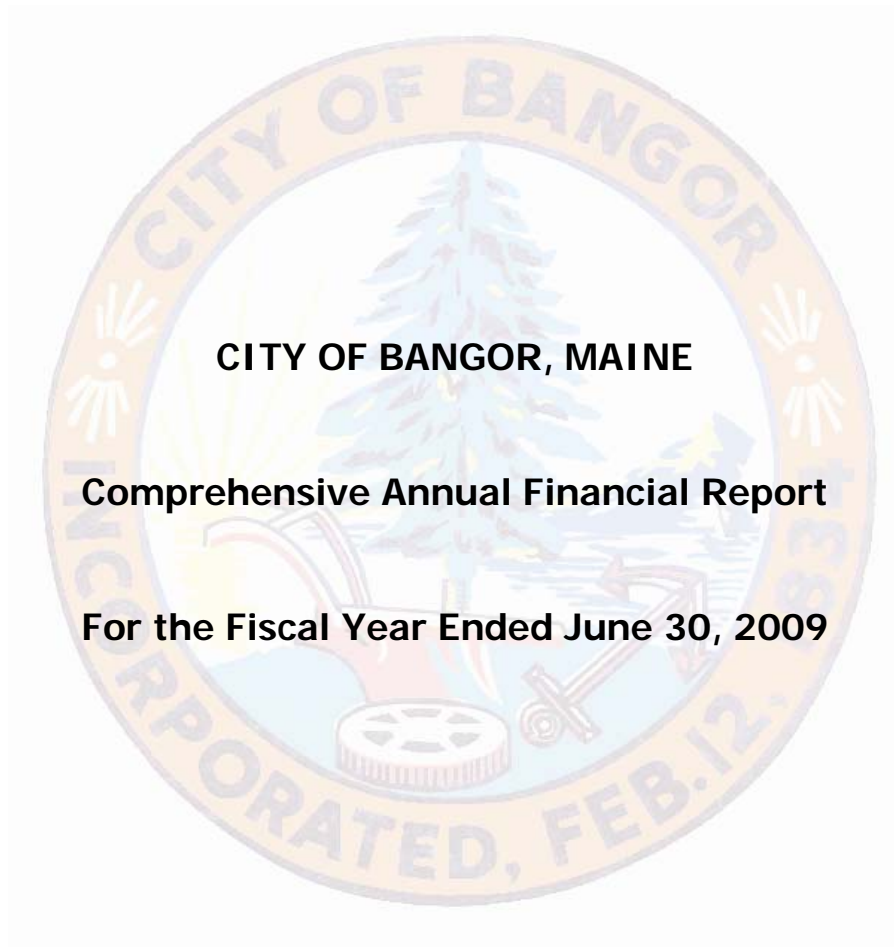




*City of  
Bangor, Maine  
Comprehensive Annual  
Financial Report  
for  
Fiscal Year  
June 30, 2009*



**CITY OF BANGOR, MAINE**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2009**

Prepared by:

Debbie Cyr, Finance Director

David Little, Tax Collector/Deputy Treasurer

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**Comprehensive Annual Financial Report**  
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# **INTRODUCTORY SECTION**

December 21, 2009

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

In accordance with the requirements of both our City Charter and state statutes, the City of Bangor's comprehensive annual financial report for the fiscal year ended June 30, 2009 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Bangor. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the City of Bangor on a government wide and fund basis.

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

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



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

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

### **Profile of the Government**

The City of Bangor is situated in eastern Maine, is the Penobscot County seat, and is the third most populous of Maine's 22 cities. The City occupies approximately 35 square miles on the western shore of the Penobscot River. Bangor was first settled in 1656, incorporated as a town on February 25, 1791 and as a city on February 12, 1834. Bangor has become a major trade, distribution, service, and commercial center for the central, eastern, and northern portions of the State.

The City operates under a Charter adopted in 1931 that provides for a Council-Manager form of government. The City Council is composed of nine members who are elected at large for three-year staggered terms. The Charter grants to the Council all powers to enact, amend, or repeal rules, ordinances, and resolutions relating to the City's property, affairs, and government; to preserve the public peace, health, and safety; to establish personnel policies; to give effect to any vote of the City; and to authorize the issuance of debt. The Council adopts an annual budget and provides for an annual audit. The City Manager is the chief administrative officer of the City and is appointed by the Council, as are the Assessor, Solicitor, and Clerk. After twenty one years, the current City Manager will be leaving his position this month. The City Council has begun the process of actively recruiting a replacement and has made arrangements for an interim City Manager until such time as a replacement comes on board.

The City's schools are governed by a seven-member School Committee. Its members are elected at large to staggered three-year terms. By Charter, the School Committee has all the powers and performs all the duties related to the care and management of the public schools of the City. The Committee annually furnishes to the City Council an estimate of sums required for school purposes for the ensuing municipal year. The City Council makes a single gross appropriation for this

purpose. Under a recent change in state law, the Council approved school appropriation must be ratified by the voters of Bangor at a referendum held in June prior to the start of the City's fiscal year. Once approved, the expenditure of this appropriation is under the direction and control of the School Committee. The School Committee employs the Superintendent of Schools as its chief operating officer.

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

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

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

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

## **Factors Affecting Financial Condition**

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

Bangor has a stable and varied economic base. Major employers include a diversified mix of health care, educational, professional, retail, manufacturing, and governmental entities. Bangor's 2008 unemployment rate of 5.2% continues to be on par with both country and state rates of 5.6%, 5.4%, respectively.

Bangor is the second largest retail market in Maine after Portland. The Bangor Mall, Airport Mall, Broadway commercial center, Union Street commercial corridor, and the Bangor Center Development District (downtown) have long established Bangor as the hub of the six-county eastern Maine retail market. Bangor's retail sector serves an extensive geographic area ranging from eastern Maine to the Canadian Maritimes with a population exceeding 3.1 million. With less than three percent of the State's population, Bangor's share of the State's retail sales is proportionally higher. In 2008, Bangor's share of the State's retail sales was 7%, and its share of County sales was 57%.

Further evidence of continuing sustained growth is the change in the City's assessed value of real and personal property. The annual increase in assessed value is a combination of three factors: 1) market adjustments to existing property, 2) new construction/additions, and 3) personal property depreciation. Over the last ten years, the average annual increase in assessed value is 6.3%. Tax base growth, the City's focus on controlling budgetary growth, and ramped up state funding for education resulted in a 20% reduction in the City's tax rate from 2000 to 2009.

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

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

Progress continues in the redevelopment of almost a mile of prime Penobscot River frontage extending from the City's downtown area to the Bass Park Complex. A majority of the required infrastructure has been installed, for which the City has been successful in obtaining partial funding from both State and Federal agencies. In addition, after many years of investigation and negotiations with several federal agencies, the City is nearing completion of the remediation of a coal tar deposit within the river as well.

Under a development agreement with Bangor Historic Track, a wholly owned subsidiary of Penn National Gaming, the City receives a percentage of gross slot revenue as well as land lease payments and property taxes on the new development associated with Maine's only gaming facility. In October 2005, the City established a special revenue fund to account for its share of gross slot revenue. In addition, the Council Order establishing this fund specifies that its primary use will be to construct a new arena in Bangor to replace the Bangor Auditorium which opened in Bass Park in 1954. In the coming year, the City Council will be reviewing a recently completed Market Sizing and Feasibility Study related to the construction of a new arena and meeting space.

Over the years, the City has invested significant resources and effort in improving our local environment and protecting our natural resources. Over the past year, the major emphasis has been on storm water management issues. Storm water quality requirements and related regulations affect various water bodies within our corporate limits and a number of watershed management plans are in various stages of development and implementation throughout the City. The City has taken a proactive approach to addressing storm water issues. We believe it was this approach that led to the City's success in obtaining the maximum award of \$3,000,000 from the Clean Water State Revolving Loan Fund capitalized via the American Recovery and Reinvestment Act of 2009.

In order to achieve significant long term energy savings as well as to provide environmental, occupant comfort, and indoor air quality improvements, the City has implemented a number of projects as a result of an energy audit of all its facilities. The majority of projects undertaken are guaranteed by our energy services contractor to generate adequate annual savings to fund the annual payments required to finance these improvements. Results of the first year's energy audit should be available in January 2010. In addition to improving its current facilities, the City has adopted a policy that will require all new construction and major renovations to City owned or funded buildings to meet Leadership in Energy and Environmental Design (LEED) certification. The cover page depicts the newly constructed Fire Station 6, which achieved a gold certification and represents the City's first LEED certified project.

**Relevant Financial Policies.** City policy prescribes uses for undesignated fund balances. In general, undesignated 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 designated fund balances, to respond to unforeseen emergencies, and to provide overall financial stability. During the year, \$200,000 was appropriated to fund further environmental assessments of the Penobscot River as well as associated legal costs, in compliance with the aforementioned policy.

By Charter, the City is required to maintain a balance between 5% and 10%, and the Council has determined that a reasonable target is 7.5%. Unreserved, undesignated fund balance in the general fund as of June 30, 2009 was 10.36% of expenditures, net of debt service.


**Awards and Acknowledgements.** The Government Finance Officers Association of the United States and Canada (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, 2008 for the thirteenth consecutive year. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Debbie Cyr  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bangor  
Maine

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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



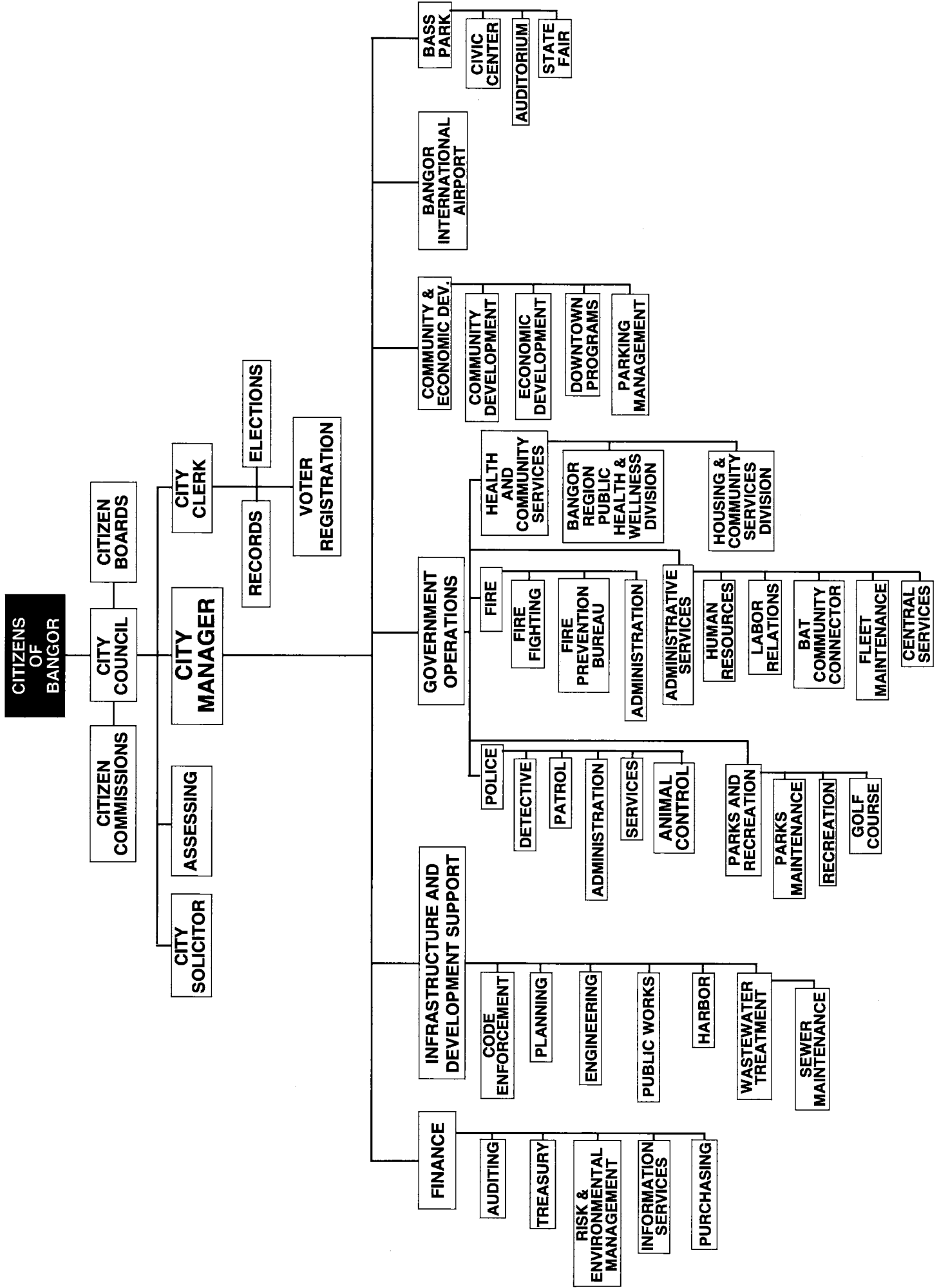
A handwritten signature in black ink, appearing to read "M. L. R.", is written above the title.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emery", is written above the title.

Executive Director

CITY OF BANGOR ORGANIZATIONAL CHART Revised (06-08)



**City of Bangor, Maine  
Elected Officials and Principal Administrative Officers  
June 30, 2009**

**City Council**

Gerry G.M. Palmer, Mayor

Patricia A. Blanchette  
Peter R. D'Errico  
Susan M. Hawes  
Richard I. Stone

Richard B. Bronson  
Geoffrey M. Gratwick  
David Nealley  
Harold A. Wheeler

**City Staff**

Edward A. Barrett, City Manager  
Benjamin F. Birch, City Assessor  
Patti Dubois, City Clerk  
Norman Heitmann, City Solicitor

**School Committee**

Phyllis S. Guerette, Chair

Mary Budd  
Nichi S. Farnham  
Phyllis M. Shubert

Warren J. Caruso  
Martha G. Newman  
Christine H. Szal, Vice Chair

**School Staff**

Betsy Webb, Superintendent of Schools





**FINANCIAL SECTION**



## Independent Auditor's Report

City Council  
City of Bangor, Maine

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bangor, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.


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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2009, on our consideration of the City of Bangor, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis and the schedule of funding progress for Other Postemployment Benefits, as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

A handwritten signature in black ink, reading "Ryan Keston Ouellette". The signature is written in a cursive style with a large initial 'R' and 'O'.

December 18, 2009  
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, 2009. In addition to comparative information from the government-wide statements, comparative data is presented on key information from the fund financial statements. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in our letter of transmittal, which can be found on pages I-1 to I-6 of this report.

### Financial Highlights

- The assets of the City of Bangor exceeded its liabilities at the close of the most recent fiscal year by \$203.7 million (net assets).
- As of the close of the current fiscal year, the City of Bangor's governmental funds reported combined ending fund balances that increased \$3.3 million from the prior year to \$31.5 million. Approximately 69% of the total amount, or \$21.9 million, is available for spending at the City's discretion (unreserved fund balance).
- The City of Bangor has a fund balance policy. The City strives to maintain a general fund unreserved/undesignated fund balance of 5% to 10% of current expenditures less debt service. At the end of the current fiscal year, unreserved undesignated fund balance for the General Fund was \$8.7 million, or 10.36% of the general fund expenditure base. The annual calculation is included within the financial statements as Schedule F-2.
- The total liabilities of the City's governmental and enterprise funds decreased by \$300 thousand (1.8%) and \$4.5 million (9.2%), respectively. The governmental fund liabilities are virtually unchanged, and the decrease in enterprise fund liabilities is primarily due to principal payments of \$ 4.1 million and a decrease of \$280 thousand in accounts payable. Accounts payable can vary drastically from year to year depending upon the timing of invoices received and/or the projects being undertaken.

### Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused employee vacation leaves).

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

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

The government-wide financial statements can be found on pages II-16 to II-17 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 essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate a comparison between governmental funds and governmental activities.

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

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

- Proprietary funds are used to account for essentially the same functions reported as business-type activities in the government-wide financial statements. Enterprise funds are

the only type of proprietary funds maintained by the City. The proprietary fund statements provide the same type of information as the government-wide statements, only in more detail.

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

The City of Bangor adopts annual budgets for all of its proprietary funds. Budgetary comparison statements have been provided for each proprietary fund to demonstrate compliance with budgets (Schedule C4 – C10).

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages II-28 through II-53 of this report.

## Government-Wide Financial Analysis

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Current & other assets	44,579,763	41,292,025	25,301,307	28,555,418	69,881,070	69,847,443
Capital assets, net	<u>74,639,311</u>	<u>73,014,076</u>	<u>187,398,066</u>	<u>188,398,188</u>	<u>262,037,377</u>	<u>261,412,444</u>
Total assets	119,219,074	114,306,101	212,699,373	216,953,953	331,918,447	331,259,887
Long-term debt outstanding	74,974,212	60,626,396	39,606,183	43,327,315	114,580,395	103,953,711
Other liabilities	<u>11,619,566</u>	<u>11,859,022</u>	<u>2,045,124</u>	<u>2,339,582</u>	<u>13,664,690</u>	<u>14,198,604</u>
Total liabilities	86,593,778	72,485,418	41,651,307	45,666,897	128,245,085	118,152,315
Net assets:						
Invested in:						
Capital assets, net of related debt	53,356,885	49,447,154	156,120,884	154,066,934	209,477,769	203,514,088
Restricted	6,198,372	7,528,782	-	-	6,198,372	7,528,782
Unrestricted	<u>(26,929,961)</u>	<u>(15,155,253)</u>	<u>14,927,182</u>	<u>17,219,955</u>	<u>(12,002,779)</u>	<u>2,064,702</u>
Total net assets	32,625,296	41,820,683	171,048,066	171,286,889	203,673,362	213,107,572

By far the largest portion of the City's net assets (in excess of 100% or \$209.5 million) reflects its investment in capital assets (i.e. land, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to satisfy these liabilities. Restricted net assets are those resources that are subject to external restrictions on how they may be used. While the remaining balance of unrestricted net assets has a total deficit of approximately \$12 million, the governmental activity portion is significantly higher with a deficit of \$26.9 million. This is primarily due to \$26.4 million in outstanding pension obligation bonds as well as the implementation of new Governmental Accounting Standards Board (GASB) pronouncements. This year, the City implemented GASB 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB) and GASB 49, Accounting and Finance Reporting for Pollution Remediation Obligations. Both GASB statements had a significant impact on both the governmental and business-type activities. In the end, the City is able to report positive balances in the remaining two categories of net assets for the government as a whole, while business-type activities net assets continue to remain positive in all categories.

Governmental-type net assets decreased by \$9.2 million. Within the governmental-type funds and as required by GASB 49, the accrual of \$7.6 million reflects the estimated remediation cost to remove a significant coal tar deposit from the Penobscot River, \$800 thousand is related to the City's OPEB liability recorded in accordance with GASB 45, and \$6.3 million is related to the lease/purchase financing of School department energy conservation measures. These reductions are partially offset by the increase in investment of capital assets in the amount of \$4.0 million. The remaining increase is related to actual revenues outpacing estimates, specifically in the areas of, emergency medical services and arena fund revenues.

Business-type net assets decreased by \$200 thousand during the year. Business-type operational results remained relatively unchanged from the prior year. The primary change in net assets is related to a reduction in capital grants and contributions from Airport operations.

## Changes in Net Assets

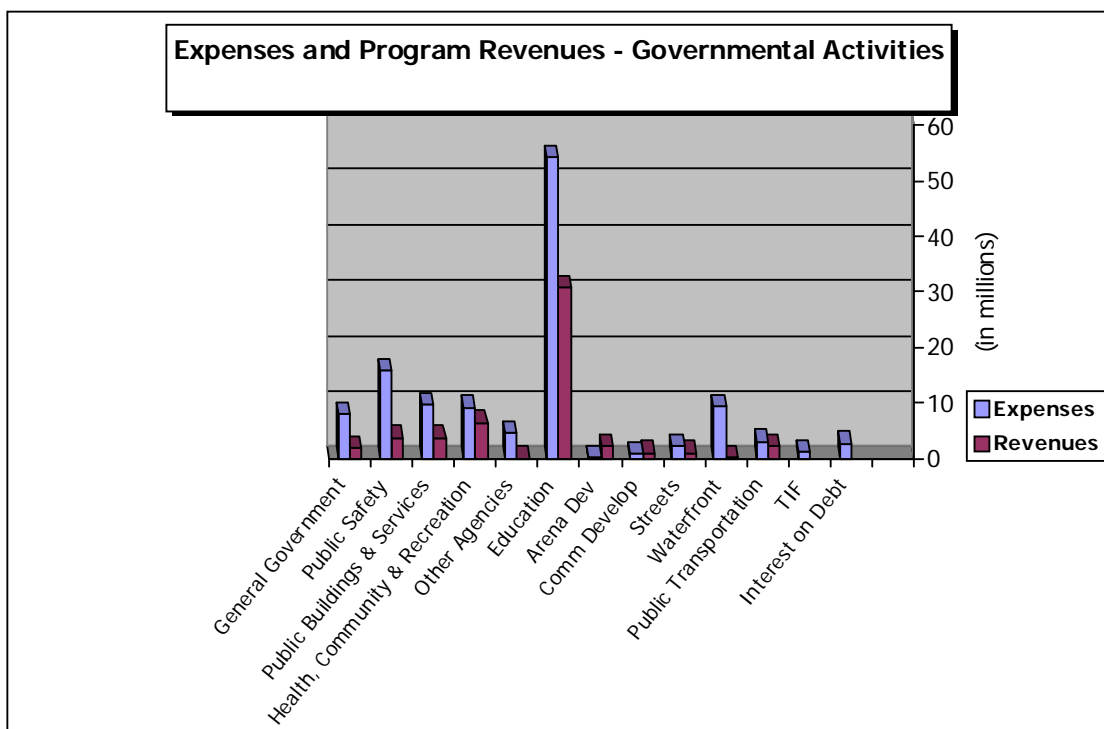
The following is a condensed version of the Statement of Activities.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Revenues</b>						
Program Revenues						
Charges for services	17,318,044	16,979,412	25,289,470	25,068,331	42,607,514	42,047,743
Operating grants & contributions	34,155,649	41,370,518	-	-	34,155,649	41,370,518
Capital grants & contributions	2,068,478	2,119,150	4,113,557	3,426,732	6,182,035	5,545,882
General Revenues						
Property and other taxes	52,193,918	48,840,536	-	-	52,193,918	48,840,536
Grants and contributions not Restricted to specific programs	5,260,439	5,520,774	-	-	5,260,439	5,520,774
Other	968,791	1,436,378	1,025,098	1,326,787	968,791	2,763,165
Total Revenues	111,965,319	116,266,768	30,428,125	29,821,850	142,393,444	146,088,618
<b>Expenses</b>						
General government	7,868,247	8,744,549	-	-	7,868,247	8,744,549
Public safety	15,671,645	14,945,855	-	-	15,671,645	14,945,855
Health, community and recreation	9,168,870	8,413,205	-	-	9,168,870	8,413,205
Public buildings and services	9,671,469	9,142,251	-	-	9,671,469	9,142,251
Other agencies	4,580,661	4,829,547	-	-	4,580,661	4,829,547
Education	54,294,824	47,537,197	-	-	54,294,824	47,537,197
Arena Development	51,332	41,091	-	-	51,332	41,091
Community development	912,992	2,156,241	-	-	912,992	2,156,241
Streets/sidewalks	2,141,079	1,359,002	-	-	2,141,079	1,359,002
Waterfront	9,252,263	1,754,281	-	-	9,252,263	1,754,281
Public transportation	3,042,434	2,118,374	-	-	3,042,434	2,118,374
Interest on debt	2,651,599	3,206,764	-	-	2,651,599	3,206,764
Tax increment financing	1,114,112	1,066,192	-	-	1,114,112	1,066,192
Sewer Utility	-	-	6,197,277	6,052,419	6,197,277	6,052,419
Airport	-	-	19,934,243	19,641,953	19,934,243	19,641,953
Park Woods	-	-	590,250	678,867	590,250	678,867
Parking	-	-	1,374,909	1,438,125	1,374,909	1,438,125
Bass Park	-	-	1,851,914	1,993,205	1,851,914	1,993,205
Municipal Golf Course	-	-	745,339	695,969	745,339	695,969
Economic Development	-	-	712,195	695,851	712,195	695,851
Total Expenses	120,421,527	105,314,549	31,406,127	31,196,389	151,827,654	136,510,938
Excess (deficiency) before transfers	(8,456,208)	10,952,219	(978,002)	(1,374,539)	(9,434,210)	9,577,680
Transfers	(739,179)	(539,088)	739,179	539,088	-	-
<b>Change in net assets</b>	<b>(9,195,387)</b>	<b>10,413,164</b>	<b>(238,823)</b>	<b>(835,451)</b>	<b>(9,434,210)</b>	<b>9,577,680</b>



