9,061,851	-	466,230	8,595,621
Engineering	1,894	-	1,263	631
Information services	268,670	39,144	46,810	261,004
Motor pool	3,467,097	1,140,043	621,904	3,985,236
Total general government	14,967,883	3,029,599	1,984,534	16,012,948
Public safety				
Fire	5,404,524	1,465,217	1,620,873	5,248,868
Police	8,399,816	-	319,222	8,080,594
Total public safety	13,804,340	1,465,217	1,940,095	13,329,462
Health, community services and recreation				
Parks and recreation	3,296,646	264,128	243,090	3,317,684
Total health, community services and recreation	3,296,646	264,128	243,090	3,317,684
Public services				
Public works	14,326,277	4,296,560	2,733,111	15,889,726
Total public buildings and services	14,326,277	4,296,560	2,733,111	15,889,726
Education	29,748,141	2,153,932	2,050,160	29,851,913
<b>Total governmental fund capital assets</b>	<b>\$ 76,143,287</b>	<b>\$ 11,209,436</b>	<b>\$ 8,950,990</b>	<b>\$ 78,401,733</b>

\* - restated, see Note G

## **OTHER INFORMATION**



CITY OF BANGOR



**CITY OF BANGOR, MAINE**  
**Assessed Valuation, Commitment and Collections**  
**For the Fiscal Year Ended June 30, 2018**

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**VALUATION**

Land and buildings	\$ 2,361,755,500
Land and buildings - Homestead exemption	98,423,700
Personal property	210,138,800
Personal property - BETE exemption	<u>125,109,400</u>
Total valuation	<u><u>\$ 2,795,427,400</u></u>

**COMMITMENT**

Real estate, personal property (excludes Homestead and BETE exemptions)	\$ 2,571,894,300
Tax rate	<u>0.02255</u>
Total commitment	57,996,216

**ADD**

Supplemental taxes committed	<u>17,550</u>
	58,013,766

**LESS**

Collections 2018	56,868,240
Abatements	<u>79,288</u>
2018 taxes receivable at June 30, 2018	<u><u>\$ 1,066,238</u></u>

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**CITY OF BANGOR, MAINE**  
**General Fund Unassigned Fund Balance Sufficiency Calculation**  
**For the Fiscal Year Ended June 30, 2018**

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The City Charter states that the City Council shall target 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, 2018.

General Fund expenditures/uses (Schedule A-2)

General government	\$ 5,415,774
Public safety	18,169,124
Health, community services and recreation	5,067,611
Public services	10,539,710
Other agencies	4,907,267
Education	53,624,920
Other appropriations	6,710,491
Other uses, gross*	<u>869,199</u>
Gross expenditures and uses	105,304,096
Less General Fund debt service	<u>7,704,175</u>
Net expenditures and uses	<u><u>\$ 97,599,921</u></u>
Indicated unassigned fund balance @ 8.33%	\$ 8,130,073
Actual unassigned fund balance (Schedule A-2)	\$ 14,064,283
Actual unassigned fund balance as a percentage of net expenditures and uses	14.41%

\* 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	2018
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	\$ 49,138,743
Restricted	5,033,496	5,054,449	3,966,494	4,745,034	4,494,021	4,045,808	3,547,716	7,831,587
Unrestricted	(3,751,473)	(28,635,920)	(24,261,524)	(29,701,463)	(25,459,136)	(16,048,402)	(15,045,713)	(11,761,575)
Total governmental activities net position	41,458,283	43,672,117	34,245,258	24,718,445	29,064,910	35,789,659	37,869,872	45,208,755
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	146,713,851
Unrestricted	15,549,352	12,823,198	4,879,657	6,860,485	8,428,935	8,766,272	14,668,855	19,378,420
Total business-type activities net position	170,893,880	165,572,907	170,428,441	165,977,305	164,973,905	168,304,065	167,997,119	166,092,271
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	195,852,594
Restricted	5,033,496	5,054,449	3,966,494	4,745,034	4,494,021	4,045,808	3,547,716	7,831,587
Unrestricted	11,797,879	(15,812,722)	(19,381,867)	(22,840,978)	(17,030,201)	(7,282,130)	(376,858)	7,616,845
Total primary government net position	\$ 212,352,163	\$ 209,245,024	\$ 204,673,699	\$ 190,695,750	\$ 194,038,815	\$ 204,093,724	\$ 205,866,991	\$ 211,301,026