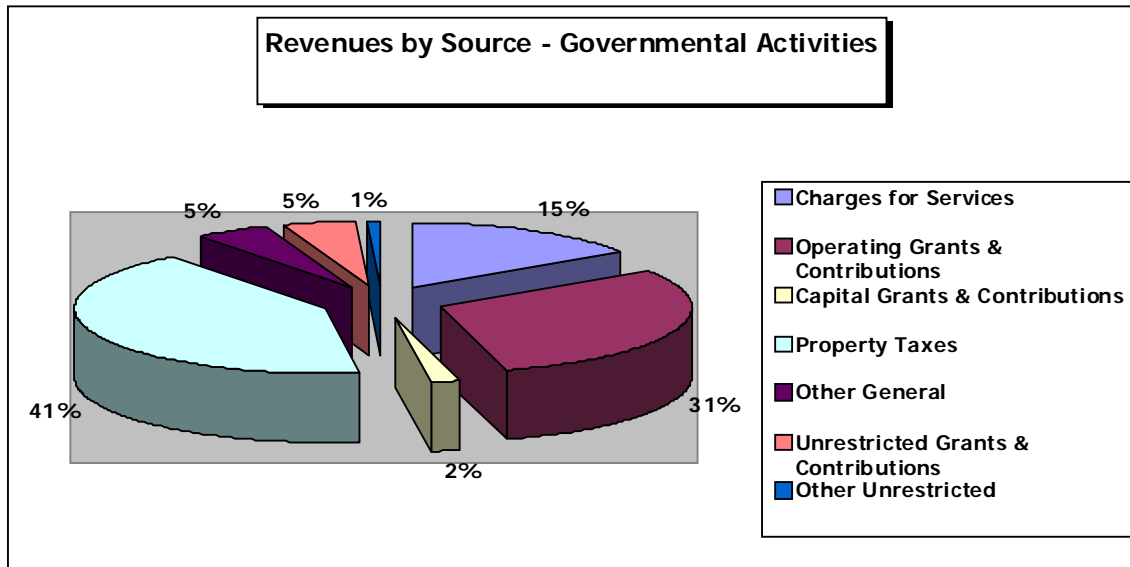
## Governmental Activities

The cost of all governmental activities was \$120.4 million. As shown on the Statement of Activities, the total amount financed by the City's property taxpayers was \$47.0 million, or 41.0%. Those who directly benefit from an activity provided \$17.3 million in payments. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$34.2 million. Capital grants and contributions accounted for \$2.1 million. The City also received \$11.4 million in other general revenues such as State Revenue Sharing, motor vehicle and boat excise taxes, homestead exemptions, and interest earnings.



Total governmental activities expenses increased \$15.1 million over the prior year. No additional programs were sponsored by the City in the current year, nor were any eliminated. The majority of increased costs are related to school department energy conservation measures (\$7.1 million), the recognition of a pollution remediation obligation liability (\$7.6 million) related to a coal tar deposit in the Penobscot River, and increased street and sidewalk construction (\$782 thousand). It should be noted that the increase in Public Transportation is related to a change in how vehicle operation and maintenance costs are reported. In addition to the increases noted above, the City realized reduction of expenses in certain areas. During FY 2008, fuel costs escalated dramatically and unpredictably; in FY2009, costs returned to a more measured and stable level resulting in a 24% (\$292 thousand) reduction in cost. Also, the change in the City's contribution rate for employee health insurance has resulted in an overall reduction in health insurance costs during the year of 4.2% (\$117 thousand). It appears that employees are either changing to a lower cost plan or obtaining coverage through a spouse. Lastly, the reduction in Community development expenditures was driven by the credit environment. Community development has a portfolio of mortgage loans for low to moderate income households. During 2008 and as homeowners took advantage of historically low

interest rates, loans were repaid creating a significant increase in program income. Repayments must be reprogrammed to fund other community development functions. The majority of refinancing took place prior to the current year, so expenses will decline as program income does.

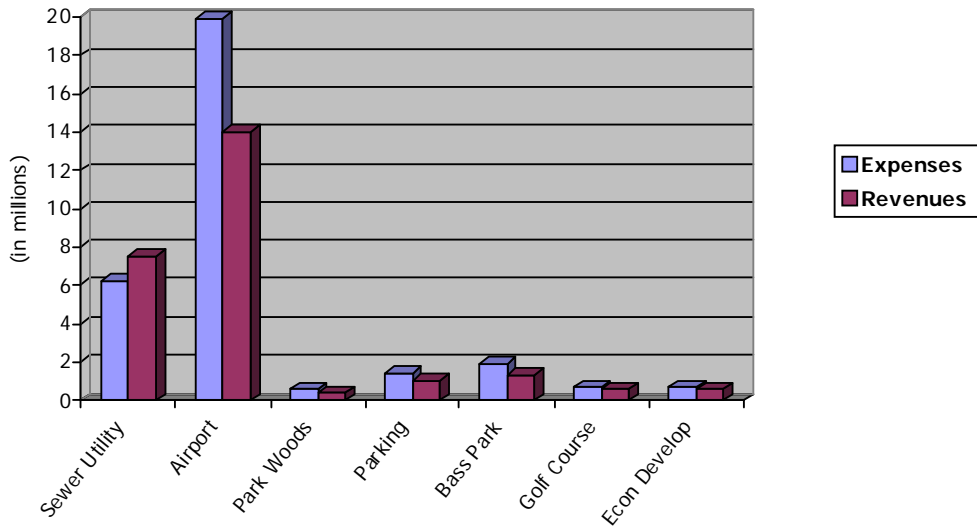


While total governmental activities revenues decreased \$4.3 million, or 3.7%, if the effects of the \$7.6 million one-time settlement related to coal tar remediation in the Penobscot River is removed from the prior year, recurring revenues actually increased by \$3.3 million. The largest single source of revenue continues to be the property tax, which increased slightly to 41% of total revenues for 2009 compared to 37% for 2008. The City continues to benefit from the State's Essential Services and Programs funding model for education, realizing a \$900 thousand increase in State Aid to Education. The City experienced a \$400 thousand increase in emergency medical services revenue, while revenue from other provided services remained stable. Earnings on investments declined by \$400 thousand due to the abnormally low yields in the financial markets; revenue sharing decreased by \$400 thousand as a result of lower State sales and income tax collections; and property tax revenue increased \$3.2 million. Of the 2009 increase in tax revenues, nearly \$2.5 million is attributable to new value as defined by LD 1, which translates into \$131 million of new development/improvements within the City during the prior fiscal year.

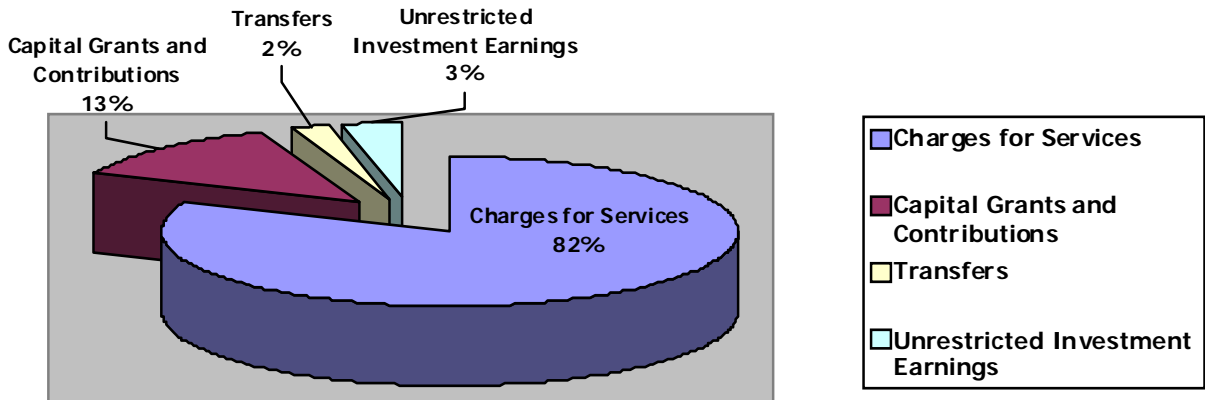
### Business-type Activities

Total business-type activities expenses were relatively unchanged compared to prior year levels, with an increase .7%, or \$200 thousand. The Airport continues to see increased numbers of international flights requiring services. Most of these flights are directly related to military troop movements. The additional costs associated with servicing this market are recovered through additional revenue from charges for services. Business-type activities experienced the same decreases as noted above in the governmental activities such as: reduced costs associated with health insurance and fuel costs.

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



### Revenues by Source - Business-type Activities



In total, business-type activities revenue increased slightly, or 2% (\$600 thousand), which is wholly attributable to an increase in capital grants and contributions. The increase in capital grants and contributions is tied to the Airport operations and is indicative of the cyclical nature of Airport Improvement Plan grant funding.

## **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 expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the net resources available for spending at the end of the fiscal year.

At fiscal year end, the City of Bangor's governmental funds reported combined ending fund balances of \$31.5 million, an increase of \$3.3 million from the prior year balance of \$28.2 million, the majority of which, or \$2.0 million, is an increase in reserved fund balances related to gaming revenues receipted into the Arena Fund. Approximately 70% of this total (\$21.9 million) constitutes unreserved fund balance that is available for spending at the City's discretion. The remainder is reserved, indicating that it is not available for new spending because it has already been committed for various purposes including liquidating prior period contracts and purchase orders (\$2.2 million), reserving for potential non-repayment of interfund balances (\$1.7 million), restricted unexpended escrow funds received to fund coal tar remediation in the Penobscot River (\$5.1 million), or set aside for a variety of other restricted purposes (\$680 thousand).

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 total unreserved fund balance of the general fund was \$12.9 million (\$4.2 million of which has been designated by management for subsequent years' expenditures). The general fund's total fund balance was \$15.5 million, an increase from the prior year's balance of \$14.2 million. Designated fund balances increased \$600 thousand, the majority of which is due to an increase in School Department balances carried. The City's undesignated fund balance increased \$700 thousand due to increased revenue collections in the areas of State Revenue sharing and excise tax. In addition, actual fuel costs were significantly lower than anticipated.

The Arena Fund continues to outperform the City's initial projections by approximately 10% per year. As stated previously, these funds have been set aside by the City Council to finance the replacement of the current Bangor Auditorium. In early 2010, the City Council will be reviewing the recently completed Market Feasibility and Facility Sizing report to consider at what point the City will be in the position to move forward with the replacement.

The Capital projects fund varies significantly from year to year depending upon City Council priorities and available funding opportunities. Total expenditures increased \$8.5 million over the prior year. Of that increase, \$6.0 million is related to one-time expenditures for energy conservations measures undertaken within the school and municipal buildings. In addition, as the per ton cost of asphalt subsided later in the year, the City moved forward with a number of street and sidewalk projects it had placed on hold. The cost of asphalt is directly impacted by crude oil prices. As oil prices escalated to never before seen heights, the City deferred certain street and sidewalks projects until spring 2009 when prices subsided.

**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 unrestricted net assets of the seven enterprise funds decreased \$200 thousand to a total of \$171.3 million, including net asset deficits of \$1.7 million in the Bass Park Fund and \$400 thousand in the Parking Fund. Without exception, the net assets of all other enterprise funds were relatively stable.

## **General Fund Budgetary Highlights**

For budgetary financial statement purposes, all balances carried from the prior year are added to the subsequent year's total appropriation. This resulted in an overall budgetary increase of \$2.8 million. There were minimal additional amendments to the originally adopted budget. The City's commitment to budgetary integrity continues, with actual revenues exceeding budgeted amounts by 1.5%, or \$1.3 million, while municipal expenditures were under budget by 4.4%, or \$4.1 million. The majority of under expenditure is related to education, and, by statute, education balances must be segregated from municipal balances. The remaining expenditure variance is directly related to lower actual fuel costs than originally anticipated.

## **Capital Asset and Debt Administration**

**Capital assets.** As of June 30, 2009, the City of Bangor's investment in capital assets for its governmental and business-type activities amounted to \$262 million (net of accumulated depreciation), an increase of \$600 thousand over the prior year. This investment includes land, buildings, machinery and equipment, roads, runways, and sewer lines. The total increase in the City's investment in capital assets for the current fiscal year was minimal when netted against current year depreciation expense. Governmental activities investment increased \$5.3 million, and business-type activities invested \$8.6 million.

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

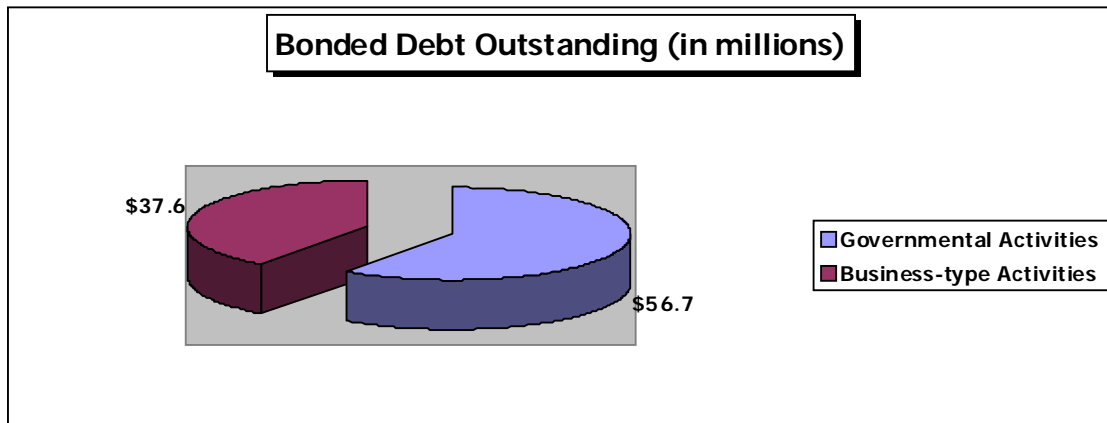
- The City replaced its outdated and ill equipped Fire Station #6 at a cost of \$2.4 million. This project represents the City's first design/build project as well as the first project undertaken to comply with LEED requirements. In the end, this project attained a Gold level LEED certification.
- Based on the availability of Federal, State, and local funding (provided via the Downtown Development District TIF), the City invested an additional \$1.2 million on our waterfront. The project includes additional utilities, park and open space, as well as surface parking.
- Grant opportunities allowed the City to upgrade its Fire suppression vehicle inventory in the amount of \$800 thousand.
- The Airport Fund invested \$8.6 million in operational assets at Bangor International Airport including terminal renovations, building improvements, on-site parking facilities, and upgrading and improving runways and aprons.

## Capital Assets (net of depreciation)

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Land and improvements	9,562,297	4,522,090
Buildings and improvements	42,594,097	15,144,525
Machinery and equipment	3,696,595	1,728,287
Vehicles	6,392,913	-
Infrastructure	11,065,539	47,720,844
Parking structures	-	2,436,798
Aircraft operational assets	-	107,060,101
Construction in process	1,327,870	8,785,421
Total	74,639,311	187,398,066

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 \$94.3 million, a decrease of \$4.4 million during the year.

The City's general obligation debt maintained a "AA-" rating from Standard & Poor's and a "Aa3" 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 \$356.7 million, an amount which is significantly in excess of existing general obligation debt.

Additional information on the City's long-term debt can be found in Note I on pages II-41 to II-44 of this report.

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

Through existing entitlement programs and competitive award processes, the City was awarded \$8.3 million in ARRA funding. Major areas of funding are as follows;

- Through a competitive grant application process, the City was successful in obtaining the maximum award of \$3 million from the Environmental Protection Agency Clean Water State Revolving Loan Fund. The funds will be used for a variety of non point source stormwater improvements on both publicly and privately owned property. The award is in the form of a 0% loan with 50.6% of the principal forgiven.
- The School Department was awarded \$3.6 million in support of five programmatic areas: stabilization funds (\$1.4 million), Title I (\$1.3 million), IDEA (\$850 thousand), Title IID (\$27 thousand), and Homeless (\$13 thousand). Budget stabilization funding can be used for a wide variety of activities in support of education. To date, the funds have been used to increase the number of laptops in the classroom and for necessary capital improvements. Title I funds are available for use in schools determined to be "free and reduced" to enhance student knowledge in math and reading. IDEA funds are in support of special education students, and funds have been used to fund laptops and accessibility improvements.
- The City was awarded \$900 thousand in Department of Justice funding, the largest portion (\$700 thousand) of which is to fund the cost of four additional police officers for a three year period.
- As a Community Development Block Grant (CDBG) entitlement community, the City of Bangor was awarded an additional \$300 thousand in funding. The funds will be used to supplement \$200 thousand in Energy Efficiency Block Grant and local funds to convert downtown streetlights to LED fixtures and to fund sidewalk improvement in low to moderate income neighborhoods.

Due to the timing and term of the awards, the majority of the ARRA funding will be expended in future fiscal years.

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

- The unemployment rate for the City of Bangor for calendar year 2008 was 5.2%, which is on par with the State's rate of 5.4%.
- While Bangor represents less than 3% of the state's population, the City's share of retail sales remains in excess of 7% of total statewide sales and 57% of Penobscot County sales.
- The increase in residential construction that began in 2002 has continued, albeit at a slower pace, and without a need for the City to significantly improve infrastructure to accommodate this growth.
- Bangor has experienced a slowing in the rate of appreciation of existing homes. We project that existing home values will flatten out in the coming year compared to the 5% to 7% range experienced in recent years.

Bangor remains the only municipality in Maine that has met the requirements of state law that allow for the operation of slot machines at commercial harness racing tracks. In November 2005, Penn National Gaming opened a "racino" at an interim location in the City. Construction of the permanent gaming facility was completed in the summer of 2008. This facility includes a

1,500 car parking garage, a 152 room seven story hotel, and approximately 110,000 square feet for gaming. The project cost approximately \$131 million.

The Council has adopted a policy directing all rents and state taxes received from the operation of the slot facility to a separate special revenue fund, the Arena Fund. The primary purpose of this fund is to provide the necessary resources to construct a new arena to replace the Bangor Auditorium which opened in Bass Park in 1954.

The City is subject to a state statutory system (known as LD 1) that is designed to limit the increase in that portion of the tax levy that supports municipal functions. Generally, the growth of the tax levy is limited to an increase equal to the ten year average percentage change in real statewide personal income plus taxes from property value resulting from new construction, major renovations to existing properties, or the subdivision of property. In addition, any "net new state funding" must be deducted from the allowable tax levy increase. For Fiscal Year 2009, the City's LD 1 tax levy limit was as follows:

Prior Year Based Municipal Commitment	\$ 19,427,427
Growth Factor:	6.29%
Average Real Personal Income	2.24%
Property Growth Factor	4.05%
Net New State Funds	-
Increase in Levy Limit	484,791
Municipal Commitment Limit	\$ 21,133,690

For Fiscal Year 2009, the City Council voted to increase the City's property tax levy limit by \$484,791 in recognition of the unprecedented (80%) increase in fuel prices which occurred just prior to adopting the budget in June 2008. The Fiscal Year 2010 budget was within the statutory tax levy limit.

LD 1 increased the State's share of local education costs through the "Essential Programs and Services" model, a mechanism designed to allocate state funding to local school units and to control local school expenditures. This model sets forth a comprehensive methodology for computing the cost of providing essential educational programs to Maine's children. It also establishes a schedule designed to increase the State's share of total Essential Programs and Services costs to 55% over a four year period. While the State's model recognizes what it considers to be essential programs and their appropriate funding level, the Bangor School Department has identified a number of programs that are either under-funded or not funded by this model. As a result, both the School Committee and the City Council voted to increase the educational spending limits imposed by LD 1 for both Fiscal Year 2009 and 2010 in order to appropriately fund such services and programs.

In response to the continued uncertainty surrounding the national economy, management has been closely tracking not only revenues and expenditures, but also foreclosure, liens, unemployment rates, construction starts and related building permit levels, and the State of Maine's budgetary projections. To date, the City has seen only slight increases in foreclosure



and lien rates and will continue to monitor these levels and take steps to assist our tax/rate payers in obtaining assistance wherever possible. Both residential and commercial construction and permitting has slowed. At this time, we estimate new additions to the City's tax base for fiscal year 2011 will be sufficient to offset any value reductions in our commercial tax base related to vacancies and depreciation.

The State of Maine's most recent estimated budgetary shortfall for its two-year budget is \$400 million. The projected State response to this shortfall is estimated to primarily impact the City through a reduction in State Aid to Education of \$1.0 million in both Fiscal Year 2010 and 2011, additional reductions to the Revenue Sharing pool for both Fiscal Year 2010 and 2011, and a reduction in the General Assistance reimbursement formula in 2011. These items reflect the Governor's proposal. Management will closely observe the activities of the Maine State Legislature's session beginning in January 2010 to identify and monitor proposed actions that may have financial and operational impacts on the City. The initially identified reduction in State Aid to Education can be absorbed through the use of school reserves, deferring minor capital improvements, and ARRA funds; however, the proposals for future fiscal years will represent a challenge to both the School Committee and the City Council.

We continue to monitor additional revenue areas such as: flat investment yield curves, declining automobile excise taxes, and lagging State sales and income tax collections that impact the City's share of State Revenue Sharing. The fiscal year 2010 budget reflects the City's historical results for these revenue sources, and it appears they will fall short of actual results. The City has identified expenditures that can be reduced to minimize the overall impact of these potential revenues shortfalls.