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

Table 2

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 6,916,390
Public safety	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	20,802,943
Health, community services and recreation	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	9,705,672
Public services*	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	14,427,613
Other agencies	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	4,943,064
Education	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	55,799,044
Arena development	51,332	39,075	61,334	536,251	2,201,200	500,566	-	136	801,439	62,748
Community development	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	1,090,372
Waterfront	9,252,263	79,911	1,439,065	606,249	381,437	272,857	360,004	331,622	-	1,077,972
Public transportation	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	3,071,020
Economic development (tif)	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	632,185
Interest on debt	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	1,983,492
Total governmental activities expenses	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	120,512,515
Business-type activities:										
Sewer Utility	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	6,861,750
Airport	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	21,827,174
Park Woods	590,250	529,610	496,478	533,671	473,289	497,833	507,210	-	-	-
Stormwater Utility	-	-	-	-	-	149,590	241,082	400,924	509,884	692,174
Parking	1,374,909	1,402,922	1,206,989	995,631	972,327	925,595	978,658	931,676	1,037,558	1,001,359
Bass Park	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	7,571,370
Municipal Golf Course	745,339	733,380	664,311	671,113	687,317	643,323	849,164	613,930	604,127	703,104
Economic Development	712,195	634,764	618,980	615,816	586,140	628,252	698,294	508,234	466,485	394,026
Total business-type activities expenses	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	39,050,957
Total primary government expenses	\$ 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	\$ 159,563,472

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

Continued on next page

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 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	\$ 2,170,614
Public safety	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	3,464,870
Health, community services and recreation	768,450	836,689	928,307	1,048,707	1,139,382	1,164,090	1,118,582	1,193,185	1,266,221	1,452,453
Public services	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	3,666,013
Other agencies	22,068	-	20,248	103,560	-	46,882	-	-	-	19,490
Education	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	5,826,279
Arena development	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	1,770,957
Community development	301,019	332,295	323,494	588,587	474,013	994,546	273,269	313,396	442,445	31,708
Public transportation	944,804	923,433	1,025,080	1,023,717	1,045,793	816,819	857,013	1,048,974	774,195	790,936
Tax increment financing	1,711	-	-	-	-	-	-	-	-	-
Operating grants and contributions	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	35,577,981
Capital grants and contributions	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	3,499,613
Total governmental activities program revenues	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	58,270,914
Business-type activities:										
Charges for services										
Sewer Utility	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	8,715,468
Airport	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	17,073,888
Park Woods	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	1,248,962
Parking	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	967,704
Bass Park	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	3,237,736
Municipal Golf Course	608,930	658,053	643,501	628,869	592,825	575,020	611,132	732,016	644,303	734,578
Economic Development	569,549	507,867	585,785	409,486	462,033	515,339	589,383	674,066	503,905	395,032
Operating grants and contributions	-	-	-	-	-	-	193,061	-	-	-
Capital grants and contributions	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	1,789,607
Total business-type activities program revenues	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	34,162,975
Total primary government program revenues	\$ 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	\$ 92,433,889

Continued on next page

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (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)	\$ (62,241,601)
Business-type activities	(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)	(4,887,982)
Total primary government expense	(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)	(67,129,583)
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Property taxes	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	56,804,294
Payment in lieu of taxes	141,595	117,770	161,879	156,629	95,620	161,438	156,417	193,599	233,683	284,405
Excise taxes	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	6,427,990
Franchise taxes	322,526	348,163	367,672	372,542	362,088	350,014	341,605	336,979	346,303	348,512
Unrestricted grants and contributions	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	5,273,333
Unrestricted investment earnings	874,824	673,295	565,326	530,631	57,620	510,429	413,923	488,936	380,580	674,137
Gain (loss) on sale of asset	-	-	-	-	-	-	-	-	62,180	(6,771)
Miscellaneous	93,967	135,849	92,379	16,698	112,060	1,863	410,991	179,163	-	-
Transfers	(739,179)	761,103	(637,898)	(417,042)	(8,772,781)	(3,170,717)	(2,469,650)	(2,012,149)	(1,675,055)	(1,793,227)
Total governmental activities	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	68,012,673
Business-type activities:										
Property taxes	-	-	-	-	-	750,000	800,000	1,000,000	1,100,000	1,100,000
Unrestricted investment earnings	1,025,098	1,035,753	752,891	543,493	345,932	504,584	462,069	420,951	555,259	521,200
Gain (loss) on sale of asset	-	-	-	-	(260,857)	-	-	452,331	931,275	14,807
Special Item	-	-	-	-	-	-	(484,664)	-	-	-
Transfers	739,179	(761,103)	637,898	417,042	8,772,781	3,170,717	2,469,650	2,012,149	1,675,055	1,793,227
Total business-type activities	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	3,429,234
Total primary government	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	71,441,907
<b>Change in net position</b>										
Governmental activities	(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	5,771,072
Business-type activities	(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)	(1,458,748)
Total primary government	\$ (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	\$ 4,312,324