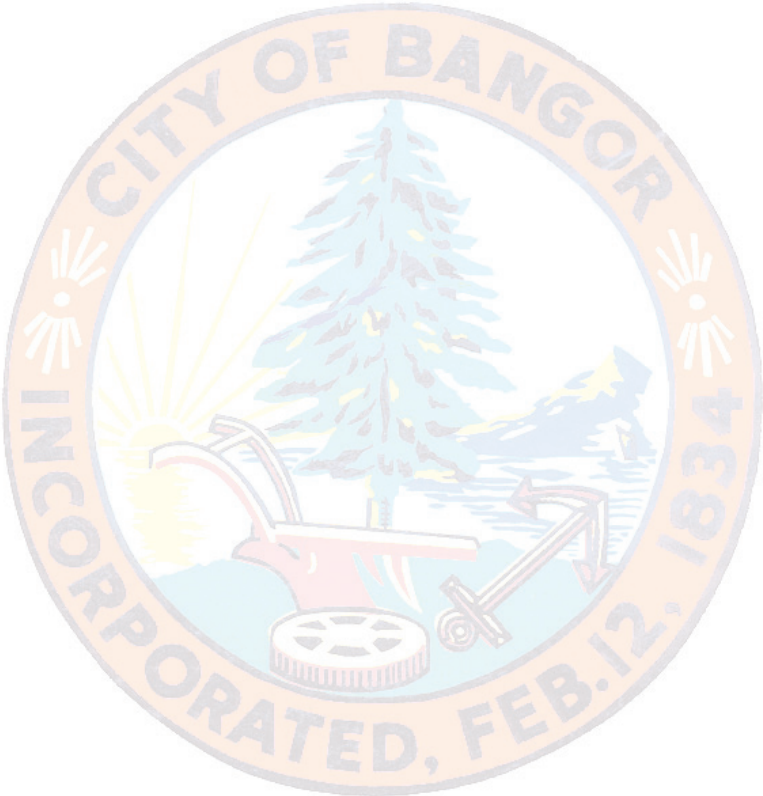
As for expenditures, we have not experienced the unprecedented benefit utilization or rate increases seen last year in our health insurance costs, resulting in a return to our historical average annual cost increases of 10%. The recently completed energy conservations projects, coupled with the retreat in unprecedented fuel prices, will enable the City to be well positioned to minimize its fleet and building operating costs. For the Fiscal Year 2010 budget, the City Council's goal was to achieve a zero tax increase for our taxpayers. This goal was accomplished through the elimination of two vacant positions and further refinement of revenues. Year to date expenditures continue to lag behind anticipated costs. While this will provide some degree of financial flexibility to offset revenue shortfalls, additional programmatic reductions maybe necessary depending on the final actions of the State Legislature.

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. A 5% increase in sewer fees was implemented effective January 1, 2009, only the third sewer fee increase since March 1996.

## **Requests for Information**

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

**BASIC FINANCIAL STATEMENTS**



**CITY OF BANGOR, MAINE**  
**Statement of Net Assets**  
**June 30, 2009**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 734,944	\$ 472,049	\$ 1,206,993
Investments	21,981,279	19,715,007	41,696,286
Receivables:			
Accounts (net of allowance of \$258,981 and \$286,849, respectively)	1,104,931	4,077,989	5,182,920
Intergovernmental	3,657,136	715,618	4,372,754
Taxes and liens receivable - prior years	1,333,895	-	1,333,895
Taxes receivable - current year	893,299	-	893,299
Deferred special assessments	30,130	87,664	117,794
Due from water district	-	103,213	103,213
Loans	7,895,729	1,802,141	9,697,870
Internal balances	2,985,655	(2,985,655)	-
Inventories	806,288	112,434	918,722
Prepaid items	27,717	86,912	114,629
Other assets	3,128,760	1,113,935	4,242,695
Non-depreciable capital assets	6,368,418	12,409,694	18,778,112
Depreciable capital assets, net	68,270,893	174,988,372	243,259,265
Total assets	119,219,074	212,699,373	331,918,447
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	3,031,848	1,741,333	4,773,181
Accrued wages and benefits payable	3,771,990	272,853	4,044,843
Unearned revenues	4,815,728	30,938	4,846,666
Noncurrent liabilities:			
Due within one year	13,518,336	4,903,881	18,422,217
Due in more than one year	61,455,876	34,702,302	96,158,178
Total liabilities	86,593,778	41,651,307	128,245,085
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	53,356,885	156,120,884	209,477,769
Restricted for:			
Nonexpendable trust principal	648,692	-	648,692
Expendable income	440,634	-	440,634
Penobscot River	5,109,046	-	5,109,046
Unrestricted	(26,929,961)	14,927,182	(12,002,779)
Total net assets	\$ 32,625,296	\$ 171,048,066	\$ 203,673,362

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2009**

Functions/programs	Program Revenues				Net (expense) revenue and changes in net assets		
	Expenses	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	\$ 7,868,247	\$ 1,869,711	\$ 4,007	\$ -	\$ (5,994,529)	\$ -	\$ (5,994,529)
Public safety	15,671,645	3,010,167	187,022	649,234	(11,825,222)	-	(11,825,222)
Health, community services and recreation	9,168,870	768,450	5,637,188	9,574	(2,753,658)	-	(2,753,658)
Public services	9,671,469	3,786,050	-	13,751	(5,871,668)	-	(5,871,668)
Other agencies	4,580,661	22,068	10,000	-	(4,548,593)	-	(4,548,593)
Education	54,294,824	4,386,457	26,405,573	-	(23,502,794)	-	(23,502,794)
Arena development	51,332	2,205,771	-	-	2,154,439	-	2,154,439
Community development	912,992	301,019	683,636	-	71,663	-	71,663
Streets/Sidewalks	2,141,079	21,836	-	999,218	(1,120,025)	-	(1,120,025)
Waterfront	9,252,263	-	-	248,290	(9,003,973)	-	(9,003,973)
Public transportation	3,042,434	944,804	1,228,223	148,411	(720,996)	-	(720,996)
Tax increment financing	1,114,112	1,711	-	-	(1,112,401)	-	(1,112,401)
Interest on debt	2,651,599	-	-	-	(2,651,599)	-	(2,651,599)
<b>Total governmental activities</b>	<b>120,421,527</b>	<b>17,318,044</b>	<b>34,155,649</b>	<b>2,068,478</b>	<b>(66,879,356)</b>	<b>-</b>	<b>(66,879,356)</b>
Business-type activities:							
Sewer Utility	6,197,277	7,537,879	-	-	-	1,340,602	1,340,602
Airport	19,934,243	13,953,287	-	3,974,078	-	(2,006,878)	(2,006,878)
Park Woods	590,250	369,478	-	-	-	(220,772)	(220,772)
Parking	1,374,909	997,111	-	-	-	(377,798)	(377,798)
Bass Park	1,851,914	1,253,236	-	-	-	(598,678)	(598,678)
Municipal Golf Course	745,339	608,930	-	-	-	(136,409)	(136,409)
Economic Development	712,195	569,549	-	139,479	-	(3,167)	(3,167)
<b>Total business-type activities</b>	<b>31,406,127</b>	<b>25,289,470</b>	<b>-</b>	<b>4,113,557</b>	<b>-</b>	<b>(2,003,100)</b>	<b>(2,003,100)</b>
<b>Total primary government</b>	<b>\$ 151,827,654</b>	<b>\$ 42,607,514</b>	<b>\$ 34,155,649</b>	<b>\$ 6,182,035</b>	<b>(66,879,356)</b>	<b>(2,003,100)</b>	<b>(68,882,456)</b>
General revenues:							
Property taxes, levied for general purposes					46,977,792	-	46,977,792
Payment in lieu of taxes					141,595	-	141,595
Excise taxes					4,752,005	-	4,752,005
Franchise taxes					322,526	-	322,526
Grants and contributions not restricted to specific programs:							
Homestead/BETE exemption					825,559	-	825,559
Other State aid					23,603	-	23,603
State Revenue Sharing					4,411,277	-	4,411,277
Unrestricted investment earnings					874,824	1,025,098	1,899,922
Miscellaneous revenues					93,967	-	93,967
Transfers					(739,179)	739,179	-
<b>Total general revenues and transfers</b>					<b>57,683,969</b>	<b>1,764,277</b>	<b>59,448,246</b>
Change in net assets					(9,195,387)	(238,823)	(9,434,210)
Net assets, beginning of year					41,820,683	171,286,889	213,107,572
<b>Net assets, end of year</b>					<b>\$ 32,625,296</b>	<b>\$ 171,048,066</b>	<b>\$ 203,673,362</b>

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2009**

	General	Community Development Block Grant	Arena Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
<b>Assets</b>						
Cash and cash equivalents	\$ 433,563	\$ 50	\$ 4,514	\$ 296,816	\$ 1	\$ 734,944
Investments	12,203,155	-	4,349,109	5,109,046	319,969	21,981,279
Receivables:						
Taxes	2,227,194	-	-	-	-	2,227,194
Accounts (net of allowance of \$264,892)	954,359	-	150,572	-	-	1,104,931
Interfund	3,055,385	-	1,085,695	-	138,898	4,279,978
Intergovernmental	1,792,720	1,081,122	10,997	539,503	232,794	3,657,136
Loans	1,045,178	4,220,364	-	-	2,630,187	7,895,729
Deferred special assessments	-	-	-	30,130	-	30,130
Inventory, at cost	806,288	-	-	-	-	806,288
Investment of unexpended bond proceeds	-	-	-	3,128,760	-	3,128,760
Prepaid items	27,717	-	-	-	-	27,717
<b>Total assets</b>	<b>\$ 22,545,559</b>	<b>\$ 5,301,536</b>	<b>\$ 5,600,887</b>	<b>\$ 9,104,255</b>	<b>\$ 3,321,849</b>	<b>\$ 45,874,086</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 1,235,546	\$ 120,504	\$ -	\$ 926,013	\$ 123,368	\$ 2,405,431
Accrued wages and benefits payable	3,771,990	-	-	-	-	3,771,990
Interfund loans payable	-	863,058	-	-	431,265	1,294,323
Deferred revenues	2,078,764	4,220,364	-	235,407	267,452	6,801,987
Due to rehabilitation recipients	-	127,008	-	-	-	127,008
<b>Total liabilities</b>	<b>7,086,300</b>	<b>5,330,934</b>	<b>-</b>	<b>1,161,420</b>	<b>822,085</b>	<b>14,400,739</b>
<b>Fund balances</b>						
Reserved for:						
Encumbrances	858,956	-	-	1,305,252	-	2,164,208
Prepaid items	27,717	-	-	-	-	27,717
Advances to other funds	1,650,500	-	-	-	-	1,650,500
Penobscot River	-	-	-	5,109,046	-	5,109,046
Nonexpendable trust principal	-	-	-	-	648,692	648,692
Unreserved:						
Designated (Note J)	4,178,698	-	-	-	-	4,178,698
Undesignated, reported in:						
General fund	8,743,388	-	-	-	-	8,743,388
Special revenue funds	-	(29,398)	5,600,887	-	1,410,438	6,981,927
Capital projects funds	-	-	-	1,528,537	-	1,528,537
Permanent funds	-	-	-	-	440,634	440,634
<b>Total fund balances (deficits)</b>	<b>15,459,259</b>	<b>(29,398)</b>	<b>5,600,887</b>	<b>7,942,835</b>	<b>2,499,764</b>	<b>31,473,347</b>
<b>Total liabilities and fund balances</b>	<b>\$ 22,545,559</b>	<b>\$ 5,301,536</b>	<b>\$ 5,600,887</b>	<b>\$ 9,104,255</b>	<b>\$ 3,321,849</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	74,639,311
Deferred taxes are not available to pay for current-period expenditure and, therefore, are deferred in the funds.	1,986,259
Long-term liabilities, including bonds payable \$56,687,684, lease purchase \$6,286,188, accrued interest \$499,409, compensated absences \$2,257,256, self insurance liability \$1,423,555, net OPEB obligation \$759,529 and Penobscot River remediation \$7,560,000 are not due and payable in the current period and, therefore, are not reported in the funds	(75,473,621)
<b>Net assets of governmental funds</b>	<b>\$ 32,625,296</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, 2009**

	General	Community Development Block Grant	Arena Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 49,432,293	\$ -	\$ -	\$ 1,553,472	\$ 879,816	\$ 51,865,581
Intergovernmental	33,257,147	683,636	-	1,707,432	5,475,305	41,123,520
Licenses and permits	644,621	-	-	-	-	644,621
Charges for services	12,467,845	-	-	-	981,742	13,449,587
Program income	-	263,759	-	-	24,918	288,677
Revenue from use of money and property	1,269,847	2,880	2,309,757	116,866	137,304	3,836,654
Other	43,706	11,493	-	361,046	11,975	428,220
<b>Total revenues</b>	<b>97,115,459</b>	<b>961,768</b>	<b>2,309,757</b>	<b>3,738,816</b>	<b>7,511,060</b>	<b>111,636,860</b>
<b>Expenditures</b>						
Current:						
General government	5,103,378	-	-	-	-	5,103,378
Public safety	14,400,420	-	-	-	-	14,400,420
Health, community services and recreation	4,414,673	-	-	-	-	4,414,673
Public buildings and services	10,048,539	-	-	-	-	10,048,539
Other agencies	4,294,283	-	-	-	-	4,294,283
Education	50,380,309	-	-	-	-	50,380,309
Tax increment financing	215,483	-	-	-	-	215,483
Unclassified	47,989	-	15,126	-	-	63,115
Restricted grants	-	886,792	-	-	7,473,868	8,360,660
Capital outlay	371,509	-	-	15,747,268	-	16,118,777
Debt service	4,429,337	-	-	87,000	-	4,516,337
<b>Total expenditures</b>	<b>93,705,920</b>	<b>886,792</b>	<b>15,126</b>	<b>15,834,268</b>	<b>7,473,868</b>	<b>117,915,974</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>3,409,539</b>	<b>74,976</b>	<b>2,294,631</b>	<b>(12,095,452)</b>	<b>37,192</b>	<b>(6,279,114)</b>
<b>Other financing sources (uses)</b>						
Financing proceeds	-	-	-	10,191,928	-	10,191,928
Sale of assets	40,120	-	-	64,500	-	104,620
Transfers to other funds	(2,289,105)	-	(102,500)	(19,176)	(454,637)	(2,865,418)
Transfers from other funds	59,395	-	1,999	2,017,989	46,856	2,126,239
<b>Total other financing sources (uses)</b>	<b>(2,189,590)</b>	<b>-</b>	<b>(100,501)</b>	<b>12,255,241</b>	<b>(407,781)</b>	<b>9,557,369</b>
<b>Changes in fund balances</b>	<b>1,219,949</b>	<b>74,976</b>	<b>2,194,130</b>	<b>159,789</b>	<b>(370,589)</b>	<b>3,278,255</b>
<b>Fund balances (deficit), beginning of year</b>	<b>14,239,310</b>	<b>(104,374)</b>	<b>3,406,757</b>	<b>7,783,046</b>	<b>2,870,353</b>	<b>28,195,092</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 15,459,259</b>	<b>\$ (29,398)</b>	<b>\$ 5,600,887</b>	<b>\$ 7,942,835</b>	<b>\$ 2,499,764</b>	<b>\$ 31,473,347</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, 2009**

Net change in fund balances - total governmental funds (from Exhibit 4)	\$	3,278,255
<p>Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$5,288,372 exceeded depreciation expense of \$3,652,484 and disposals of \$10,653.</p>		
		1,625,235
<p>Financing proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which financing proceeds of \$3,100,000 in general obligation bonds and \$7,091,928 in lease purchasing financing exceeded principal payments of \$4,216,078.</p>		
		(5,975,850)
<p>Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental fund statements. The differences are as follows: increase in compensated absences (\$220,722), net OPEB obligation (\$759,529), Penobscot River remediation (\$7,560,000), decrease in accrued interest \$14,447, deferred taxes \$234,492 and self insurance liability \$168,285.</p>		
		(8,123,027)
<b>Change in net assets of governmental activities (see Exhibit 2)</b>		<b>\$ (9,195,387)</b>

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2009**

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 49,405,817	\$ 49,405,817	\$ 49,432,293	\$ 26,476
Intergovernmental	28,149,410	28,163,215	28,928,030	764,815
Licenses and permits	592,600	592,600	644,621	52,021
Charges for services:				
municipal	7,829,598	7,829,598	7,882,210	52,612
school	3,883,826	3,883,826	4,386,457	502,631
Fines, forfeits and penalties	15,200	15,200	43,706	28,506
Revenue from use of money and property				
municipal	856,713	856,713	785,190	(71,523)
<b>Total revenues</b>	<b>90,733,164</b>	<b>90,746,969</b>	<b>92,102,507</b>	<b>1,355,538</b>
<b>Expenditures</b>				
Current:				
General government	4,966,781	4,966,781	4,711,975	254,806
Public safety	15,067,695	15,071,000	14,602,282	468,718
Health, community services and recreation	4,448,536	4,449,036	4,461,491	(12,455)
Public buildings and services	10,361,863	10,300,973	10,047,048	253,925
Other agencies	4,280,341	4,325,791	4,294,283	31,508
Education	46,690,855	49,464,071	46,376,305	3,087,766
Debt service	4,434,932	4,434,932	4,429,337	5,595
Unclassified	191,022	251,912	263,473	(11,561)
<b>Total expenditures</b>	<b>90,442,025</b>	<b>93,264,496</b>	<b>89,186,194</b>	<b>4,078,302</b>
Excess (deficiency) of revenues over/under expenditures	291,139	(2,517,527)	2,916,313	5,433,840
<b>Other financing sources (uses)</b>				
Appropriation from designated fund balance	1,029,982	1,029,982	24,577	(1,005,405)
Sale of assets	2,000	2,000	-	(2,000)
Contributions	15,000	15,000	30	(14,970)
Insurance Settlements	1,500	1,500	4,700	3,200
Transfers to other funds	(613,200)	(613,200)	(823,200)	(210,000)
Transfers from other funds	39,503	39,503	40,286	783
Operating transfers	(765,924)	(765,924)	(765,924)	-
<b>Total other financing sources (uses)</b>	<b>(291,139)</b>	<b>(291,139)</b>	<b>(1,519,531)</b>	<b>(1,228,392)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (2,808,666)</b>	<b>1,396,782</b>	<b>\$ 4,205,448</b>
Undesignated fund balance, beginning of year			8,008,114	
Change in balances carried			(661,508)	
<b>Undesignated fund balance, end of year</b>			<b>\$ 8,743,388</b>	

*See accompanying notes to financial statements.*



**CITY OF BANGOR, MAINE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2009**

**Business-type Activities - Enterprise Funds**

	Sewer Utility Fund	Airport Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 62,157	\$ 131,492	\$ 278,400	\$ 472,049
Investments	320,000	9,328,711	564,266	10,212,977
Accounts receivable	2,110,605	2,290,403	115,748	4,516,756
Less allowance for uncollectible accounts	(22,601)	(389,056)	(27,110)	(438,767)
Net accounts receivable	2,088,004	1,901,347	88,638	4,077,989
Due from other governments	-	715,618	-	715,618
Due from water district	103,213	-	-	103,213
Inventories, at cost	-	93,672	18,762	112,434
Prepaid items	37,421	16,302	33,189	86,912
<b>Total current assets</b>	<b>2,610,795</b>	<b>12,187,142</b>	<b>983,255</b>	<b>15,781,192</b>
Noncurrent assets				
Capital Assets:				
Land and improvements	683,865	-	5,113,724	5,797,589
Buildings and improvements	27,539,270	-	14,923,565	42,462,835
Machinery and equipment	5,382,993	-	470,304	5,853,297
Infrastructure	57,018,143	-	683,189	57,701,332
Aircraft operational assets	-	236,793,154	-	236,793,154
Parking structures	-	-	9,565,788	9,565,788
Construction in process	42,681	8,603,261	139,479	8,785,421
	90,666,952	245,396,415	30,896,049	366,959,416
Less accumulated depreciation	(33,560,549)	(129,733,053)	(16,267,748)	(179,561,350)
Net capital assets	57,106,403	115,663,362	14,628,301	187,398,066
Investments	-	9,502,030	-	9,502,030
Loans receivable	-	1,698,496	103,645	1,802,141
Deferred special assessments	87,664	-	-	87,664
Due from bond trustee	1,052,427	-	-	1,052,427
Deposits	-	-	20,000	20,000
Bond issuance costs (net of accumulated amortization of \$373,554)	41,508	-	-	41,508
<b>Total noncurrent assets</b>	<b>58,288,002</b>	<b>126,863,888</b>	<b>14,751,946</b>	<b>199,903,836</b>
<b>Total assets</b>	<b>60,898,797</b>	<b>139,051,030</b>	<b>15,735,201</b>	<b>215,685,028</b>

*See accompanying notes to financial statements.*

Continued on next page

**CITY OF BANGOR, MAINE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2009**

**Business-type Activities - Enterprise Funds**

	Sewer Utility Fund	Airport Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	391,491	938,475	96,915	1,426,881
Accrued wages and benefits payable	42,512	189,263	41,078	272,853
Accrued interest	165,042	53,668	96,668	315,378
Workers' compensation	40,480	136,150	10,573	187,203
Unearned revenue	-	-	30,938	30,938
Accrued compensated absences	127,348	381,868	122,533	631,749
Interfund loans payable	-	-	2,985,655	2,985,655
General obligation debt payable	2,773,394	535,469	792,334	4,101,197
Deferred amount on refunding	(5,938)	-	(10,330)	(16,268)
Other liabilities	-	(926)	-	(926)
<b>Total current liabilities</b>	<b>3,534,329</b>	<b>2,233,967</b>	<b>4,166,364</b>	<b>9,934,660</b>
Long-term liabilities				
Workers' compensation	54,520	363,850	9,427	427,797
General obligation debt payable	18,994,645	6,444,046	8,083,634	33,522,325
Deferred amount on refunding	(1,409)	-	-	(1,409)
Net OPEB obligation	45,263	167,029	30,225	242,517
Other long-term liabilities	298,269	-	212,803	511,072
<b>Total long-term liabilities</b>	<b>19,391,288</b>	<b>6,974,925</b>	<b>8,336,089</b>	<b>34,702,302</b>
<b>Total liabilities</b>	<b>22,925,617</b>	<b>9,208,892</b>	<b>12,502,453</b>	<b>44,636,962</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	37,363,784	112,303,362	6,453,738	156,120,884
Unrestricted	609,396	17,538,776	(3,220,990)	14,927,182
<b>Total net assets</b>	<b>\$ 37,973,180</b>	<b>\$ 129,842,138</b>	<b>\$ 3,232,748</b>	<b>\$ 171,048,066</b>

*See accompanying notes to financial statements.*

Continued from previous page

**CITY OF BANGOR, MAINE**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2009**

**Business-type Activities - Enterprise Funds**

	Sewer Utility Fund	Airport Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Operating revenues				
Charges for services	\$ 7,537,879	\$ 13,923,351	\$ 3,798,304	\$ 25,259,534
Operating expenses				
Operating expenses other than depreciation and amortization	3,832,624	12,327,354	3,803,374	19,963,352
Depreciation and amortization	1,678,662	7,235,309	992,909	9,906,880
Total operating expenses	5,511,286	19,562,663	4,796,283	29,870,232
Operating income (loss)	2,026,593	(5,639,312)	(997,979)	(4,610,698)
Nonoperating revenue (expenses)				
Interest income	62,817	912,149	50,132	1,025,098
Interest expense	(685,991)	(371,580)	(478,324)	(1,535,895)
Miscellaneous income (expense)	-	29,936	-	29,936
Total nonoperating revenue (expenses)	(623,174)	570,505	(428,192)	(480,861)
Net income (loss) before grants/contributions and transfers	1,403,419	(5,068,807)	(1,426,171)	(5,091,559)
Grants/contributions received for capital assets	-	3,974,078	139,479	4,113,557
Transfers to other funds	(100,000)	(5,000)	(1,999)	(106,999)
Transfers from other funds	-	-	846,178	846,178
Change in net assets	1,303,419	(1,099,729)	(442,513)	(238,823)
Net assets, beginning of year	36,669,761	130,941,867	3,675,261	171,286,889
Net assets, end of year	\$ 37,973,180	\$ 129,842,138	\$ 3,232,748	\$ 171,048,066

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2009**

<b>Business-type Activities - Enterprise Funds</b>				
	Sewer Utility Fund	Airport Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 7,217,485	\$ 19,022,190	\$ 3,800,261	\$ 30,039,936
Cash paid to suppliers for goods and services	(2,343,875)	(5,995,474)	(2,361,732)	(10,701,081)
Cash paid to employees for services	(1,315,656)	(6,111,882)	(1,418,578)	(8,846,116)
Net cash provided by (used in) operating activities	3,557,954	6,914,834	19,951	10,492,739
<b>Cash flows from noncapital financing activities</b>				
Interfund loans (repayments)	(725,000)	-	216,900	(508,100)
Transfers in	-	-	846,178	846,178
Transfers out	(100,000)	(5,000)	(1,999)	(106,999)
Net cash provided by (used in) noncapital financing activities	(825,000)	(5,000)	1,061,079	231,079
<b>Cash flows from capital and related financing activities</b>				
Proceeds from general obligation bonds	-	-	-	-
Acquisition and construction of capital assets	110,384	(8,973,902)	(173,559)	(9,037,077)
Principal paid on general obligation bonds	(2,774,947)	(532,607)	(791,469)	(4,099,023)
Interest paid on general obligation bonds	(697,353)	(375,540)	(458,023)	(1,530,916)
Proceeds from sale of property	-	29,936	-	29,936
Grant monies received for capital assets	-	765,497	139,479	904,976
Investment of unexpended bond proceeds	947,573	-	-	947,573
Net cash provided by (used in) capital and related financing activities	(2,414,343)	(9,086,616)	(1,283,572)	(12,784,531)
<b>Cash flows from investing activities</b>				
Net sales (purchases) of investments	(320,000)	986,284	123,431	789,715
Interest on investments	62,817	912,149	50,690	1,025,656
Loan repayments	-	159,896	3,922	163,818
Net cash provided by (used in) investing activities	(257,183)	2,058,329	178,043	1,979,189
Net increase (decrease) in cash	61,428	(118,453)	(24,499)	(81,524)
Cash, beginning of year	729	249,945	302,899	553,573
<b>Cash, end of year</b>	<b>\$ 62,157</b>	<b>\$ 131,492</b>	<b>\$ 278,400</b>	<b>\$ 472,049</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 \$418,258.

*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, 2009**

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**Business-type Activities - Enterprise Funds**

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	Sewer Utility Fund	Airport Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 2,026,593	\$ (5,639,312)	\$ (997,979)	\$ (4,610,698)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	1,678,662	7,235,309	992,909	9,906,880
Provision for uncollectible accounts	-	151,918	-	151,918
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(383,039)	5,098,839	26,233	4,742,033
(Increase) decrease in due from water district	62,645	-	-	62,645
(Increase) decrease in inventories	-	7,238	(1,487)	5,751
(Increase) decrease in prepaid items	(3,431)	11,549	(4,090)	4,028
Increase (decrease) in accounts payable	67,339	(172,031)	(23,297)	(127,989)
Increase (decrease) in unearned revenue	-	-	(22,277)	(22,277)
Increase (decrease) in other liabilities	109,185	221,324	49,939	380,448
Total adjustments	1,531,361	12,554,146	1,017,930	15,103,437
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 3,557,954</b>	<b>\$ 6,914,834</b>	<b>\$ 19,951</b>	<b>\$ 10,492,739</b>

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2009**

	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 141,616
<b>Total assets</b>	<b>\$ 141,616</b>
<b>LIABILITIES</b>	
Liabilities:	
Amounts held for others	\$ 141,616
<b>Total liabilities</b>	<b>\$ 141,616</b>

*See accompanying notes to financial statements.*

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## INDEX OF NOTES TO THE FINANCIAL STATEMENTS

### Summary of Significant Accounting Policies

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**CITY OF BANGOR, MAINE**  
**Notes to the Financial Statements**  
**June 30, 2009**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**A. Reporting Entity**

The City of Bangor was incorporated under the laws of the State of Maine in 1834 and operates under a council/manager form of government. In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The criteria used to determine which entities, agencies, commissions, boards and authorities are part of the City's operations include how the budget is adopted, whether debt is secured by general obligation of the City, the City's duty to cover any deficits that may occur, and supervision over the accounting functions. Based upon all pertinent facts derived from the analysis of the above criteria, it was determined that no additional entities should be included as part of these financial statements.

The City of Bangor is a member of the Joint Venture of the Equity Charter Municipalities of Municipal Review Committee, Inc (Joint Venture). The Joint Venture is an organization that resulted from a contractual arrangement between certain member municipalities, Penobscot Energy Recovery Company (PERC) and Bangor Hydro Electric Company. It was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of non-hazardous municipal solid waste. As of December 31, 2008 (most recent data available) the City of Bangor's share of the Joint Venture's net assets was \$6,270,081. Complete financial statements may be obtained from Municipal Review Committee, 40 Harlow Street, Bangor, ME 04401.

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

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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.

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

---

**D. Assets, Liabilities and Equity**

**1. Deposits and Investments**

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

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

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

**2. Interfund Receivables and Payables**

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

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

**3. Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption and are valued at cost. Under the consumption method, the costs of inventory items are recognized as expenditures/expenses when used. The consumption method does not require a reserve for inventory and the City has chosen not to have such a reserve.

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

---

**4. Capital Assets**

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

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

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

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

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

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

**5. Compensated Absences**

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

**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. Long-term Obligations**

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

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

**7. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

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

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

**9. Use of Estimates**

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

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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.

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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

---

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 as reservations of fund balances and do not constitute expenditures or liabilities because the commitments have not been honored in the current year. For budgetary purposes, encumbrances are treated as expenditures within both governmental and proprietary fund types.

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

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

**B. Reconciliation of Budgetary Basis Statements**

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

Excess of revenues over expenditures and other financing sources and uses (Budget)	\$ 1,386,782
Activity in designated fund balance	(95,836)
2009 encumbrances	851,197
2008 encumbrances lapsed	(8,191)
2008 encumbrances paid	<u>(914,003)</u>
Excess of revenues and other financing sources over expenditures and other uses (GAAP)	<u>\$ 1,219,949</u>

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

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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

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Excess (deficiency) of revenues over expenditures and encumbrances:	
Sewer	\$ (1,493,670)
Airport	(5,441,771)
Park Woods	(183,364)
Parking	(541,536)
Bass Park	(185,722)
Municipal Golf Course	(160,989)
Economic Development	<u>(266,701)</u>
	<u>(8,273,753)</u>
Nonoperating revenues classification	(1,327,983)
Investments at market value	(369,640)
Capital outlay	21,098
Capital projects	(198,310)
Adjustments for accrual basis	(112,143)
Principal payments	4,099,023
2009 encumbrances	2,124
2008 encumbrances	(40,177)
Nonoperating expenses classification	<u>1,589,063</u>
Operating loss	<u><u>\$(4,610,698)</u></u>

**C. Excess of Expenditures Over Appropriations**

The following General Fund departments were over-expended by the indicated dollar amounts; Human Resources \$9,701, City Clerk \$27,981, Legal \$471, Insurance \$16,828, Parks and Recreation \$19,256, Pensions and Other Fringe Benefits \$7,580, and Tax Increment Financing Payments \$3,981. These over-expenditures were funded by receipt of revenues in excess of appropriation and under-expenditures within other General Fund departments.

The Municipal Golf Course was over-expended by \$12,590, due to underestimated depreciation expense. The Parking Fund was over-expended by \$71,364, which was funded in part by receipt of revenues in excess of appropriations; the remaining deficit is attributable to unanticipated increases in salary costs and transfers to the General Fund. The Park Woods Fund was over-expended by \$33,322 but is considered reasonable based upon the expected deficiencies within the fund.

**D. Deficit Fund Equity**

The Bass Park Enterprise Fund has a deficit fund equity of \$1,719,193. The City Council has determined that the facility will either be closed or replaced in the near future. With continued review of parking usage and fees it is anticipated that the Parking Fund deficit of \$404,550 will at the least stabilize over the coming years. It is anticipated that program income in subsequent years will fund the \$29,398 deficit in the Community Development Block Grant Fund.

**E. Restricted Assets**

Donations received by the City whose use is limited are placed in the appropriate Special Revenue fund, depending upon whether or not the principal can be expended. All changes in market value are added to the earnings, which is allowable by State Statute. As these amounts are invested in a note receivable, there was no change in market value for fiscal year 2009



**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 along with insurance coverage to protect up to \$5,917,000 of deposits in addition to the \$250,000 provided by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2009, \$0 of the City's bank balance of \$1,327,530 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At June 30, 2009, the City had the following investments and maturities:

<u>Investment types</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Maturity (years)</u>		
			<u>&lt;1</u>	<u>1-5</u>	<u>6-10</u>
Mutual Funds	\$ 22,808,878	\$ 22,808,878	\$ -	\$ -	\$ -
US Treasuries	13,860,866	-	4,281,553	5,298,680	4,280,633
Common stock	990,885	990,885	-	-	-
Certificate of Deposit	<u>7,164,417</u>	<u>-</u>	<u>5,083,844</u>	<u>2,080,573</u>	<u>-</u>
Totals	<u>\$ 44,825,046</u>	<u>\$ 23,799,763</u>	<u>\$ 9,365,397</u>	<u>\$ 7,379,253</u>	<u>\$ 4,280,633</u>

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. As of June 30, 2009, the City had no investments that were subject to custodial risk. The City's investment policy states that all security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a "delivery vs. payment" basis.

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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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

Concentration of Credit Risk

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

**B. Property Tax**

Property taxes for the current year were levied July 8, 2008, on the assessed value listed as of the prior April 1 for all real and personal property located in the City. Assessed values are periodically established by the City's Assessor at 100% of assumed market value. Taxes were due in two installments: September 15, 2008 and March 16, 2009. Interest was charged at 11.00% on all taxes unpaid as of the due date.

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

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,040,548	-	-	5,040,548
Construction in progress	547,800	3,894,769	3,114,699	1,327,870
<u>Total capital assets, not being depreciated</u>	<u>5,588,348</u>	<u>3,894,769</u>	<u>3,114,699</u>	<u>6,368,418</u>
Capital assets, being depreciated:				
Land improvements	6,765,169	-	-	6,765,169
Buildings and improvements	60,119,002	2,959,626	-	63,078,628
Machinery and equipment	9,973,095	168,429	-	10,141,524
Vehicles	12,674,862	1,380,247	260,330	13,794,779
Infrastructure	20,491,942	-	-	20,491,942
<u>Total capital assets being depreciated</u>	<u>110,024,070</u>	<u>4,508,302</u>	<u>260,330</u>	<u>114,272,042</u>
Less accumulated depreciation for:				
Land improvements	(1,941,634)	(301,786)	-	(2,243,420)
Buildings and improvements	(19,285,179)	(1,199,352)	-	(20,484,531)
Machinery and equipment	(5,696,980)	(747,949)	-	(6,444,929)
Vehicles	(6,693,653)	(957,890)	(249,677)	(7,401,866)
Infrastructure	(8,980,896)	(445,507)	-	(9,426,403)
<u>Total accumulated depreciation</u>	<u>(42,598,342)</u>	<u>(3,652,484)</u>	<u>(249,677)</u>	<u>(46,001,149)</u>
<u>Total capital assets being depreciated, net</u>	<u>67,425,728</u>	<u>855,818</u>	<u>10,653</u>	<u>68,270,893</u>
<b>Governmental activities capital assets, net</b>	<b>\$ 73,014,076</b>	<b>4,750,587</b>	<b>3,125,352</b>	<b>74,639,311</b>

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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

	Balance June 30, 2008	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2009
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,624,273	-	-	3,624,273
Construction in progress	3,511,682	8,749,947	3,476,208	8,785,421
<u>Total capital assets, not being depreciated</u>	<u>7,135,955</u>	<u>8,749,947</u>	<u>3,476,208</u>	<u>12,409,694</u>
Capital assets, being depreciated:				
Land improvements	2,173,316	-	-	2,173,316
Buildings and improvements	42,462,835	-	-	42,462,835
Machinery and equipment	5,715,581	148,128	10,411	5,853,298
Infrastructure	54,957,686	2,743,645	-	57,701,331
Airport operational assets	236,072,840	720,314	-	236,793,154
Parking structures	9,968,268	-	402,480	9,565,788
<u>Total capital assets being depreciated</u>	<u>351,350,526</u>	<u>3,612,087</u>	<u>412,891</u>	<u>354,549,722</u>
Less accumulated depreciation for:				
Land improvements	(1,120,300)	(155,199)	-	(1,275,499)
Buildings and improvements	(26,083,615)	(1,234,695)	-	(27,318,310)
Machinery and equipment	(3,922,940)	(212,482)	(10,411)	(4,125,011)
Infrastructure	(9,410,425)	(570,062)	-	(9,980,487)
Airport operational assets	(122,497,744)	(7,235,309)	-	(129,733,053)
Parking structures	(7,053,089)	(478,381)	(402,480)	(7,128,990)
<u>Total accumulated depreciation</u>	<u>(170,088,113)</u>	<u>(9,886,128)</u>	<u>(412,891)</u>	<u>(179,561,350)</u>
<u>Total capital assets being depreciated, net</u>	<u>181,262,413</u>	<u>(6,274,041)</u>	<u>-</u>	<u>174,988,372</u>
<b>Business-type activities capital assets, net</b>	<b><u>\$188,398,368</u></b>	<b><u>2,475,906</u></b>	<b><u>3,476,208</u></b>	<b><u>187,398,066</u></b>

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

Governmental activities:	
General government	\$ 1,198,559
Public safety	821,785
Health, community services and recreation	173,758
Public building and services	584,579
Education	873,803

**Total depreciation expense – governmental activities** **\$3,652,484**

Business-type activities:	
Sewer Utility Fund	\$1,657,910
Airport Fund	7,235,309
Park Woods	89,123
Parking Fund	478,381
Bass Park Fund	61,562
Municipal Golf Course	119,695
Economic Development Fund	244,148

**Total depreciation expense – business-type activities** **\$9,886,128**

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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

Construction commitments

The government has active construction projects as of June 30, 2009. The projects include reconstruction of runways, construction of additional infrastructure on the waterfront, and continuation of the combined sewer overflow program.

**D. Interfund Transactions**

Individual fund interfund receivable and payable transactions are described in the Summary of Significant Accounting Policies Note D. 2. As of June 30, 2009 the balances were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 3,055,385	\$ -
Racino Fund	1,085,695	-
Community Development Block Grant	-	863,058
Other Governmental Funds	138,898	431,265
Park Woods Fund	-	338,400
Bass Park Fund	-	1,899,855
Economic Development	-	747,400
	<u>\$ 4,279,978</u>	<u>\$ 4,279,978</u>

Individual fund transfers to and from other funds for the fiscal year ended June 30, 2009 are comprised primarily of transfers from fund balances to fund capital projects and to provide operating subsidies to certain proprietary funds.

	<u>Transfers to</u>	<u>Transfer from</u>
General Fund	\$ 2,289,105	\$ 59,395
Racino Fund	102,500	1,999
Special Revenue Funds	449,637	46,856
Capital Projects Fund	19,176	2,017,989
Permanent Funds	5,000	-
Proprietary Funds	<u>106,999</u>	<u>846,178</u>
	<u>\$ 2,972,417</u>	<u>\$ 2,972,417</u>

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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

**E. Due From Other Governments**

Due from other governments is comprised of the following amounts at June 30, 2009:

	Federal Government	State of Maine	Other	Total
General Fund	\$ 325	\$ 1,592,107	\$ 200,288	\$ 1,792,720
Special Revenue Funds	1,229,157	84,109	650	1,313,916
Racino Fund	-	10,997	-	10,997
Capital Projects Fund	247,009	292,494	-	539,503
Proprietary Funds	715,618	-	-	715,618

Of the General Fund's \$1,592,107 due from State of Maine, \$389,016 represents school grant and State agency billings, \$879,204 is due from the Department of Transportation and \$295,550 represents general assistance claims. Amounts due from other communities for tuition reimbursement to Bangor accounts for \$187,911 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 2039 and 2033, respectively. Minimum future rentals to be received on noncancelable leases as of June 30, 2009 are:

Fiscal year ending June 30,	Airport	Economic Development
2010	\$ 2,300,166	\$ 380,959
2011	2,053,699	381,951
2012	1,990,627	382,972
2013	1,883,320	362,360
2014	916,708	257,792
Subsequent to 2014	<u>3,798,631</u>	<u>1,588,619</u>
	<u>\$ 12,943,151</u>	<u>\$ 3,354,653</u>

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. The Airport received \$1,438,892 in contingent rentals in fiscal year 2009.

The carrying amounts of the leased assets are as follows:

	Airport	Economic Development
Land	\$ 565,707	\$ 2,395,046
Buildings	22,568,028	6,490,170
Less accumulated depreciation	<u>(10,469,998)</u>	<u>(1,223,470)</u>
Total	<u>\$ 12,663,737</u>	<u>\$ 7,661,746</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:

	<u>Capital Projects Fund</u>	<u>Proprietary Fund</u>
Investment of unexpended bond proceeds	\$ 3,128,760	\$ -
Due from bond trustee	-	1,052,427
Deposits	-	20,000
Bond issuance costs (net of amortization)	-	41,508
Total	<u>\$ 3,128,760</u>	<u>\$ 1,113,935</u>

**H. Deferred/Unearned Revenue**

General Fund deferred revenue consists of \$1,986,259 in deferred taxes and \$92,505 of advance deposits. Capital Fund deferred revenue of \$235,407 consists of advance deposits. Community Development Block Grant and Other Governmental Funds deferred revenue of \$4,220,364 and \$267,452, respectively, represents future revenue equal to loans made pursuant to the Community Development, Urban Development Action Grants and Economic Incentive Revolving Loan Fund. Under the terms of these grants, loans made are recognized as an expenditure in the Special Revenue Fund when they occur. Further, in accordance with regulations governing such funds, the repayments of such loans are considered program income as received and are available to the recipient for additional use within the program. Proprietary Funds unearned revenue of \$30,938 represents advance deposits.

**I. Long-Term Debt**

**General Obligation Bonds**

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

The original amount of general obligation bonds issued is \$147,788,548. The following is a summary of general obligation bond and note transactions of the City for the fiscal year ended June 30, 2009:

Bonds and notes payable at June 30, 2008	\$ 98,720,567
Add: principal additions	3,100,000
Less: principal repayments	<u>7,509,361</u>
Bonds and notes payable at June 30, 2009	<u>\$ 94,311,206</u>

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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

Bonds and notes payable at June 30, 2009 are comprised of the following:

	Fiscal year of maturity	Interest rate	Governmental activities		Business-type activities	Total June 30, 2009
			City	School		
Long-term debt:						
Treatment Plant	2011	7.00% - 7.10%	\$ -	\$ -	\$ 3,800,000	\$ 3,800,000
Combined sewer overflow	2014	2.46%	-	-	466,000	466,000
Combined sewer overflow	2014	2.45%	-	-	496,500	496,500
Combined sewer overflow	2017	3.52%	-	-	1,371,830	1,371,830
Tax increment financing note*	2016	6.00% - 6.90%	560,000	-	-	560,000
Combined sewer overflow	2018	3.03%	-	-	1,240,380	1,240,380
Public improvements – 1997	2018	4.875% - 5.3%	1,870,150	1,985,000	954,850	4,810,000
Tax increment financing note*	2018	6.19%	181,000	-	-	181,000
Public improvement – 1999	2019	3.8% - 4.6%	772,800	-	757,200	1,530,000
Maine Business Enter Park	2018	5.00%	-	-	148,204	148,204
Public improvements – 2000	2020	5.25% - 5.90%	865,907	-	1,009,093	1,875,000
Public improvements – 2001	2021	4.25% - 5.00%	758,000	71,000	2,846,000	3,675,000
State Revolving Renovation – School	2011	0.00%	-	113,720	-	113,720
Public improvements note*	2012	6.25%	543,260	-	-	543,260
Public improvements – 2002	2022	3.50% - 4.75%	2,872,000	2,925,000	1,228,000	7,025,000
Pension obligation bonds	2026	3.06% - 6.45%	24,814,648	1,578,092	5,292,260	31,685,000
Refunding bonds	2024	3.06% - 3.47%	452,968	1,361,590	2,600,442	4,415,000
Combined sewer overflow	2023	1.94%	-	-	2,184,052	2,184,052
Public improvements note*	2012	2.50% - 4.00%	-	-	104,935	104,935
Tax increment financing note*	2015	2.50% - 4.00%	98,365	-	-	98,365
Briggs Building note	2023	6.50%	-	-	1,045,178	1,045,178
Refunding/public improvements - 2004	2023	2.50% - 4.80%	2,779,350	263,600	952,050	3,995,000
Combined sewer overflow	2024	1.41%	-	-	2,198,189	2,198,189
Public improvements - 2005	2024	3.50% - 4.30%	2,030,000	-	800,000	2,830,000
Airport building sprinklers	2024	3.25% - 5.00%	-	-	1,840,000	1,840,000
Chancellor's property note	2025	5.00%	-	-	2,035,485	2,035,485
Public improvements/refunding	2025	4.00% - 4.20%	3,536,234	-	508,766	4,045,000
Combined sewer overflow	2027	1.64%	-	-	1,827,990	1,827,990
Public improvements – 2007	2027	4.00%	3,155,000	-	-	3,155,000
Combined sewer overflow	2028	1.81%	-	-	1,916,118	1,916,118
Public improvements - 2009	2029	2.00% - 4.375%	3,100,000	-	-	3,100,000
Total bonds and notes payable			<u>\$48,389,682</u>	<u>\$8,298,002</u>	<u>\$37,623,522</u>	<u>\$94,311,206</u>

\* Five series of general obligation notes aggregating \$1,487,560 are held by the City's Airport Fund at fixed, taxable market rates of interest. These notes are structured with a put feature, which, upon certain precedent conditions, allows the Airport to present them for redemption to the City's General Fund. It is management's intention, should a put occur, to fund it by passing the note along to its Sewer Fund, where it will be converted to a three to five year fixed note with level debt service, albeit without a put option.