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Tax Revenues</b>										
Property taxes	\$ 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	\$ 56,804,294
Excise taxes	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	6,427,990
Franchise taxes	322,526	348,163	367,672	372,542	362,088	350,014	341,605	336,979	346,303	348,512
Total tax revenues	\$ 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	\$ 63,580,796



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	2018
<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	\$ 1,900,500
Inventory and prepaid items	963,770	860,187	873,714	853,265	672,248	1,238,139	1,061,973	1,108,525
Restricted								
Education purposes	1,213,508	936,158	186,871	974,012	889,481	1,354,267	745,039	694,202
Municipal purposes	405,119	349,362	288,519	288,857	19,803	19,830	19,883	20,210
Committed - municipal purposes	19,033	373,753	10,583	2,623	110,933	5,406	288,743	118,316
Assigned								
Encumbrances	1,389,501	1,548,268	777,788	31,347	15,987	244,899	72,264	60,268
Municipal purposes	3,115,199	3,240,838	3,415,627	3,386,444	4,626,740	5,509,947	6,367,677	8,064,027
Unassigned	8,017,940	7,563,658	7,727,014	9,598,472	9,995,105	11,315,235	12,171,566	14,064,283
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>	<u>\$ 26,030,331</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	\$ 512,633
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	6,081,420
Nonmajor Permanent Funds	410,337	449,974	466,951	483,284	495,623	506,007	514,652	523,122
Committed								
Nonmajor Special Revenue Funds	6,690,287	-	2,761,541	1,051,134	871,271	587,141	613,291	397,579
Assigned								
Capital Project Fund	826,179	-	4,426,655	4,868,248	4,657,905	7,169,264	2,581,181	5,776,359
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>	<u>\$ 13,291,113</u>

Only eight 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)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Taxes:										
Property taxes	\$ 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	\$ 57,881,205
Excise taxes	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	6,427,990
Total tax revenues	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	64,309,195
Intergovernmental	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	44,112,774
Licenses and permits	644,621	633,339	601,202	948,267	576,559	1,389,717	831,968	755,273	644,795	1,014,170
Charges for services	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	15,433,780
Program income	288,677	329,800	314,203	575,460	462,380	765,142	247,549	284,619	407,403	31,208
Revenue from use of money and property	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	3,446,219
Other	428,220	1,108,213	279,426	561,118	165,686	156,659	516,714	227,243	275,771	332,400
Total revenues	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	128,679,746
<b>Expenditures:</b>										
General government*	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	5,301,228
Public safety	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	18,173,695
Health, community services and recreation	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	5,066,925
Public services	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	10,521,736
Other agencies	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	4,907,267
Education	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	56,111,179
Tax increment financing	215,483	432,033	165,133	524,013	550,308	632,364	724,347	717,260	711,220	745,170
Unclassified	63,115	54,451	118,216	260,685	2,323,972	590,627	74,128	104,422	44,568	15,319
Restricted grants	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	8,540,312
Capital outlay	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	12,518,635
Debt service										
Principal	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	4,384,953
Interest	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	1,872,395
Other charges	6,000	61,952	45,988	-	-	-	-	-	-	66,255
Total expenditures	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	128,225,069
Excess (deficiency) of revenues over (under) expenditures	(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)	454,677
<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	-	6,060,037
Capital leases	-	-	-	-	456,581	-	-	61,152	-	-
Payment to escrow agent	-	-	-	-	(4,233,486)	-	-	-	-	-
Premium on debt issuance	-	-	-	-	748,121	133,552	-	-	-	294,646
Financing proceeds	7,091,928	9,596,640	-	-	-	-	-	-	-	-
Sale of assets	104,620	135,849	117,558	84,507	186,709	187,760	565,717	179,163	144,369	91,550
Transfers to other funds	(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)	(4,363,292)
Transfers from other funds	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	2,570,065
Total other financing sources	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)	4,653,006
Net change in fund balances	\$ 3,278,255	\$ (3,732,910)	\$ (526,486)	\$ (10,196,586)	\$ (28,242,720)	\$ 435,567	\$ 887,900	\$ 5,174,778	\$ (2,288,046)	\$ 5,107,683
Debt service as a percentage of noncapital expenditures	4.00%	11.15%	5.52%	7.97%	19.34%	4.46%	4.97%	5.06%	6.21%	5.14%

\* - 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>
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
2018	\$ 2,361,755,500	210,138,800	2,571,894,300	21.17	\$ 98,423,700	125,109,400	1,099,865,370

\* 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 57.7% for 2018.