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
2010	\$ 3,493,237	\$ 2,936,991	\$ 4,101,196	\$ 1,386,725
2011	3,326,863	2,814,348	3,854,382	1,282,166
2012	3,783,863	2,673,891	3,600,955	1,145,903
2013	3,379,642	2,496,290	3,600,264	1,017,290
2014	3,152,562	2,347,749	2,080,550	919,063
2015-2019	16,280,522	9,254,162	9,894,014	3,435,493
2020-2024	15,690,832	4,992,311	7,751,193	1,537,322
2025-2029	7,580,163	713,166	2,740,968	185,320
Total	<u>\$56,687,684</u>	<u>\$ 28,228,908</u>	<u>\$ 37,623,522</u>	<u>\$ 10,909,282</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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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, 2009, the statutory limit for the City was \$356,670,000. The City's outstanding long-term debt of \$94,311,206 at June 30, 2009 was within the statutory limit.

**Advance and Current Refunding**

In prior years, the City defeased certain general obligation bonds which reduced total future debt service payments in governmental and business-type funds by \$408,000 and \$302,000, respectively. This transaction placed the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2009, \$341,900 and \$1,043,100 of the governmental and business-type activities, respectively, are considered defeased. Within the Proprietary Funds the advance refunding transaction gave rise to a deferred amount on refunding. The deferred amount on refunding is being amortized over the remaining life of the original bonds.

**Authorized and Unissued**

On August 27, 2007, the City Council authorized the issuance of up to \$770,122 in general obligation bonds for the purpose of funding the City's annual fleet replacement. As of June 30, 2009, \$770,122 remains authorized and unissued. The City expects to issue the debt within the next fiscal year.

On November 26, 2007, the City Council authorized the issuance of up to \$600,000 in general obligation bonds for the purpose of renovating and rehabilitating property located at 103 Texas Avenue. As of June 30, 2009, \$155,000 remains authorized and unissued. The City expects to issue the debt within the next twenty four months.

On October 15, 2008, the City Council authorized the issuance of up to \$1,569,000 in general obligation bonds for the purpose of funding the City's annual fleet replacement, replacement of Fire Station #6 and the local share of State of Maine road projects. As of June 30, 2009 \$669,000 remains authorized and unissued. The City expects to issue the debt within the next fiscal year.

On April 27, 2009, the City Council authorized the issuance of up to \$2,837,000 in general obligation bonds through the Maine Municipal Bond Bank's Clean Water State Revolving Loan Fund Program. This funding was part of the American Recovery and Reinvestment Act (ARRA) of 2009. The terms of the borrowing are as follows; the entire loan will be at 0% interest and 50.6% of the loan proceeds will be principal forgiveness debt. The bonds will fund non point source stormwater improvements, as well as the acquisition of a street sweeper and in-stream monitoring equipment. The City is required to issue the debt within the next fiscal year.



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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

**Overlapping Debt**

In addition to the bonds and notes payable, the City may be contingently responsible for a proportionate share of overlapping debt. Overlapping debt is debt issued by a separate entity that shares the same tax base as the City of Bangor. As of June 30, 2009 the City did not have any overlapping debt obligations.

**Lease/Purchase Agreement**

The City has entered into a lease purchase agreement as lessee for financing school department energy conservation measures in the amount of \$7,091,928. The conservation measures included building envelope improvements, boiler retrofits, HVAC improvements, etc. None of the improvements met the criteria for capitalization and have been expensed in the current year. The lease/purchase agreement requires annual payments through August 2021 with an interest rate of 5.19%. The principal amount due within the next year is \$501,968. During fiscal year 2010, this agreement was paid in full through the issuance of general obligation bonds (see subsequent event footnote).

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Due within one year
<b>Governmental activities:</b>					
General obligation debt	\$ 56,998,022	3,100,000	3,410,338	56,687,684	3,493,237
Accrued compensated absences *	2,036,534	1,723,681	1,502,959	2,257,256	1,355,241
Net OPEB obligation	-	759,529	-	759,529	-
Lease purchase obligation	-	7,091,928	805,740	6,286,188	501,968
Penobscot River remediation	-	7,560,000	-	7,560,000	7,560,000
Long-term obligation for self insurance	1,591,840	449,961	618,246	1,423,555	607,890
<b>Governmental activities long-term liabilities</b>	<b>\$ 60,626,396</b>	<b>20,685,099</b>	<b>6,337,283</b>	<b>74,974,212</b>	<b>13,518,336</b>
<b>Business type activities:</b>					
General obligation debt	41,722,545	-	4,099,023	37,623,522	4,101,197
Accrued compensated absences	563,166	467,922	399,339	631,749	631,749
Net OPEB obligation	-	242,517	-	242,517	-
Long-term obligation for self insurance	570,000	125,799	80,799	615,000	187,203
Deferred amount on refunding	(38,910)	-	(21,233)	(17,677)	(16,268)
Other	510,514	558	-	511,072	-
<b>Business type activities long-term liabilities</b>	<b>\$ 43,327,315</b>	<b>836,796</b>	<b>4,557,928</b>	<b>39,606,183</b>	<b>4,903,881</b>

\* - The liquidation of compensated absences is fully covered within the General Fund

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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

**J. Fund Balances**

**Permanent Funds**

As of June 30, 2009, the fund balances by purpose were as follows:

	Restricted Nonexpendable Trust Principal	Unrestricted Permanent Funds
Cemetery	\$ 375,145	\$ 50,100
Parks	14,538	45,234
City Missionary	16,511	62,543
Education	44,138	71,983
Aid for Aged Women	43,067	81,383
Other Purposes	<u>30,851</u>	<u>129,391</u>
Total nonmajor permanent funds	<u>\$ 524,250</u>	<u>\$ 440,634</u>

**Dedicated Revenue Funds - Special Revenue Funds**

As of June 30, 2009, the fund balances by purpose were as follows:

Dental Clinic	\$ 4,628
Preservation of Records	147
Adopt a Park	106,154
Park Woods Children	160
City Forest	233,691
BFD Imaging	7,259
Park Woods Complex	168,605
USS Maine Monument	15,143
Flower	1,084
Impact Fees	176,889
Parks	(945)
Tricentennial	<u>1,535</u>
Total dedicated revenue funds	<u>\$ 714,350</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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**Designated Fund Balance**

Designated fund balance of the General Fund at June 30, 2009 consists of amounts, which the City intends to use for the following purposes:

Departmental balances carried forward	\$ 154,751
School department – regular	2,675,071
adult education	157,400
reading assessment	21,183
special revenue	101,324
school lunch	144,893
trust and agency	<u>215,552</u>
Total balances carried	<u>3,470,174</u>
Accrued summer teacher payroll	(2,811,525)
Pooled equipment	96,938
Bus equipment	125,629
Fire equipment	177,445
Improvement	424,096
Self insurance	1,423,555
Cameron stadium	351,372
Landfill closure	10,778
Cascade park maintenance	58,842
PEG capital support	117,246
Credit reserve	79,764
Pickering Square development district	90,513
Parks & Rec Improvement	(89,919)
Benefit reserve	391,830
Arbitrage rebate	<u>261,960</u>
	<u>\$ 4,178,698</u>

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

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

**K. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds and capital leases payable and adding back any unspent proceeds. Net assets are reported as restricted when there are limitation imposed on their use either through the enabling legislations adopted by the City of through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2009:

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets	\$120,640,460	\$366,959,416
Accumulated depreciation	(46,001,149)	(179,561,350)
Bonds payable	(24,411,186)	(32,329,609)
Unspent bond proceeds	<u>3,128,760</u>	<u>1,052,427</u>
Total invested in capital assets net of related debt	<u>\$ 53,356,885</u>	<u>\$156,120,884</u>

**OTHER INFORMATION**

**A. Risk Management**

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

The City purchases coverage under a number of commercially available insurance policies such as; commercial general liability, auto, property damage and crime and dishonesty, each with limits and deductibles deemed prudent given the risks, cost of coverage and the City's ability to fund certain types of losses. For those claims covered by commercial insurance, the amount of settlements has not exceeded the coverage for the years ended June 30, 2009, 2008 and 2007.

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

**OTHER INFORMATION, CONTINUED**

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, 2009, the amount of self-insurance liabilities was \$2,038,555. This liability is the City's best estimate based on available information. Changes in the reported liabilities since July 1, 2007 resulted from the following:

	Workers' Compensation	All other self- insured risks	Total
Unpaid claims as of July 1, 2007	\$ 1,900,320	\$ 221,150	\$ 2,121,470
Incurred claims	266,179	-	266,179
Payments	(749,706)	-	(749,706)
Changes in estimates and other adjustments	513,414	10,483	523,897
Unpaid claims as of July 1, 2008	1,930,207	231,633	2,161,840
Incurred claims	339,943	-	339,943
Payments	(699,045)	-	(699,045)
Changes in estimates and other adjustments	230,199	5,618	235,817
 Unpaid claims as of June 30, 2009	 \$ 1,801,304	 \$ 237,251	 \$ 2,038,555

**B. Tax Increment Financing Districts**

The City has established tax increment financing districts, all of which dedicate a portion of the incremental increase in real estate and/or personal property tax revenues over staggered twenty year periods for the following purposes:

B.I.A. Municipal Development District No. 1 – Partially financed \$27.5 million dollars of capital expenditures at manufacturing facilities leased by General Electric Company.

Main Street Municipal Development District – Assisted Penobscot Development Limited Liability Company in financing the extraordinary costs of acquisition and environmental remediation of the former Gasworks site on Main Street, ultimately to provide land area necessary for the construction of a 54,000 square foot supermarket in a Community Development project area.

Pickering Square Municipal Development District – Assisted Realty Resources Chartered in a major redevelopment project that converted the former Freese's department store building into affordable housing units.

Downtown Municipal Development District – To partially finance in excess of \$70 million dollars of infrastructure improvements within the boundaries of the district.

Mall Area Traffic Infrastructure District – To partially finance traffic infrastructure improvements in the Bangor Mall area and environmental improvement projects in the Penjajawoc Marsh/Bangor Mall area.

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

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**OTHER INFORMATION, CONTINUED**

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**C. Contingent Liabilities**

In February 1998, the City was served Notification of Potential Liability by the Federal Environmental Protection Agency (EPA) in connection with that agency's efforts to clean up a disposal site. In 2007, LD 1929 was passed to establish a program to fund the cleanup costs at this site for certain parties, including municipalities. As such there should be no further costs to the City. A Consent Decree has been negotiated with the EPA and provides the terms for the final remedy of the site, part of which provides that the program, established under LD 1929, will sell bonds with the proceeds being used to pay future costs. Additional funds from the sale of bonds in excess of the final settlement costs will be available to the PRPs for payment of past costs.

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 September of 2005, the U.S. District Court issued an Order finding that the City is responsible for 40% of the remediation costs. In July 2007, the City reached a settlement agreement with Citizens, whereby the City received \$7.625 million to be held in escrow and applied to the cost of remediation. A Consent Decree has been negotiated with the Department of Environmental Protection (DEP) for the remediation which is expected to be completed by December 2009. At this time, the total project cost is estimated at \$7.56 million, which includes the remediation work, environmental insurance, and oversight and legal costs. A liability in the amount of \$7,560,000 has been recorded in the Governmental Activities entity-wide statements.

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

**D. Retirement**

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

**Defined Contribution Plan**

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

Funding Policy - Plan members not covered by employment contracts are required to contribute 6.5% of their annual covered salary and the City is required to contribute either 8% or 10% depending upon the employee's classification. For fiscal year 2009 covered payroll was \$12,449,582 and City contributions were \$1,060,163. 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

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

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**OTHER INFORMATION, CONTINUED**

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contributions for those employees with employment contracts were \$454,395 and \$52,239 respectively, in fiscal year 2009.

**Defined Benefit Pension Plan**

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

Funding Policy – Plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute an actuarially determined rate. The current rate ranges from 2.80% to 6.50% of annual covered payroll. The contribution rates of plan members and the City are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. The City's contributions to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2009, 2008, and 2007 were \$677,652, \$703,675, and \$701,159 respectively, equal to the required contributions for each year.

**Teachers Group**

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

That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy – Plan members are required to contribute 7.65% of their compensation to the retirement system. The same statute requires the State of Maine Department of Education, to contribute the employer contribution, which amounts to \$4,329,117 (18.76%) for the fiscal year 2009. This amount has been reported as an intergovernmental revenue and education expenditure in the GAAP basis financial statements. There is no contribution required by the school department except for federally funded teachers, for which they contributed 18.76% of their compensation. This cost is charged to the applicable grant.

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

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**OTHER INFORMATION, CONTINUED**

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**Deferred Compensation Plan**

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

**Social Security**

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

**E. Other Postemployment Benefits**

In June of 2004, the Governmental Accounting Standards Board (GASB) issued Statement 45 which addressed the reporting and disclosure requirements for other postemployment benefits (OPEB). GASB Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, was implemented, as required, by the City for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

Description of the Plan - The City sponsors a post-retirement benefit plan providing health insurance to retiring employees. Full time City employees age 50 or older and covered under the active medical plan are eligible to participate. Retirees that are designated in a plan pay 100% of the coverage premium. A Medicare Supplement plan is available for eligible retirees. For retirees without Medicare, coverage is available without a Medicare offset.

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

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

Normal cost	\$ 493,875
Amortization of unfunded liability	622,717
Interest	<u>22,113</u>
Annual required contribution	<u>\$1,138,705</u>



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

**OTHER INFORMATION, CONTINUED**

Funding Status and Funding Progress – The City’s annual OPEB cost, the net OPEB obligation and the percentage of annual OPEB cost contributed to the plan for the year ending June 30, 2009 were as follows:

Annual OPEB cost	\$ 1,138,705
City contributions	<u>136,659</u>
Net OPEB obligation	<u>\$ 1,002,046</u>

Percentage of annual OPEB contributed 12.00%

The unfunded actuarial accrued liability as a percentage of covered payroll for June 30, 2009 is as follows:

	Governmental Activities	Business-type Activities	Total June 30, 2009
Actuarial accrued liability (AAL)	\$ 8,488,427	\$ 2,710,336	\$ 11,198,763
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 8,488,427</u>	<u>\$ 2,710,336</u>	<u>\$ 11,198,763</u>
Covered payroll	<u>\$ 16,257,319</u>	<u>\$ 5,190,927</u>	<u>\$ 21,448,246</u>

UAAL as a percentage of covered payroll 52.21%

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

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

Actuarial valuation date	7/1/08
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Participation	62.5% of eligible employees
Increase in future medical costs	7.5% - 5.2%

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

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**OTHER INFORMATION, CONTINUED**

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

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

**G. Subsequent Events**

On August 10, 2009, the City Council authorized the issuance of up to \$163,000 in general obligation bonds through the Maine Municipal Bond Bank's Clean Water State Revolving Loan Fund Program. This funding was part of the American Recovery and Reinvestment Act (ARRA) of 2009. The terms of the borrowing are as follows; the entire loan will be at 0% interest and 50.6% of the loan proceeds will be principal forgiveness debt. The bonds will fund non point source stormwater improvements. The City is required to issue the debt within the next fiscal year.

On September 30, 2009 the City Council authorized the issuance of up to \$1,365,878 in general obligations bonds for the purpose of funding the City's annual fleet replacement and energy conservation measures.

On October 27, 2009, the City issued general obligation bonds to refund \$5,750,000 of outstanding general obligation bonds on a current basis as well as the outstanding School Department lease/purchase liability in the amount \$5,985,000. This refunding resulted in cumulative interest cost savings of \$1,830,000 or a present value savings of 12.41%. The final maturity dates of the refunded general obligation bonds remain unchanged, and there was a five year reduction in the final maturity of the lease/purchase liability.

The City Charter requires maintaining the City's undesignated/unreserved fund balance at between 5% and 10% of the previous year's expenditures, net of debt service. As policy, the City has targeted 7.5% as a reasonable balance. At June 30, 2009, this balance exceeded the City policy of 7.5% by \$2,411,281.

**CITY OF BANGOR, MAINE**  
**Required Supplemental Information**  
**Schedule of Funding Progress - Retiree Healthcare Plan**  
**For the Fiscal Year Ended June 30, 2009**

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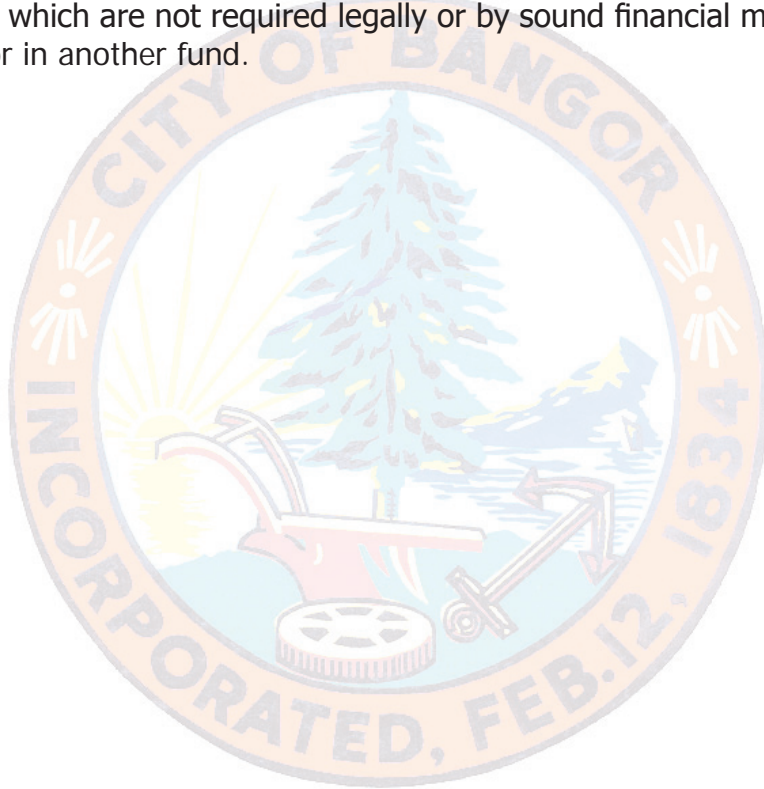
	<b>Actuarial Valuation Date</b>
	<b>7/1/2008</b>
<b>Governmental activities:</b>	
Actuarial value of assets	\$ -
Actuarial accrued liability (AAL)	8,488,427
Unfunded actuarial accrued liability (UAAL)	\$ 8,488,427
Funded ratio	0.00%
Covered payroll	\$ 16,257,319
<b>Business-type activities:</b>	
Actuarial value of assets	\$ -
Actuarial accrued liability (AAL)	2,710,336
Unfunded actuarial accrued liability (UAAL)	\$ 2,710,336
Funded ratio	0.00%
Covered payroll	\$ 5,190,927
<b>Primary government:</b>	
Actuarial value of assets	\$ -
Actuarial accrued liability (AAL)	11,198,763
Unfunded actuarial accrued liability (UAAL)	\$ 11,198,763
Funded ratio	0.00%
Covered payroll	\$ 21,448,246
UAAL as a percentage of covered payroll	52.21%

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Only one year has been presented because 2009 was the year GASB Statement 45 was implemented.

## GENERAL FUND

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



**CITY OF BANGOR, MAINE**  
**Balance Sheet**  
**General Fund**  
**June 30, 2009**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 433,563
Investments	12,203,155
Receivables:	
Taxes	2,227,194
Accounts (net of allowance of \$258,981)	954,359
Interfund	3,055,385
Intergovernmental	1,792,720
Loans	1,045,178
Inventory, at cost	806,288
Prepaid items	27,717
<b>Total assets</b>	<b>\$ 22,545,559</b>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts payable	\$ 1,235,546
Accrued wages and benefits payable	3,771,990
Deferred revenue	2,078,764
<b>Total liabilities</b>	<b>7,086,300</b>
Fund balance	
Reserved for:	
Encumbrances	858,956
Prepaid items	27,717
Advances to other funds	1,650,500
Unreserved:	
Designated (Note J)	4,178,698
Undesignated	8,743,388
<b>Total fund balance</b>	<b>15,459,259</b>
<b>Total liabilities and fund balance</b>	<b>\$ 22,545,559</b>

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Undesignated**  
**Fund Balance - Budget and Actual - Budgetary Basis**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2009**

	Balances			Variance	
	Carried 7/1/2008	Budget	Actual	Surplus	Carried
<b>Revenues</b>					
<b>Taxes</b>					
Real and personal property	\$ -	\$ 46,911,966	\$ 46,977,792	\$ 65,826	\$ -
Change in deferred property tax	-	-	(234,492)	(234,492)	-
Tax increment financing district	-	(2,433,289)	(2,433,289)	-	-
Payment in lieu of taxes	-	150,640	141,595	(9,045)	-
Excise	-	4,576,500	4,752,006	175,506	-
Interest on delinquent taxes	-	200,000	228,681	28,681	-
<b>Total taxes</b>	-	49,405,817	49,432,293	26,476	-
<b>Intergovernmental</b>					
State revenue sharing	-	4,170,000	4,411,277	241,277	-
School subsidy	-	18,028,568	17,611,968	-	(416,600)
Other -					
municipal	-	2,388,636	2,440,297	51,661	-
school	-	3,576,011	4,464,488	-	888,477
<b>Total intergovernmental</b>	-	28,163,215	28,928,030	292,938	471,877
<b>Other revenue</b>					
Licenses and permits	-	592,600	644,621	52,021	-
Charges for service -					
municipal	-	7,829,598	7,882,210	52,612	-
school	-	3,883,826	4,386,457	-	502,631
Fines, forfeits and penalties	-	15,200	43,706	28,506	-
Revenue from use of money and property -					
municipal	-	856,713	785,190	(71,523)	-
<b>Total other</b>	-	13,177,937	13,742,184	61,616	502,631
<b>Total revenues</b>	-	90,746,969	92,102,507	381,030	974,508

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Undesignated**  
**Fund Balance - Budget and Actual - Budgetary Basis**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2009**

	Balances			Variance	
	Carried 7/1/2008	Budget	Actual	Surplus	Carried
<b>Expenditures</b>					
General government					
Council	-	45,352	36,043	9,309	-
Executive	-	842,871	673,152	169,719	-
Human resources	-	81,198	90,899	(9,701)	-
City clerk	-	422,781	450,762	(27,981)	-
Assessing	-	421,771	411,503	10,268	-
Legal	-	263,992	264,463	(471)	-
Finance	-	1,597,303	1,545,174	52,129	-
Insurance	-	154,000	170,828	(16,828)	-
Planning, econ dev, code enforcement	-	1,137,513	1,069,151	68,362	-
Total general government	-	4,966,781	4,711,975	254,806	-
Public safety					
Police	-	7,484,401	7,262,234	222,167	-
Fire	-	7,586,599	7,340,048	123,751	122,800
Total public safety	-	15,071,000	14,602,282	345,918	122,800
Health, community services and recreation					
Health and community services	-	2,925,462	2,918,661	6,801	-
Parks and recreation	-	1,523,574	1,542,830	(19,256)	-
Total health, commun. serv and rec.	-	4,449,036	4,461,491	(12,455)	-
Public buildings and services					
	-	10,300,973	10,047,048	253,925	-