<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>
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
2018	8.29	2.75	10.13	21.17	1.38	22.55

Table 8

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

Taxpayer	Business	2018			2009		
		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	47,435,200	2	1.84%	\$ 57,040,200	3	2.24%
Emera Maine	Utility	41,888,100	3	1.63%	-		-
General Electric	Manufacturer	26,506,000	4	1.03%	73,480,400	2	2.89%
Walmart Stores	Retailer	21,618,500	5	0.84%	16,806,500	6	0.66%
QV Realty Trust	Real estate interests	21,069,100	6	0.82%	16,646,200	7	0.65%
Bangor Gas Company LLC	Utility	19,960,100	7	0.78%	-		-
GM Realty of Bangor LLC	Real estate interests	16,943,000	8	0.66%	-		-
Banres, LLC	Hotel	16,685,800	9	0.65%	-		-
HC Bangor LLC	Gaming	16,321,200	10	0.63%			
Bangor Historic Track	Racino	-		-	132,438,500	1	5.20%
Bangor Hydro Electric	Utility	-		-	35,631,500	4	1.40%
Bangor Savings Bank	Commercial bank	-		-	17,739,400	5	0.70%
Home Depot U.S.A. Inc	Retailer	-		-	15,747,200	8	0.62%
Inland Western Parkade	Shopping mall	-		-	15,192,200	9	0.60%
Harvest Sunbury Village	Retirement Living	-		-	14,374,600	10	0.56%
Totals		<u>\$ 303,992,400</u>		<u>11.82%</u>	<u>\$ 395,096,700</u>		<u>15.52%</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			
2009	\$ 47,235,370	275,489	46,959,881	45,688,356	97.29%	\$ 1,225,839	46,914,195	99.90%
2010	\$ 48,719,847	588,817	48,131,030	46,205,428	96.00%	\$ 1,876,512	48,081,940	99.90%
2011	\$ 48,362,646	168,932	48,193,714	46,857,606	97.23%	\$ 1,243,906	48,101,512	99.81%
2012	\$ 48,529,834	175,844	48,353,990	47,025,587	97.25%	\$ 1,246,903	48,272,490	99.83%
2013	\$ 49,713,855	134,598	49,579,257	48,276,445	97.37%	\$ 1,216,620	49,493,065	99.83%
2014	\$ 53,077,993	43,339	53,034,654	51,692,178	97.47%	\$ 1,236,401	52,928,579	99.80%
2015	\$ 55,903,061	282,782	55,620,279	53,708,753	96.56%	\$ 1,793,791	55,502,544	99.79%
2016	\$ 57,090,091	445,799	56,644,292	55,557,652	98.08%	\$ 931,547	56,489,199	99.73%
2017	\$ 57,781,717	116,643	57,665,074	56,513,791	98.00%	\$ 756,592	57,270,383	99.32%
2018	\$ 58,013,766	79,288	57,934,478	56,868,240	98.16%	\$ -	56,868,240	98.16%

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*
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%
2018	\$ 55,917,971	24,306	77,867,785	61,903	133,871,965	4,196.22	5.21%	11.05%

\* 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
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
2018	31,903	\$ 2,571,894,300	133,785,756	5.20%	4,193.52

\* Source: U.S. Census Bureau.



**CITY OF BANGOR, MAINE**  
**Computation of Direct and Overlapping Debt**  
**June 30, 2018**

	<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	\$ 55,917,971	100.00%	\$ 55,917,971
Capital Leases	24,306	100.00%	24,306
Total Debt	<u>\$ 55,942,277</u>		<u>\$ 55,942,277</u>

\* - For year end June 30, 2018 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>
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%
2018	\$ 386,265,000	130,885,863	255,379,137	33.88%

**Legal Debt Margin Calculation for Fiscal Year 2018**

Total State Valuation	\$ 2,575,100,000
Debt Limitation: 15 % of State Valuation	386,265,000
Debt Applicable to Debt Limitation:	
General Obligation Bonds:	
Municipal	103,491,511
School	13,558,196
Sewer	13,836,156
Total debt applicable to limit	<u>130,885,863</u>
Legal Debt margin	<u><u>\$ 255,379,137</u></u>

Table 14

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

<b>Fiscal Year</b>	<b>Population *</b>	<b>Median Household Income*</b>	<b>Per Capita Income*</b>	<b>Median Age*</b>	<b>Public School Enrollment**</b>	<b>Unemployment Rate ***</b>
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%
2018	31,903	37,987	25,318	35.7	3,715	3.40%

\* 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**

2018*				2009 <sup>1</sup>			
Employees	Employer	Location	Percentage of Total Employment <sup>2</sup>	Employees	Employer	Location	Percentage of Total Employment <sup>2</sup>
4001-4500	Eastern Maine Medical Center	Bangor	6.21%	1000-2999	Bangor Mall	Bangor	3.08%
1001-1500	Hannaford Bros Co	Throughout	1.83%	1000-2999	Cianbro Corporation	Throughout	3.08%
1001-1500	St. Joseph Hospital Inc	Bangor	1.83%	1000-2999	City of Bangor	Bangor	1.54%
501-1000	Acadia Hospital	Bangor	1.10%	1000-2999	Eastern Maine Medical Center	Bangor	3.08%
501-1000	Bangor Savings Bank	Bangor	1.10%	1000-2999	Hannaford Supermarkets	Throughout	1.93%
501-1000	City of Bangor	Bangor	1.44%	1000-2999	Walmart	Throughout	1.54%
501-1000	EMHS	Throughout	1.10%	501-1000	Acadia Hospital	Bangor	1.16%
501-1000	Husson University	Bangor	1.10%	501-1000	Bangor Savings Bank	Bangor	1.16%
501-1000	Penobscot Community Health Care	Throughout	1.10%	501-1000	L.L. Bean	Bangor	1.16%
501-1000	Walmart	Throughout	1.10%	501-1000	St. Joseph Hospital	Bangor	1.16%
			17.89%				15.80%

\* 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.

<sup>2</sup> Exact employee numbers are not available, percentage of total employment is based on median of employee range unless other information is available.

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

<b>Function</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>	<b>2018</b>
General government	100	100	100	99	97	92	103	104	107	103
Public safety										
Police	93	97	97	96	96	96	93	91	94	95
Fire	91	95	95	95	95	91	87	90	89	88
Health, community services and recreation	49	49	47	49	48	46	41	34	36	47
Public building and services	82	82	81	78	78	76	63	62	61	71
Education	618	621	610	580	580	568	578	570	580	590
Sewer utility	21	21	21	24	24	24	24	27	27	26
Airport	90	86	87	88	93	77	85	106	107	109
Park woods	2	2	2	2	2	1	-	-	-	-
Parking	3	3	3	3	3	3	3	2	2	3
Bass park	8	8	7	6	5	-	-	-	-	-
Municipal golf course	8	8	8	8	8	8	8	8	8	8
<b>Totals</b>	<b>1,165</b>	<b>1,172</b>	<b>1,158</b>	<b>1,128</b>	<b>1,129</b>	<b>1,082</b>	<b>1,085</b>	<b>1,094</b>	<b>1,111</b>	<b>1,140</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**

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Code enforcement										
Building permits	501	427	518	405	453	433	454	517	571	676
Certificates of occupancy	440	341	448	350	361	395	452	630	609	729
Sign permits	103	90	96	70	69	82	83	86	89	90
Electrical**	-	-	-	-	-	-	-	607	739	770
Police										
Calls for service	34,329	32,351	30,167	31,640	33,740	36,153	36,967	38,347	38,505	35,768
Fire										
Calls for service	7,990	7,357	8,000	9,020	9,044	9,031	9,292	10,048	10,110	9,832
Sewer										
Treated flow (billions of gallons)	3.89	3.55	2.81	3.10	2.68	2.69	3.20	2.57	2.44	2.76
Biosolids (tons)	7,609	7,572	6,518	6,789	5,832	6,309	5,821	6,230	6,101	5,569

\* Source - City of Bangor Departmental records.

\*\* 2015 was the first year Electrical Permits started being tracked.

Table 18

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

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	50	54	54	50	48	43	50	57	57	60
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	27	25	25	26	26	26	26	24	25	22
Public works										
Streets (miles)	429	429	429	431	431	431	431	432	432	432
Sidewalks (miles)	99.6	99.6	101.4	101.4	101.4	101.4	101.4	101.4	101.4	101.9
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	47	49	49	49	49	49

\* Source - City of Bangor Departmental records.