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Undesignated**  
**Fund Balance - Budget and Actual - Budgetary Basis**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2009**

	Balances			Variance	
	Carried 7/1/2008	Budget	Actual	Surplus	Carried
Expenditures, continued					
Other agencies					
County tax	-	2,495,028	2,495,028	-	-
Downtown Development District	-	54,187	54,187	-	-
Public library	-	1,501,491	1,501,491	-	-
Other agencies	35,450	239,635	243,577	(442)	31,950
Total other agencies	35,450	4,290,341	4,294,283	(442)	31,950
Education					
Regular	2,145,842	41,453,168	40,889,405	-	2,709,605
Adult education	182,480	560,540	539,273	-	203,747
School lunch	96,571	1,248,083	1,264,602	-	80,052
Reading assessment	21,183	-	-	-	21,183
Special revenue	180,800	2,412,666	2,547,745	-	45,721
Trust and agency	146,340	1,016,398	1,135,280	-	27,458
Total education	2,773,216	46,690,855	46,376,305	-	3,087,766
Other appropriations					
Pensions and other fringe benefits	-	1,940,576	1,948,156	(7,580)	-
Debt service	-	2,239,987	2,234,392	5,595	-
Tax increment financing payments	-	506,281	510,262	(3,981)	-
Total other appropriations	-	4,686,844	4,692,810	(5,966)	-
Total expenditures	2,808,666	90,455,830	89,186,194	835,786	3,242,516
Excess (deficiency) of revenues over/under expenditures	(2,808,666)	291,139	2,916,313	1,216,816	4,217,024



**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Undesignated**  
**Fund Balance - Budget and Actual - Budgetary Basis**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2009**

	Balances			Variance	
	Carried 7/1/2008	Budget	Actual	Surplus	Carried
Other financing sources (uses)					
Appropriation from designated fund balance	-	1,109,746	104,341	(258,555)	(746,850)
Appropriation to designated fund balance	-	(79,764)	(79,764)	-	-
Sale of assets	-	2,000	-	(2,000)	-
Contributions	-	15,000	30	(14,970)	-
Insurance Settlements	-	1,500	4,700	3,200	-
Transfers to other funds	-	(613,200)	(823,200)	(210,000)	-
Transfers from other funds	-	39,503	40,286	783	-
Operating transfers	-	(765,924)	(765,924)	-	-
Total other financing sources (uses)	-	(291,139)	(1,519,531)	(481,542)	(746,850)
Net change in fund balance	\$ (2,808,666)	\$ -	\$ 1,396,782	735,274	\$ 3,470,174
Undesignated fund balance, beginning of year				8,008,114	
<b>Undesignated fund balance, end of year</b>				<b>\$ 8,743,388</b>	

# **NONMAJOR GOVERNMENTAL FUNDS**

## **Special Revenue Funds**

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

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

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

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

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

## **Permanent Fund**

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

**CITY OF BANGOR, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2009**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1	\$ -	\$ 1
Investments	222,784	97,185	319,969
Receivables:			
Accounts	-	-	-
Interfund	138,898	-	138,898
Loans	1,638,046	992,141	2,630,187
Intergovernmental	232,794	-	232,794
<b>Total assets</b>	<b>\$ 2,232,523</b>	<b>\$ 1,089,326</b>	<b>\$ 3,321,849</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 123,368	\$ -	\$ 123,368
Deferred revenue	267,452	-	267,452
Interfund loans payable	431,265	-	431,265
<b>Total liabilities</b>	<b>822,085</b>	<b>-</b>	<b>822,085</b>
Fund balances			
Reserved, principal	-	648,692	648,692
Unreserved, undesignated	1,410,438	440,634	1,851,072
<b>Total fund balances</b>	<b>1,410,438</b>	<b>1,089,326</b>	<b>2,499,764</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,232,523</b>	<b>\$ 1,089,326</b>	<b>\$ 3,321,849</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, 2009**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>Revenues</b>			
Taxes	\$ 879,816	\$ -	\$ 879,816
Intergovernmental	5,475,305	-	5,475,305
Charges for services	981,742	-	981,742
Program income	24,918	-	24,918
Revenue from use of money and property	96,232	-	96,232
Other revenue	10,325	1,650	11,975
Interest revenue	-	41,072	41,072
<b>Total revenues</b>	<b>7,468,338</b>	<b>42,722</b>	<b>7,511,060</b>
<b>Expenditures</b>			
Current:			
Personnel	1,013,232	-	1,013,232
Equipment	7,994	-	7,994
Payments to beneficiaries	909,773	-	909,773
Other	3,377,369	-	3,377,369
Bus operations	2,161,223	-	2,161,223
Program expenditures	-	4,277	4,277
<b>Total expenditures</b>	<b>7,469,591</b>	<b>4,277</b>	<b>7,473,868</b>
Excess (deficiency) of revenues over (under) expenditures	(1,253)	38,445	37,192
<b>Other financing sources (uses)</b>			
Transfer to other funds	(449,637)	(5,000)	(454,637)
Transfer from other funds	46,856	-	46,856
<b>Total other financing sources (uses)</b>	<b>(402,781)</b>	<b>(5,000)</b>	<b>(407,781)</b>
Net change in fund balances	(404,034)	33,445	(370,589)
Fund balances, beginning of year	1,814,472	1,055,881	2,870,353
<b>Fund balances, end of year</b>	<b>\$ 1,410,438</b>	<b>\$ 1,089,326</b>	<b>\$ 2,499,764</b>

**CITY OF BANGOR, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2009**

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals 2009
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 1	\$ -	\$ -	\$ 1
Investments	-	-	-	222,784	222,784
Receivables:					
Accounts	-	-	-	-	-
Interfund	138,898	-	-	-	138,898
Loans	267,452	-	714,350	656,244	1,638,046
Intergovernmental	-	232,144	-	650	232,794
<b>Total assets</b>	<b>\$ 406,350</b>	<b>\$ 232,145</b>	<b>\$ 714,350</b>	<b>\$ 879,678</b>	<b>\$ 2,232,523</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ -	\$ 111,794	\$ -	\$ 11,574	\$ 123,368
Deferred revenue	267,452	-	-	-	267,452
Interfund loans payable	-	69,730	-	361,535	431,265
<b>Total liabilities</b>	<b>267,452</b>	<b>181,524</b>	<b>-</b>	<b>373,109</b>	<b>822,085</b>
Fund balances					
Unreserved, undesignated	138,898	50,621	714,350	506,569	1,410,438
<b>Total fund balances</b>	<b>138,898</b>	<b>50,621</b>	<b>714,350</b>	<b>506,569</b>	<b>1,410,438</b>
<b>Total liabilities and fund balances</b>	<b>\$ 406,350</b>	<b>\$ 232,145</b>	<b>\$ 714,350</b>	<b>\$ 879,678</b>	<b>\$ 2,232,523</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, 2009**

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals 2009
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ 879,816	\$ 879,816
Intergovernmental	-	5,475,305	-	-	5,475,305
Charges for services	-	952,562	29,180	-	981,742
Program income	24,918	-	-	-	24,918
Revenue from use of money and property	265	-	37,758	58,209	96,232
Contributions	-	-	4,425	5,900	10,325
Total revenues	25,183	6,427,867	71,363	943,925	7,468,338
<b>Expenditures</b>					
Personnel	-	1,013,232	-	-	1,013,232
Equipment	-	7,994	-	-	7,994
Payments to beneficiaries	-	-	4,598	905,175	909,773
Other	541	3,372,346	-	4,482	3,377,369
Bus operations	-	2,161,223	-	-	2,161,223
Total expenditures	541	6,554,795	4,598	909,657	7,469,591
Excess (deficiency) of revenues over (under) expenditures	24,642	(126,928)	66,765	34,268	(1,253)
<b>Other financing sources (uses)</b>					
Transfers to other funds	-	-	(103,037)	(346,600)	(449,637)
Transfers from other funds	-	46,792	64	-	46,856
Total other financing sources (uses)	-	46,792	(102,973)	(346,600)	(402,781)
Net change in fund balances	24,642	(80,136)	(36,208)	(312,332)	(404,034)
Fund balances, beginning of year	114,256	130,757	750,558	818,901	1,814,472
<b>Fund balances, end of year</b>	<b>\$ 138,898</b>	<b>\$ 50,621</b>	<b>\$ 714,350</b>	<b>\$ 506,569</b>	<b>\$ 1,410,438</b>

**CITY OF BANGOR, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2009**

	Other Funds	Revolving Loan Funds	Totals
<b>ASSETS</b>			
Investments	\$ -	\$ 97,185	\$ 97,185
Loans receivable	964,884	27,257	992,141
<b>Total assets</b>	<b>\$ 964,884</b>	<b>\$ 124,442</b>	<b>\$ 1,089,326</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Fund balances			
Principal	524,250	124,442	648,692
Unexpended income	440,634	-	440,634
<b>Total fund balances</b>	<b>964,884</b>	<b>124,442</b>	<b>1,089,326</b>
<b>Total liabilities and and fund balances</b>	<b>\$ 964,884</b>	<b>\$ 124,442</b>	<b>\$ 1,089,326</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, 2009**

	<b>Other Funds</b>	<b>Revolving Loan Funds</b>	<b>Totals</b>
<b>Revenues</b>			
Investment income	\$ 46,750	\$ (5,678)	\$ 41,072
Lot sales	1,650	-	1,650
<b>Total revenues</b>	<b>48,400</b>	<b>(5,678)</b>	<b>42,722</b>
<b>Expenditures</b>			
Current:			
Payments to beneficiaries	348	3,000	3,348
Other miscellaneous	-	929	929
<b>Total expenditures</b>	<b>348</b>	<b>3,929</b>	<b>4,277</b>
Excess (deficiency) of revenues over (under) expenditures	48,052	(9,607)	38,445
<b>Other financing uses</b>			
Transfer to other funds	(5,000)	-	(5,000)
Transfer from other funds	-	-	-
<b>Total other financing uses</b>	<b>(5,000)</b>	<b>-</b>	<b>(5,000)</b>
Net change in fund balances	43,052	(9,607)	33,445
Fund balances, beginning of year	921,832	134,049	1,055,881
<b>Fund balances, end of year</b>	<b>\$ 964,884</b>	<b>\$ 124,442</b>	<b>\$ 1,089,326</b>



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## **ENTERPRISE FUNDS**

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

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

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

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

**Bass Park Fund** – This fund accounts for the operation of the Bangor auditorium, Bangor Civic Center, and Bangor State Fair. Principal sources of revenue are admissions, concession sales, and rentals. The fund is named after the Bass family, which bequeathed the property to the City for recreational purposes.

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

**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.

**CITY OF BANGOR, MAINE**  
**Combining Statement of Net Assets**  
**Nonmajor Proprietary Funds**  
**June 30, 2009**

**Business-type Activities - Enterprise Funds**

	Park Woods	Parking Fund	Bass Park Fund	Municipal Golf Course	Economic Development Fund	Total Nonmajor Proprietary Funds
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 226	\$ 170,657	\$ 5,889	\$ 101,551	\$ 77	\$ 278,400
Investments	-	66,795	-	497,471	-	564,266
Accounts receivable	130	1,846	57,266	-	56,506	115,748
Less allowance for uncollectible accounts	-	-	(27,110)	-	-	(27,110)
Net accounts receivable	130	1,846	30,156	-	56,506	88,638
Inventories, at cost	-	-	18,762	-	-	18,762
Prepaid items	-	-	33,189	-	-	33,189
Total current assets	356	239,298	87,996	599,022	56,583	983,255
Noncurrent assets						
Capital Assets:						
Land and improvements	295,025	-	828,921	1,594,732	2,395,046	5,113,724
Buildings and improvements	1,933,061	-	5,587,727	912,607	6,490,170	14,923,565
Machinery and equipment	22,952	-	144,428	302,924	-	470,304
Infrastructure	-	-	-	-	683,189	683,189
Parking structures	-	9,565,788	-	-	-	9,565,788
Construction in process	-	139,479	-	-	-	139,479
	2,251,038	9,705,267	6,561,076	2,810,263	9,568,405	30,896,049
Less accumulated depreciation	(1,276,195)	(7,128,990)	(5,187,529)	(1,431,328)	(1,243,706)	(16,267,748)
Net capital assets	974,843	2,576,277	1,373,547	1,378,935	8,324,699	14,628,301
Loans receivable	-	-	-	-	103,645	103,645
Deposits	20,000	-	-	-	-	20,000
Total noncurrent assets	994,843	2,576,277	1,373,547	1,378,935	8,428,344	14,751,946
Total assets	995,199	2,815,575	1,461,543	1,977,957	8,484,927	15,735,201

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**CITY OF BANGOR, MAINE**  
**Combining Statement of Net Assets**  
**Nonmajor Proprietary Funds**  
**June 30, 2009**

**Business-type Activities - Enterprise Funds**

	Park Woods	Parking Fund	Bass Park Fund	Municipal Golf Course	Economic Development Fund	Total Nonmajor Proprietary Funds
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	31,423	724	34,773	13,217	16,778	96,915
Accrued wages and benefits payable	2,664	6,897	18,110	13,407	-	41,078
Accrued interest	-	31,329	13,287	7,395	44,657	96,668
Workers' compensation	-	4,715	5,858	-	-	10,573
Unearned revenue	-	25,917	5,021	-	-	30,938
Accrued compensated absences	36,854	8,909	57,305	19,465	-	122,533
Interfund loans payable	338,400	-	1,899,855	-	747,400	2,985,655
General obligation debt payable	-	431,885	138,041	31,823	190,585	792,334
Deferred amount on refunding	-	(10,330)	-	-	-	(10,330)
Other liabilities	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>409,341</b>	<b>500,046</b>	<b>2,172,250</b>	<b>85,307</b>	<b>999,420</b>	<b>4,166,364</b>
Long-term liabilities						
Workers' compensation	-	5,285	4,142	-	-	9,427
General obligation debt payable	-	2,690,606	989,284	565,461	3,838,283	8,083,634
Net OPEB obligation	3,428	4,446	15,060	7,291	-	30,225
Other long-term liabilities	193,061	19,742	-	-	-	212,803
<b>Total long-term liabilities</b>	<b>196,489</b>	<b>2,720,079</b>	<b>1,008,486</b>	<b>572,752</b>	<b>3,838,283</b>	<b>8,336,089</b>
<b>Total liabilities</b>	<b>605,830</b>	<b>3,220,125</b>	<b>3,180,736</b>	<b>658,059</b>	<b>4,837,703</b>	<b>12,502,453</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	974,843	(379,522)	690,764	871,822	4,295,831	6,453,738
Unrestricted	(585,474)	(25,028)	(2,409,957)	448,076	(648,607)	(3,220,990)
<b>Total net assets</b>	<b>\$ 389,369</b>	<b>\$ (404,550)</b>	<b>\$ (1,719,193)</b>	<b>\$ 1,319,898</b>	<b>\$ 3,647,224</b>	<b>\$ 3,232,748</b>

Continued from previous page

**CITY OF BANGOR, MAINE**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2009**

<b>Business-type Activities - Enterprise Funds</b>						
	Park Woods	Parking Fund	Bass Park Fund	Municipal Golf Course	Economic Development Fund	Total Nonmajor Proprietary Funds
Operating revenues						
Charges for services	\$ 369,478	\$ 997,111	\$ 1,253,236	\$ 608,930	\$ 569,549	\$ 3,798,304
Operating expenses						
Operating expenses other than depreciation and amortization	501,127	735,002	1,731,986	599,051	236,208	3,803,374
Depreciation and amortization	89,123	478,381	61,562	119,695	244,148	992,909
Total operating expenses	590,250	1,213,383	1,793,548	718,746	480,356	4,796,283
Operating income (loss)	(220,772)	(216,272)	(540,312)	(109,816)	89,193	(997,979)
Nonoperating revenue (expenses)						
Interest income	-	1,826	48	12,610	35,648	50,132
Interest expense	-	(161,526)	(58,366)	(26,593)	(231,839)	(478,324)
Total nonoperating revenue (expenses)	-	(159,700)	(58,318)	(13,983)	(196,191)	(428,192)
Net income (loss) before grants/contributions and transfers	(220,772)	(375,972)	(598,630)	(123,799)	(106,998)	(1,426,171)
Grants/contributions received for capital assets	-	139,479	-	-	-	139,479
Transfers to other funds	-	-	(1,999)	-	-	(1,999)
Transfers from other funds	49,754	262,651	533,773	-	-	846,178
Change in net assets	(171,018)	26,158	(66,856)	(123,799)	(106,998)	(442,513)
Net assets, beginning of year	560,387	(430,708)	(1,652,337)	1,443,697	3,754,222	3,675,261
Net assets, end of year	\$ 389,369	\$ (404,550)	\$ (1,719,193)	\$ 1,319,898	\$ 3,647,224	\$ 3,232,748

**CITY OF BANGOR, MAINE**  
**Combining Statement of Cash Flows - Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2009**

**Business-type Activities - Enterprise Funds**

	Park Woods	Parking Fund	Bass Park Fund	Municipal Golf Course	Economic Development Fund	Total Nonmajor Proprietary Funds
Cash flows from operating activities						
Cash received from customers	\$ 367,349	\$ 982,821	\$ 1,324,731	\$ 610,930	\$ 514,430	\$ 3,800,261
Cash paid to suppliers for goods and services	(398,081)	(525,614)	(960,722)	(248,074)	(229,241)	(2,361,732)
Cash paid to employees for services	(92,378)	(234,317)	(757,430)	(334,453)	-	(1,418,578)
Net cash provided by (used in) operating activities	(123,110)	222,890	(393,421)	28,403	285,189	19,951
Cash flows from noncapital financing activities						
Interfund loans (repayments)	72,400	-	56,600	-	87,900	216,900
Transfers in	49,754	262,651	533,773	-	-	846,178
Transfers out	-	-	(1,999)	-	-	(1,999)
Net cash provided by (used in) noncapital financing activities	122,154	262,651	588,374	-	87,900	1,061,079
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	-	(139,479)	-	(21,098)	(12,982)	(173,559)
Principal paid on general obligation bonds	-	(438,214)	(138,018)	(31,997)	(183,240)	(791,469)
Interest paid on general obligation bonds	-	(153,933)	(60,621)	(27,005)	(216,464)	(458,023)
Grants/contributions received for capital assets	-	139,479	-	-	-	139,479
Investment of unexpended bond proceeds	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	-	(592,147)	(198,639)	(80,100)	(412,686)	(1,283,572)
Cash flows from investing activities						
Net sales (purchases) of investments	-	80,833	-	42,598	-	123,431
Interest on investments	-	2,384	48	12,610	35,648	50,690
Loan repayments	-	-	-	-	3,922	3,922
Net cash provided by (used in) investing activities	-	83,217	48	55,208	39,570	178,043
Net increase (decrease) in cash	(956)	(23,389)	(3,638)	3,511	(27)	(24,499)
Cash, beginning of year	1,182	194,046	9,527	98,040	104	302,899
<b>Cash, end of year</b>	<b>\$ 226</b>	<b>\$ 170,657</b>	<b>\$ 5,889</b>	<b>\$ 101,551</b>	<b>\$ 77</b>	<b>\$ 278,400</b>

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**CITY OF BANGOR, MAINE**  
**Combining Statement of Cash Flows - Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2009**  
**Business-type Activities - Enterprise Funds**

	Park Woods	Parking Fund	Bass Park Fund	Municipal Golf Course	Economic Development Fund	Total Nonmajor Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (220,772)	\$ (216,272)	\$ (540,312)	\$ (109,816)	\$ 89,193	\$ (997,979)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	89,123	478,381	61,562	119,695	244,148	992,909
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(130)	6,009	73,473	2,000	(55,119)	26,233
(Increase) decrease in inventories	-	-	(1,487)	-	-	(1,487)
(Increase) decrease in prepaid items	-	-	(4,090)	-	-	(4,090)
Increase (decrease) in accounts payable	3,582	(29,202)	(4,084)	(560)	6,967	(23,297)
Increase (decrease) in unearned revenue	-	(20,299)	(1,978)	-	-	(22,277)
Increase (decrease) in other liabilities	5,087	4,273	23,495	17,084	-	49,939
Total adjustments	97,662	439,162	146,891	138,219	195,996	1,017,930
Net cash provided by (used in) operating activities	\$ (123,110)	\$ 222,890	\$ (393,421)	\$ 28,403	\$ 285,189	\$ 19,951

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**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Sewer Utility Fund - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Charges for services	\$ 7,472,150	\$ 7,296,383	\$ (175,767)
Interest and other revenue	331,534	48,455	(283,079)
<b>Total revenues</b>	<b>7,803,684</b>	<b>7,344,838</b>	<b>(458,846)</b>
<b>Expenditures and encumbrances</b>			
Salaries	1,129,025	1,089,285	39,740
Fringe benefits	291,322	277,481	13,841
Supplies and materials	1,268,770	1,085,024	183,746
Contractual services	851,816	650,567	201,249
Interfund charges	474,255	439,655	34,600
Miscellaneous	22,685	17,452	5,233
Debt service	3,545,161	3,544,328	833
Depreciation	1,663,702	1,678,662	(14,960)
Outlay	210,650	56,054	154,596
<b>Total expenditures and encumbrances</b>	<b>9,457,386</b>	<b>8,838,508</b>	<b>618,878</b>
<b>Excess (deficiency) of revenues over/under expenditures and encumbrances</b>	<b>\$ (1,653,702)</b>	<b>\$ (1,493,670)</b>	<b>\$ 160,032</b>



**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Airport Fund - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Charges for services	\$ 14,143,050	\$ 13,923,351	\$ (219,699)
Interest and other revenue	836,500	884,980	48,480
<b>Total revenues</b>	<b>14,979,550</b>	<b>14,808,331</b>	<b>(171,219)</b>
<b>Expenditures and encumbrances</b>			
Salaries	5,027,524	5,151,309	(123,785)
Fringe benefits	1,114,268	976,228	138,040
Supplies and materials	3,231,550	2,472,147	759,403
Contractual services	2,315,495	2,402,787	(87,292)
Interfund charges	712,711	732,065	(19,354)
Miscellaneous	171,200	323,784	(152,584)
Debt service	880,177	908,147	(27,970)
Depreciation	7,202,000	7,235,309	(33,309)
Outlay	91,122	48,326	42,796
Credits	(10,000)	-	(10,000)
<b>Total expenditures and encumbrances</b>	<b>20,736,047</b>	<b>20,250,102</b>	<b>485,945</b>
<b>Excess (deficiency) of revenues over/under expenditures and encumbrances</b>	<b>\$ (5,756,497)</b>	<b>\$ (5,441,771)</b>	<b>\$ 314,726</b>

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Park Woods - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Charges for services	\$ 430,397	\$ 369,478	\$ (60,919)
Interest and other revenue	30,600	30,600	-
<b>Total revenues</b>	<b>460,997</b>	<b>400,078</b>	<b>(60,919)</b>
<b>Expenditures and encumbrances</b>			
Salaries	77,006	77,351	(345)
Fringe benefits	15,200	15,305	(105)
Supplies and materials	208,250	214,509	(6,259)
Contractual services	155,701	179,668	(23,967)
Interfund charges	4,740	487	4,253
Miscellaneous	100	6,999	(6,899)
Depreciation	89,123	89,123	-
Outlay	-	-	-
<b>Total expenditures and encumbrances</b>	<b>550,120</b>	<b>583,442</b>	<b>(33,322)</b>
<b>Excess (deficiency) of revenues over/under expenditures and encumbrances</b>	<b>\$ (89,123)</b>	<b>\$ (183,364)</b>	<b>\$ (94,241)</b>

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Parking Fund - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Charges for services	\$ 984,728	\$ 997,111	\$ 12,383
Operating transfer	262,651	262,651	-
Interest and other revenue	6,000	1,826	(4,174)
<b>Total revenues</b>	<b>1,253,379</b>	<b>1,261,588</b>	<b>8,209</b>
<b>Expenditures and encumbrances</b>			
Salaries	172,954	191,923	(18,969)
Fringe benefits	41,055	42,138	(1,083)
Supplies and materials	6,750	4,273	2,477
Contractual services	339,282	343,682	(4,400)
Interfund charges	101,190	150,580	(49,390)
Debt service	592,148	592,147	1
Depreciation	478,381	478,381	-
Outlay	-	-	-
<b>Total expenditures and encumbrances</b>	<b>1,731,760</b>	<b>1,803,124</b>	<b>(71,364)</b>
<b>Excess (deficiency) of revenues over/under expenditures and encumbrances</b>	<b>\$ (478,381)</b>	<b>\$ (541,536)</b>	<b>\$ (63,155)</b>

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Bass Park Fund - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Charges for services	\$ 1,501,600	\$ 1,253,235	\$ (248,365)
Operating transfer	506,273	506,273	-
Interest and other revenue	-	48	48
<b>Total revenues</b>	<b>2,007,873</b>	<b>1,759,556</b>	<b>(248,317)</b>
<b>Expenditures and encumbrances</b>			
Salaries	633,991	634,397	(406)
Fringe benefits	119,902	128,874	(8,972)
Supplies and materials	432,050	375,188	56,862
Contractual services	427,568	365,384	62,184
Interfund charges	155,725	152,179	3,546
Miscellaneous	50,000	39,055	10,945
Debt service	198,638	198,639	(1)
Depreciation	67,964	61,562	6,402
Credits	(10,000)	(10,000)	-
<b>Total expenditures and encumbrances</b>	<b>2,075,838</b>	<b>1,945,278</b>	<b>130,560</b>
<b>Excess (deficiency) of revenues over/under expenditures and encumbrances</b>	<b>\$ (67,965)</b>	<b>\$ (185,722)</b>	<b>\$ (117,757)</b>

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Municipal Golf Course - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Charges for services	\$ 647,000	\$ 608,930	\$ (38,070)
Interest and other revenue	26,000	12,610	(13,390)
<b>Total revenues</b>	<b>673,000</b>	<b>621,540</b>	<b>(51,460)</b>
<b>Expenditures and encumbrances</b>			
Salaries	276,057	297,672	(21,615)
Fringe benefits	37,625	37,551	74
Supplies and materials	99,050	102,058	(3,008)
Contractual services	72,983	64,247	8,736
Interfund charges	61,283	64,159	(2,876)
Debt service	59,002	59,002	-
Depreciation	96,939	119,695	(22,756)
Outlay	67,000	38,145	28,855
<b>Total expenditures and encumbrances</b>	<b>769,939</b>	<b>782,529</b>	<b>(12,590)</b>
<b>Excess (deficiency) of revenues over/under expenditures and encumbrances</b>	<b>\$ (96,939)</b>	<b>\$ (160,989)</b>	<b>\$ (64,050)</b>

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Economic Development Fund - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2009**

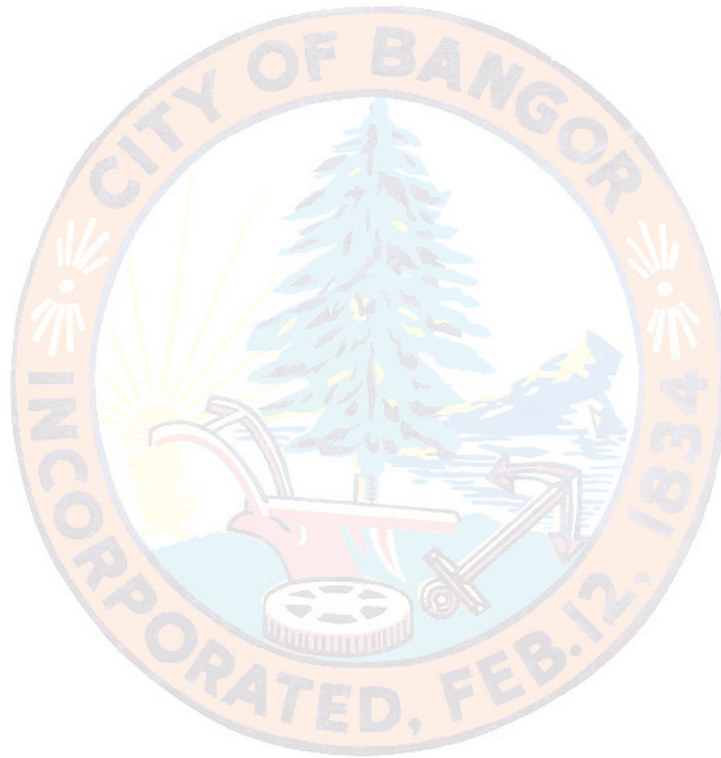
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Charges for services	\$ 439,161	\$ 552,048	\$ 112,887
Interest and other revenue	287,479	57,071	(230,408)
<b>Total revenues</b>	<b>726,640</b>	<b>609,119</b>	<b>(117,521)</b>
<b>Expenditures and encumbrances</b>			
Supplies and materials	45,970	29,256	16,714
Contractual services	189,813	156,198	33,615
Interfund charges	-	-	-
Miscellaneous	2,150	9,164	(7,014)
Debt service	399,707	399,704	3
Depreciation	205,898	244,148	(38,250)
Outlay	89,000	37,350	51,650
<b>Total expenditures and encumbrances</b>	<b>932,538</b>	<b>875,820</b>	<b>56,718</b>
<b>Excess (deficiency) of revenues over/under expenditures and encumbrances</b>	<b>\$ (205,898)</b>	<b>\$ (266,701)</b>	<b>\$ (60,803)</b>

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## **FIDUCIARY FUNDS**

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others.

Agency Funds – Agency Funds are used to account for situations where the City's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

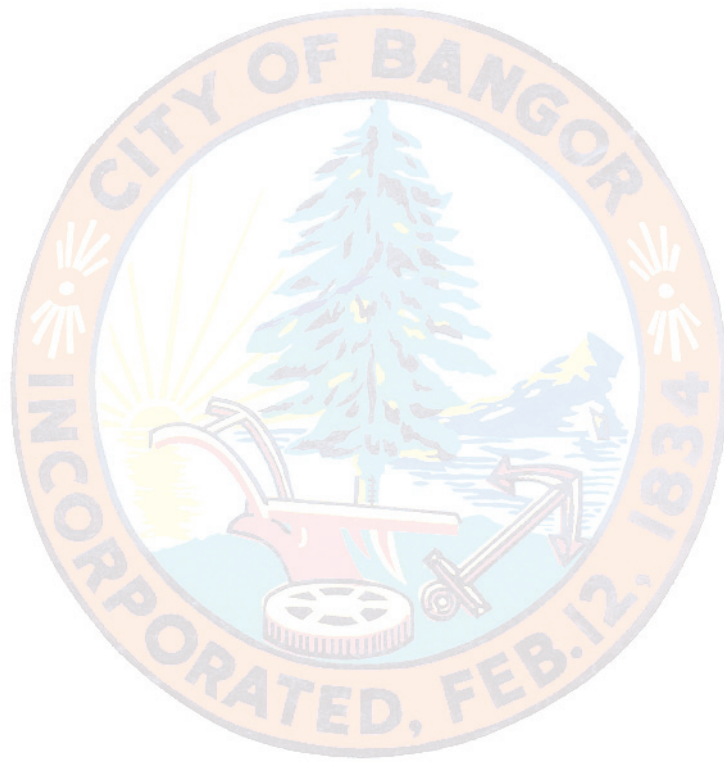




**CITY OF BANGOR, MAINE**  
**Statement of Change in Assets and Liabilities**  
**Agency Fund**  
**For the Fiscal Year Ended June 30, 2009**

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>ASSETS</b>				
Cash:				
American Folk Festival funds	\$ 11,875	\$ 810,051	\$ 781,565	\$ 40,361
Bangor Area Stormwater Group	43,989	43,434	84,159	3,264
School Activity Funds	103,361	222,778	228,148	97,991
<b>Total assets</b>	<b>\$ 159,225</b>	<b>\$ 1,076,263</b>	<b>\$ 1,093,872</b>	<b>\$ 141,616</b>
<b>LIABILITIES</b>				
Funds held for others:				
American Folk Festival	\$ 11,875	\$ 810,051	\$ 781,565	\$ 40,361
Bangor Area Stormwater Group	43,989	43,434	84,159	3,264
School Activity Funds	103,361	222,778	228,148	97,991
<b>Total liabilities</b>	<b>\$ 159,225</b>	<b>\$ 1,076,263</b>	<b>\$ 1,093,872</b>	<b>\$ 141,616</b>

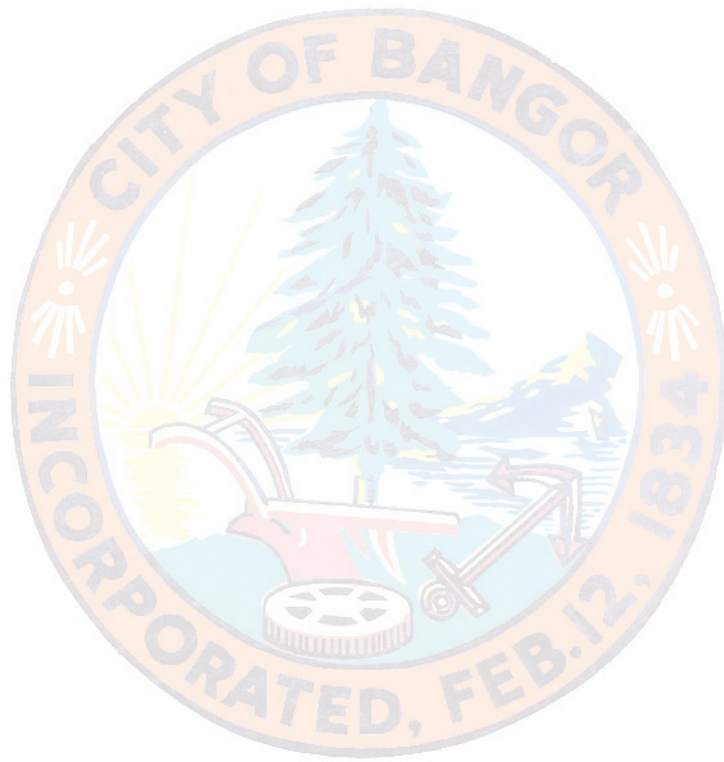
**CAPITAL ASSETS USED  
IN THE OPERATION  
OF GOVERNMENTAL FUNDS**



**CITY OF BANGOR, MAINE**  
**Capital Assets Used in the Operation of Governmental Funds**  
 (net of accumulated depreciation)  
**Schedule of Changes by Function and Activity**  
**For the Fiscal Year Ended June 30, 2009**

Function and Activity	Balance 2008	Additions	Deletions	Balance 2009
General government				
Animal control	\$ 731	\$ -	\$ 731	\$ -
BAT community connector	962,827	-	151,121	811,706
Central service	24,999	-	3,846	21,153
City clerk	27,222	-	6,587	20,635
City hall	481,471	126,334	16,731	591,074
Community and economic development	4,424,586	628,331	245,379	4,807,538
Engineering	46,391	12,625	6,290	52,726
Information services	239,078	51,128	96,124	194,082
Legal	1,210	-	1,210	-
Motor pool	4,084,170	546,933	606,666	4,024,437
Other - unclassified	550,321	-	74,526	475,795
Total general government	10,843,006	1,365,351	1,209,211	10,999,146
Public safety				
Fire	3,693,041	6,047,679	3,549,782	6,190,938
Police	11,520,391	45,540	386,703	11,179,228
Total public safety	15,213,432	6,093,219	3,936,485	17,370,166
Health, community services and recreation				
Health and community services	-	-	-	-
Parks and recreation	2,593,105	21,050	173,758	2,440,397
Total health, community services and recreation	2,593,105	21,050	173,758	2,440,397
Public building and services				
Public works	17,388,635	522,342	584,579	17,326,398
Total public buildings and services	17,388,635	522,342	584,579	17,326,398
Education	26,975,898	401,109	873,803	26,503,204
<b>Total governmental fund capital assets</b>	<b>\$ 73,014,076</b>	<b>\$ 8,403,071</b>	<b>\$ 6,777,836</b>	<b>\$ 74,639,311</b>

# OTHER INFORMATION



**CITY OF BANGOR, MAINE**  
**Assessed Valuation, Commitment and Collections**  
**For the Fiscal Year Ended June 30, 2009**

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**VALUATION**

Land and buildings	\$ 2,230,645,100
Land and buildings - Homestead exemption	69,530,600
Personal property	244,740,100
Personal property - BETE exemption	<u>8,523,800</u>
Total valuation	<u><u>\$ 2,553,439,600</u></u>

**COMMITMENT**

Real estate and personal property (excludes Homestead exemption)	\$ 2,475,385,200
Tax rate	<u>0.01905</u>
Total commitment	47,156,088

**ADD**

Supplemental taxes committed	<u>79,282</u>
	47,235,370

**LESS**

Collections 2009	45,688,536
Abatements	<u>275,489</u>
2009 taxes receivable at June 30, 2009	<u><u>\$ 1,192,063</u></u>

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**CITY OF BANGOR, MAINE**  
**Undesignated Fund Balance Sufficiency Calculation**  
**For the Fiscal Year Ended June 30, 2009**

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It is the policy of the City to maintain an undesignated fund balance approximately 7.5% of operating expenditures. The following table sets forth the calculation as to the sufficiency of the June 30, 2009 undesignated fund balance.

General Fund expenditures/uses ( Schedule A-2)

General government	\$ 4,711,975
Public safety	14,602,282
Health, community services and recreation	4,461,491
Public buildings and services	10,047,048
Other agencies	4,294,283
Education	46,376,305
Other appropriations	4,692,810
Other uses, gross*	<u>1,589,124</u>
Gross expenditures and uses	90,775,318
General Fund debt service	<u>6,347,220</u>
Net expenditures and uses	<u><u>\$ 84,428,098</u></u>
Indicated undesignated fund balance @ 7.5%	\$ 6,332,107
Actual undesignated fund balance (Schedule A-2)	\$ 8,743,388
Actual undesignated fund balance as a percentage of net expenditures and uses	10.36%
Over (under) funded status	<u><u>\$ 2,411,281</u></u>

\* excludes amounts appropriated from undesignated fund balance

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# STATISTICAL SECTION

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

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



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

	Fiscal Year						
	2003*	2004*	2005*	2006*	2007	2008	2009
<b>Governmental activities:</b>							
Invested in capital assets, net of related debt	\$ 35,304,708	\$ 41,565,642	\$ 46,993,577	\$ 48,707,054	\$ 48,257,039	\$ 49,447,154	\$ 53,356,885
Restricted	507,743	510,433	513,851	1,002,525	1,055,881	656,658	6,198,372
Unrestricted	(16,178,265)	(20,154,733)	(21,010,448)	(21,528,721)	(9,784,221)	(15,155,253)	(26,929,961)
<b>Total governmental activities net assets</b>	<b>19,634,186</b>	<b>21,921,342</b>	<b>26,496,980</b>	<b>28,180,858</b>	<b>39,528,699</b>	<b>34,948,559</b>	<b>32,625,296</b>
<b>Business-type activities:</b>							
Invested in capital assets, net of related debt	149,863,511	148,218,655	150,970,961	154,068,754	157,302,400	154,066,934	156,120,884
Restricted	-	-	-	-	-	-	-
Unrestricted	19,579,291	21,096,167	21,705,461	16,998,096	14,715,610	17,219,955	14,927,182
<b>Total business-type activities net assets</b>	<b>169,442,802</b>	<b>169,314,822</b>	<b>172,676,422</b>	<b>171,066,850</b>	<b>172,018,010</b>	<b>171,286,889</b>	<b>171,048,066</b>
<b>Primary government:</b>							
Invested in capital assets, net of related debt	185,168,219	189,784,297	197,964,538	202,775,808	205,559,439	203,514,088	209,477,769
Restricted	507,743	510,433	513,851	1,002,525	1,055,881	656,658	6,198,372
Unrestricted	3,401,026	941,434	695,013	(4,530,625)	4,931,389	2,064,702	(12,002,779)
<b>Total primary government net assets</b>	<b>\$ 189,076,988</b>	<b>\$ 191,236,164</b>	<b>\$ 199,173,402</b>	<b>\$ 199,247,708</b>	<b>\$ 211,546,709</b>	<b>\$ 206,235,448</b>	<b>\$ 203,673,362</b>

Only seven years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

\* - Certain amounts have been reclassified to conform with 2007 presentation.

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>							
<b>Governmental activities:</b>							
General government	\$ 6,060,687	\$ 6,487,572	\$ 6,435,386	\$ 6,947,106	\$ 7,052,860	\$ 8,744,549	\$ 7,868,247
Public safety	11,114,804	12,066,567	12,478,326	12,890,750	13,756,962	14,945,855	15,671,645
Health, community services and recreation	3,340,989	3,606,827	4,000,249	7,301,546	7,348,875	8,413,205	9,168,870
Public building and services	7,050,085	7,360,360	7,609,989	8,256,266	8,659,473	9,142,251	9,671,469
Other agencies	3,322,395	3,273,003	3,514,658	3,610,935	3,787,970	4,829,547	4,580,661
Education	40,828,756	40,279,055	42,659,395	45,522,795	46,106,647	47,537,197	54,294,824
Unclassified	2,044,069	389,598	65,639	947,025	1,136	-	-
Restricted grants*	6,551,455	6,857,039	7,326,307	-	-	-	-
Arena Development	-	-	-	-	417,030	41,091	51,332
Community development*	-	-	-	2,419,594	1,865,026	2,156,241	912,992
Streets/Sidewalks*	-	-	-	2,911,131	2,884,655	1,359,002	2,141,079
Waterfront*	-	-	-	990,961	399,015	1,754,281	9,252,263
Public transportation*	-	-	-	1,798,968	1,841,516	2,118,374	3,042,434
Tax increment financing*	-	-	-	1,092,770	1,101,078	1,066,192	1,114,112
Interest on debt	740,077	3,083,447	3,166,250	3,098,248	1,952,612	3,206,764	2,651,599
Capital maintenance expenses*	1,824,489	2,666,118	1,674,034	-	-	-	-
<b>Total governmental activities expenses</b>	<b>82,877,806</b>	<b>86,069,586</b>	<b>88,930,233</b>	<b>97,788,095</b>	<b>97,174,855</b>	<b>105,314,549</b>	<b>120,421,527</b>
<b>Business-type activities:</b>							
Sewer Utility	5,744,275	5,751,710	5,859,588	5,818,127	6,052,420	6,052,419	6,197,277
Airport	14,489,128	15,060,963	16,368,681	16,947,056	18,645,140	19,641,953	19,934,243
Park Woods	449,873	531,986	598,854	540,207	678,867	678,867	590,250
Parking	1,370,737	1,431,983	1,425,508	1,322,138	1,438,125	1,438,125	1,374,909
Bass Park	1,944,718	1,935,653	1,889,215	1,918,111	1,993,205	1,993,205	1,851,914
Municipal Golf Course	575,408	626,739	592,323	647,499	695,969	695,969	745,339
Economic Development	271,047	338,795	397,881	484,264	695,851	695,851	712,195
<b>Total business-type activities expenses</b>	<b>24,845,186</b>	<b>25,677,829</b>	<b>27,132,050</b>	<b>27,677,402</b>	<b>30,199,577</b>	<b>31,196,389</b>	<b>31,406,127</b>
<b>Total primary government expenses</b>	<b>\$ 107,722,992</b>	<b>\$ 111,747,415</b>	<b>\$ 116,062,283</b>	<b>\$ 125,465,497</b>	<b>\$ 127,374,432</b>	<b>\$ 136,510,938</b>	<b>\$ 151,827,654</b>

Only seven years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

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

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Program Revenues</b>							
Governmental activities:							
Charges for services							
General government	\$ 934,540	\$ 1,103,382	\$ 1,447,058	\$ 1,672,854	\$ 2,334,040	\$ 2,282,374	\$ 1,869,711
Public safety	1,446,942	1,923,804	1,908,000	2,471,220	2,182,680	2,439,831	3,010,167
Health, community services and recreation	647,709	624,778	674,364	756,207	681,583	771,254	768,450
Public buildings and services	3,043,886	3,537,702	3,766,334	4,076,981	3,871,412	3,967,990	3,786,050
Other agencies	-	-	-	-	-	22,243	22,068
Education	3,742,385	3,857,798	4,549,286	4,561,352	4,408,431	4,539,787	4,386,457
Unclassified	26,830	19,719	20,036	859,682	61,128	-	-
Restricted grants	5,392,472	1,368,366	1,079,690	-	-	-	-
Arena Development	-	-	-	-	1,630,360	1,689,657	2,205,771
Community development	-	-	-	672,459	658,141	297,394	301,019
Streets/Sidewalks	-	-	-	-	-	159,351	21,836
Public transportation	-	-	-	536,491	659,960	809,531	944,804
Tax increment financing	-	-	-	-	-	-	1,711
Operating grants and contributions	21,566,478	24,743,028	25,986,614	29,577,430	30,534,706	41,370,518	34,155,649
Capital grants and contributions	3,814,705	2,098,577	4,117,072	3,788,485	2,604,652	2,119,150	2,068,478
Total governmental activities program revenues	40,615,947	39,277,154	43,548,454	48,973,161	49,627,093	60,469,080	53,542,171
Business-type activities:							
Charges for services							
Sewer Utility	6,569,790	6,281,870	5,970,615	6,206,605	6,663,408	6,745,112	7,537,879
Airport	9,291,513	11,398,518	11,527,061	12,074,504	13,555,003	14,475,879	13,953,287
Park Woods	283,052	279,588	310,389	287,452	340,494	340,494	369,478
Parking	807,645	892,820	943,990	963,697	1,001,697	1,001,697	997,111
Bass Park	1,362,054	1,253,421	1,238,707	1,460,931	1,426,599	1,426,599	1,253,236
Municipal Golf Course	623,233	595,852	586,956	604,365	655,834	655,834	608,930
Economic Development	388,165	316,062	433,694	391,658	422,716	422,716	569,549
Capital grants and contributions	11,274,222	3,376,637	7,749,367	2,581,874	4,377,242	3,426,732	4,113,557
Total business-type activities program revenues	30,599,674	24,394,768	28,760,779	24,571,086	28,442,993	28,495,063	29,403,027
Total primary government program revenues	\$ 71,215,621	\$ 63,671,922	\$ 72,309,233	\$ 73,544,247	\$ 78,070,086	\$ 88,964,143	\$ 82,945,198

Only seven years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Net (expense)/revenue</b>							
Governmental activities	\$ (42,261,859)	\$ (46,792,432)	\$ (45,381,779)	\$ (48,814,934)	\$ (47,547,762)	\$ (44,845,469)	\$ (66,879,356)
Business-type activities	5,754,488	(1,283,061)	1,628,729	(3,106,316)	(1,756,584)	(2,701,326)	(2,003,100)
<b>Total primary government expense</b>	<b>(36,507,371)</b>	<b>(48,075,493)</b>	<b>(43,753,050)</b>	<b>(51,921,250)</b>	<b>(49,304,346)</b>	<b>(47,546,795)</b>	<b>(68,882,456)</b>
<b>General revenues and other changes in net assets</b>							
Governmental activities:							
Property taxes	37,624,392	39,936,976	40,302,810	40,666,758	41,702,775	43,775,938	46,977,792
Payment in lieu of taxes	113,575	135,000	186,500	160,457	145,000	122,510	141,595
Excise taxes	4,091,505	4,306,055	4,358,409	4,752,852	4,668,614	4,641,320	4,752,005
Franchise taxes	233,874	225,224	265,598	274,986	296,566	300,768	322,526
Unrestricted grants and contributions	4,059,770	4,512,720	4,487,931	4,773,082	4,968,217	5,520,774	5,260,439
Unrestricted investment earnings	377,113	296,857	519,225	699,417	1,183,796	1,274,939	874,824
Indirect cost charges	557,165	483,439	472,056	-	-	-	-
Miscellaneous	598,515	131,733	8,353	32,550	260,733	161,439	93,967
Transfers	(798,618)	(948,416)	(837,806)	(861,290)	(871,864)	(539,088)	(739,179)
<b>Total governmental activities</b>	<b>46,857,291</b>	<b>49,079,588</b>	<b>49,763,076</b>	<b>50,498,812</b>	<b>52,353,837</b>	<b>55,258,600</b>	<b>57,683,969</b>
Business-type activities:							
Unrestricted investment earnings	1,097,155	206,665	895,064	635,454	1,346,799	1,326,787	1,025,098
Transfers	798,618	948,416	837,806	861,290	539,088	539,088	739,179
<b>Total business-type activities</b>	<b>1,895,773</b>	<b>1,155,081</b>	<b>1,732,870</b>	<b>1,496,744</b>	<b>1,885,887</b>	<b>1,865,875</b>	<b>1,764,277</b>
<b>Total primary government</b>	<b>48,753,064</b>	<b>50,234,669</b>	<b>51,495,946</b>	<b>51,995,556</b>	<b>54,239,724</b>	<b>57,124,475</b>	<b>59,448,246</b>
<b>Change in net assets</b>							
Governmental activities	4,595,432	2,287,156	4,381,297	1,683,878	4,806,075	10,413,131	(9,195,387)
Business-type activities	7,650,261	(127,980)	3,361,599	(1,609,572)	129,303	(835,451)	(238,823)
<b>Total primary government</b>	<b>\$ 12,245,693</b>	<b>\$ 2,159,176</b>	<b>\$ 7,742,896</b>	<b>\$ 74,306</b>	<b>\$ 4,935,378</b>	<b>\$ 9,577,680</b>	<b>\$ (9,434,210)</b>

Only seven years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Tax Revenues</b>							
Property taxes	\$ 37,624,392	\$ 39,936,976	\$ 40,302,810	\$ 40,666,758	\$ 41,702,775	\$ 43,775,938	\$ 46,977,792
Excise taxes	4,091,505	4,306,055	4,358,409	4,752,852	4,668,614	4,641,320	4,752,005
Franchise taxes	233,874	225,224	265,598	274,986	296,566	300,768	322,526
<b>Total tax revenues</b>	<b>\$ 41,949,771</b>	<b>\$ 44,468,255</b>	<b>\$ 44,926,817</b>	<b>\$ 45,694,596</b>	<b>\$ 46,667,955</b>	<b>\$ 48,718,026</b>	<b>\$ 52,052,323</b>

Only seven years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

Table 4

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Fund:</b>										
Reserved	\$ 2,907,605	\$ 2,314,524	\$ 2,204,855	\$ 2,692,524	\$ 2,571,692	\$ 2,427,099	\$ 2,188,819	\$ 2,366,032	\$ 2,637,120	\$ 2,537,173
Unreserved	10,868,363	13,022,113	15,412,411	14,575,433	11,184,543	10,676,570	10,828,439	11,438,114	11,602,190	12,922,086
Total general fund	\$ 13,775,968	\$ 15,336,637	\$ 17,617,266	\$ 17,267,957	\$ 13,756,235	\$ 13,103,669	\$ 13,017,258	\$ 13,804,146	\$ 14,239,310	\$ 15,459,259
<b>All other governmental funds:</b>										
Reserved	\$ 969,162	\$ 1,143,738	\$ 1,836,653	\$ 5,229,243	\$ 2,599,271	\$ 2,358,441	\$ 3,832,469	\$ 2,015,620	\$ 8,081,884	\$ 7,062,990
Unreserved, reported in										
Special revenue funds	(315,560)	(346,598)	1,029,775	2,080,184	1,997,434	1,810,747	2,215,929	2,663,736	5,005,121	6,981,927
Capital projects funds	1,173,695	538,858	4,622,212	(488,844)	4,211,800	3,658,954	925,634	1,735,231	469,554	1,528,537
Permanent funds	864,739	812,694	539,666	500,558	424,802	370,308	350,222	361,879	399,223	440,634
Total all other governmental funds	\$ 2,692,036	\$ 2,148,692	\$ 8,028,306	\$ 7,321,141	\$ 9,233,307	\$ 8,198,450	\$ 7,324,254	\$ 6,776,466	\$ 13,955,782	\$ 16,014,088

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Revenues:</b>							
Taxes:							
Property taxes	\$ 39,261,141	\$ 39,774,952	\$ 40,586,129	\$ 41,101,785	\$ 42,145,912	\$ 43,767,914	\$ 47,113,576
Excise taxes	4,091,505	4,306,055	4,358,409	4,752,852	4,668,614	4,641,320	4,752,005
Total tax revenues	43,352,646	44,081,007	44,944,538	45,854,637	46,814,526	48,409,234	51,865,581
Intergovernmental	30,627,927	31,617,135	34,484,238	37,714,682	37,774,922	41,345,956	41,123,520
Licenses and permits	409,842	374,499	655,745	538,534	982,879	956,965	644,621
Charges for services	10,151,637	11,035,587	12,160,573	12,927,989	12,598,776	13,283,275	13,449,587
Program income	583,569	463,066	409,153	663,269	657,987	296,325	288,677
Revenue from money and property	1,420,582	1,162,796	1,255,959	2,349,812	3,621,988	3,812,356	3,836,654
Other	1,612,518	142,311	168,452	526,360	279,261	7,691,463	428,220
Total revenues	88,158,721	88,876,401	94,078,658	100,575,283	102,730,339	115,795,574	111,636,860
<b>Expenditures:</b>							
General government	4,223,670	4,619,401	4,732,331	4,642,935	4,736,885	5,122,152	5,103,378
Public safety	11,018,419	12,001,813	12,352,418	12,852,119	13,476,656	14,162,638	14,400,420
Health, community services and recreation	3,230,938	3,480,885	3,865,578	4,084,948	4,086,513	4,305,709	4,414,673
Public buildings and services	7,876,895	8,180,067	8,301,848	8,991,673	9,363,365	9,906,759	10,048,539
Other agencies	3,157,861	3,273,003	3,514,658	3,610,935	3,783,720	4,227,552	4,294,283
Education	39,428,576	40,341,426	42,228,691	44,817,879	45,224,974	48,293,846	50,380,309
Tax increment financing							215,483
Unclassified	327,812	389,598	65,639	263,702	597,262	166,994	63,115
Restricted grants	6,510,909	6,822,298	7,282,380	8,248,872	7,787,297	9,098,706	8,360,660
Capital outlay*	8,794,651	10,675,201	8,681,772	11,762,832	9,100,357	8,038,242	16,118,777
Debt service							
Principal	5,730,088	2,232,944	4,110,250	2,748,866	4,237,096	2,044,428	2,136,415
Interest	3,299,332	3,080,468	3,120,028	3,098,248	3,095,434	2,436,120	2,373,922
Other charges	10,028	5,570	37,467	5,070	4,850	299	6,000
Total expenditures	93,609,179	95,102,674	98,293,060	105,128,079	105,494,409	107,803,445	117,915,974
Deficiency of revenues under expenditures	(5,450,458)	(6,226,273)	(4,214,402)	(4,552,796)	(2,764,070)	7,992,129	(6,279,114)
<b>Other financing sources/(uses)</b>							
General obligation debt	4,397,511	5,443,400	2,650,000	4,333,000	3,555,000	-	3,100,000
Financing proceeds	-	-	-	-	-	-	7,091,928
Sale of assets	232,259	131,773	106,895	120,479	320,034	161,439	104,620
Transfers to other funds	(3,663,860)	(5,369,448)	(3,131,050)	(3,099,137)	(3,300,247)	(2,690,305)	(2,865,418)
Transfers from other funds	2,865,242	4,421,032	2,293,244	2,237,847	2,428,383	2,151,217	2,126,239
Total other financing sources	3,831,152	4,626,757	1,919,089	3,592,189	3,003,170	(377,649)	9,557,369
Net change in fund balances	\$ (1,619,306)	\$ (1,599,516)	\$ (2,295,313)	\$ (960,607)	\$ 239,100	\$ 7,614,480	\$ 3,278,255
Debt service as a percentage of noncapital expenditures	11.17%	6.30%	8.27%	6.08%	7.74%	4.45%	4.09%

Only seven years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

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

Table 6

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

Fiscal Year	Real Property		Personal Property <sup>1</sup>	Total Taxable Assessed Value	Total Direct Tax Rate
	Estimated Residential	Estimated Commercial			
2000	782,055,600	485,097,500	208,423,500	1,475,576,600	22.79
2001	815,027,500	499,936,900	222,823,400	1,537,787,800	22.54
2002	841,857,900	504,871,000	241,682,200	1,588,411,100	22.78
2003	896,351,100	516,447,000	278,430,400	1,691,228,500	22.52
2004	922,374,500	549,399,100	268,555,600	1,740,329,200	22.27
2005	990,170,000	618,388,000	259,687,300	1,868,245,300	20.97
2006	1,091,628,800	713,822,300	254,225,800	2,059,676,900	19.31
2007	1,178,745,758	785,599,342	259,703,500	2,224,048,600	18.33
2008	1,275,227,064	875,870,136	254,991,600	2,406,088,800	17.74
2009	1,219,093,120	1,081,082,580	244,740,100	2,544,915,800	17.99

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

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



Table 7

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

<b>Fiscal Year</b>	<b>General City Government</b>	<b>General Fund Debt Service</b>	<b>Education</b>	<b>Penobscot County</b>	<b>Total Tax/ (Mill) Rate</b>
2000	9.73	0.97	12.09	0.91	23.70
2001	9.64	1.01	11.89	0.91	23.45
2002	9.81	0.73	12.24	0.97	23.75
2003	9.51	0.74	12.27	1.08	23.60
2004	9.26	0.79	12.22	1.08	23.35
2005	8.20	1.18	11.59	1.08	22.05
2006	7.97	1.14	10.20	1.09	20.40
2007	7.79	1.18	9.36	1.07	19.40
2008	7.69	1.18	8.87	1.06	18.80
2009	8.12	1.16	8.71	1.06	19.05

Table 8

**CITY OF BANGOR, MAINE**  
**Principal Property Taxpayers \***  
**June 30, 2009**

Taxpayer	Business	2009			2000		
		Assessed Value	Rank	% of Total Tax Base	Assessed Value	Rank	% of Total Tax Base
Bangor Historic Track	Racino	\$ 132,438,500	1	5.20%	-	-	-
General Electric	Manufacturer	73,480,400	2	2.89%	\$ 59,989,700	1	4.07%
Bangor Mall LLC	Shopping mall	57,040,200	3	2.24%	-	-	-
Bangor Hydro Electric	Utility	35,631,500	4	1.40%	24,466,200	3	1.66%
Bangor Savings Bank	Financial institution	17,739,400	5	0.70%	-	-	-
Wal Mart Stores	Retailer	16,806,500	6	0.66%	9,089,848	6	0.62%
QV Realty Trust	Real estate interests	16,646,200	7	0.65%	-	-	-
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%	-	-	-
BANMAK Associates	Shopping mall	-	-	-	56,167,400	2	3.81%
Webber Oil Company	Fuel distributor	-	-	-	12,216,455	4	0.83%
Cabrel Company	Real estate interests	-	-	-	10,273,200	5	0.70%
Credit Suisse Leasing	Leasing/finance	-	-	-	7,869,278	7	0.53%
Fleet Bank of Maine	Commercial bank	-	-	-	7,072,800	8	0.48%
Airport Mall Associates	Shopping mall	-	-	-	7,069,600	9	0.48%
Stillwater Realty Trust	Real estate interests	-	-	-	6,668,400	10	0.45%
Totals		<u>\$ 395,096,700</u>		<u>15.52%</u>	<u>\$ 200,882,881</u>		<u>13.63%</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			
2000	34,069,975	246,152	33,823,823	32,809,377	97.00%	977,618	33,786,995	99.89%
2001	35,283,733	258,412	35,025,321	33,930,930	96.88%	1,046,288	34,977,218	99.86%
2002	36,893,245	208,211	36,685,034	35,633,029	97.13%	946,770	36,579,799	99.71%
2003	39,081,183	311,677	38,769,506	37,785,056	97.46%	881,563	38,666,619	99.73%
2004	39,866,850	172,868	39,693,982	38,589,047	97.22%	1,003,473	39,592,520	99.74%
2005	40,474,184	160,117	40,314,067	39,206,172	97.25%	1,010,378	40,216,550	99.76%
2006	41,099,990	632,397	40,467,593	39,716,755	98.14%	625,751	40,342,506	99.69%
2007	41,990,985	269,636	41,721,349	40,819,923	97.84%	763,339	41,583,262	99.67%
2008	44,082,476	341,521	43,740,955	42,847,656	97.96%	487,364	43,335,020	99.07%
2009	47,235,370	275,489	46,959,881	45,688,536	97.29%	-	45,688,536	97.29%

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	Capital Leases	General Obligation Bonds	Revenue Bonds		Per Capita*	Per Personal Income*
2000	\$ 21,909,832	293,503	38,018,202	4,710,000	64,931,537	2,073.76	Data not available
2001	\$ 22,806,350	223,910	37,931,078	4,465,000	65,426,338	2,078.81	Data not available
2002	\$ 59,135,992	150,353	42,386,491	4,205,000	105,877,836	3,351.09	11.27%
2003	\$ 57,669,023	326,159	47,854,061	-	105,849,243	3,355.93	11.28%
2004	\$ 60,879,479	3,491	47,994,390	-	108,877,360	3,450.95	11.60%
2005	\$ 59,419,229	-	46,774,080	-	106,193,309	3,361.08	11.30%
2006	\$ 61,003,363	-	45,781,229	-	106,784,592	3,436.46	11.56%
2007	\$ 60,321,264	-	43,809,953	-	104,131,217	3,358.20	11.29%
2008	\$ 56,998,022	-	41,722,545	-	98,720,567	3,099.25	10.42%
2009	\$ 56,687,684	7,091,928	37,623,522	-	101,403,134	3,193.20	10.74%

\* Source: Maine Department of Human Services, Maine State Planning Office and City of Bangor (2000) and U.S. Census Bureau (2001 through 2009).

**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
2000	31,311	1,475,576,600	27,713,328	1.88%	885.10
2001	31,473	1,537,787,800	30,434,229	1.98%	966.99
2002	31,595	1,588,411,100	66,818,681	4.21%	2,114.85
2003	31,541	1,691,228,500	65,323,120	3.86%	2,071.05
2004	31,550	1,740,329,200	69,638,974	4.00%	2,207.26
2005	31,595	1,868,245,300	65,988,998	3.53%	2,088.59
2006	31,074	2,059,676,900	66,990,510	3.25%	2,155.84
2007	31,008	2,224,048,600	65,725,523	2.96%	2,119.63
2008	31,853	2,406,088,800	61,824,071	2.57%	1,940.92
2009	31,756	2,544,915,800	60,937,500	2.39%	1,918.93

\* Source: Maine Department of Human Services, Maine State Planning Office and City of Bangor (2000) and U.S. Census Bureau (2001 through 2009).

\*\* Net Bonded General Obligation Debt Consists of all non-self supporting general obligation debt, and excludes all Sewer Utility debt of \$21,768,039, Airport debt of \$6,979,515, Golf Course debt of \$597,284 and Economic Development debt of \$4,028,868.

**CITY OF BANGOR, MAINE**  
**Computation of Direct and Overlapping Debt**  
**June 30, 2009**

	<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	\$ 94,311,206	100.00%	\$ 94,311,206
Overlapping Debt	\$ -		\$ -
Total Debt	<u>\$ 94,311,206</u>		<u>\$ 94,311,206</u>

**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>
2000	\$ 215,017,500	59,928,034	155,089,466	27.87%
2001	\$ 225,630,000	64,737,428	160,892,572	28.69%
2002	\$ 240,937,500	101,522,483	139,415,017	42.14%
2003	\$ 241,387,500	105,523,084	135,864,416	43.72%
2004	\$ 261,240,000	108,873,869	152,366,131	41.68%
2005	\$ 279,202,500	106,193,307	173,009,193	38.03%
2006	\$ 309,495,000	106,784,592	202,710,408	34.50%
2007	\$ 332,092,500	104,131,217	227,961,283	31.36%
2008	\$ 353,737,500	98,720,567	255,016,933	27.91%
2009	\$ 356,670,000	94,311,206	262,358,794	26.44%

**Legal Debt Margin Calculation for Fiscal Year 2009**

Total State Valuation	\$ 2,377,800,000
Debt Limitation: 15 % of State Valuation	356,670,000
Debt Applicable to Debt Limitation:	
General Obligation Bonds:	
Municipal	64,245,165
School	8,298,002
Sewer	21,768,039
Total debt applicable to limit	<u>94,311,206</u>
Legal Debt margin	<u>\$ 262,358,794</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>
2000	31,311	Data not available	Data not available	Data not available	4,281	2.85%
2001	31,473	Data not available	Data not available	Data not available	4,316	3.01%
2002	31,595	29,740	19,295	36.1	4,205	3.12%
2003	31,541	29,740	19,295	36.1	4,019	3.40%
2004	31,550	29,740	19,295	36.1	4,006	4.30%
2005	31,595	29,740	19,295	36.1	3,989	4.50%
2006	31,074	29,740	19,295	36.1	3,962	4.40%
2007	31,008	29,740	19,295	36.1	3,913	4.40%
2008	31,853	29,740	19,295	36.1	3,886	5.10%
2009	31,756	29,740	19,295	36.1	3,878	7.80%

\* Source: U.S. Census

\*\* Source: Bangor School Department

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



Table 15

**CITY OF BANGOR, MAINE**  
**Principal Employers \***  
**June 30, 2009**

2009			2000			
Employees	Employer	Location	Employees	Employer	Location	
1000-2999	Eastern Maine Medical Center	Bangor	1000-2999	Eastern Maine Medical Center	Bangor	
	Bangor Mall	Bangor		Bangor Mall	Bangor	
	University of Maine	Orono		University of Maine	Orono	
	City of Bangor	Bangor		City of Bangor	Bangor	
	Hannaford Supermarkets	Throughout		500-999	Community Health/Counseling	Bangor
	Cianbro Corporation	Throughout			St. Joseph Hospital	Bangor
Wal-Mart	Throughout	Webber Energy Co	Bangor			
500-999	Bangor Savings Bank	Bangor	Georgia Pacific Corp	Old Town		
	L.L. Bean	Bangor	General Electric Corp	Bangor		
	Microdyne	Orono	Shop & Save Supermarkets	Throughout		
	Acadia Hospital	Bangor				
	Verso Corp Paper Mill	Bucksport				
	St. Joseph Hospital	Bangor				

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

Table 16

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

Function	Full-time Equivalent Employees as of June 30th									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	90	92	93	91	90	87	88	94	85	80
Public safety										
Police	79	85	86	89	86	87	89	90	87	92
Fire	98	97	95	95	97	96	97	94	97	94
Health, community services and recreation	78	33	34	33	31	31	32	39	41	37
Public building and services	62	63	66	68	67	64	68	71	67	69
Education	580	583	574	574	561	571	573	562	618	618
Sewer Utility	24	23	23	23	23	23	23	23	23	23
Airport	75	76	82	72	73	75	76	81	87	88
Park Woods	3	3	3	3	3	3	3	3	3	3
Parking	1	1	2	2	2	2	2	2	2	2
Bass Park	10	10	9	9	8	9	9	9	7	8
Municipal Golf Course	3	3	3	3	3	3	3	9	3	3
Economic Development	2	2	3	2	3	3	3	3	3	2
Totals	1,105	1,071	1,073	1,064	1,047	1,054	1,066	1,080	1,123	1,119

\* Source - City of Bangor Human Resource Department

Table 17

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

Function	Calendar Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Code enforcement										
Building permits	509	494	471	474	522	514	537	550	485	501
Certificates of occupancy	388	354	295	358	342	341	432	446	430	440
Sign permits	120	129	85	96	98	107	115	116	118	103
Police										
Calls for service	Unavailable	Unavailable	Unavailable	22,213	24,407	23,945	27,052	28,157	32,392	34,329
Fire										
Calls for service	Unavailable	Unavailable	Unavailable	7,528	7,470	7,805	7,492	7,992	7,477	7,990
Sewer										
Treated flow (billions of gallons)	3.02	3.04	2.63	3.14	3.42	2.75	4.23	3.62	3.21	3.89
Biosolids (cubic yards)	8,519	8,272	8,683	8,308	9,379	9,280	9,348	9,775	10,043	10,561

\* Source - City of Bangor Departmental records

Table 18

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

Function	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Public safety							
Police:							
Stations	1	1	1	1	1	1	1
Vehicles	42	56	57	51	52	47	50
Fire:							
Stations	3	3	3	3	3	3	3
Vehicles	25	20	20	24	27	28	31
Public works							
Streets (miles)	422	422	422	422	422	427	429
Sidewalks (miles)	99.6	99.6	99.6	99.6	99.6	99.6	99.6
Parks and recreation							
Parks	29	29	29	29	29	29	29
Parks acreage	950	950	950	950	950	950	950
Public swimming pools	1	2	2	2	2	2	2
Public golf courses	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Indoor ice arena	1	1	1	1	1	1	1
Semi-pro baseball stadium	1	1	1	1	1	1	1
Sewer							
Treatment plants	1	1	1	1	1	1	1
Pump stations	5	5	5	5	5	5	5
Miles of sanitary sewers	103	103	103	103	103	103	103
Miles of combined sewers	44	44	44	44	44	44	44

Only seven years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

\* Source - City of Bangor Departmental records