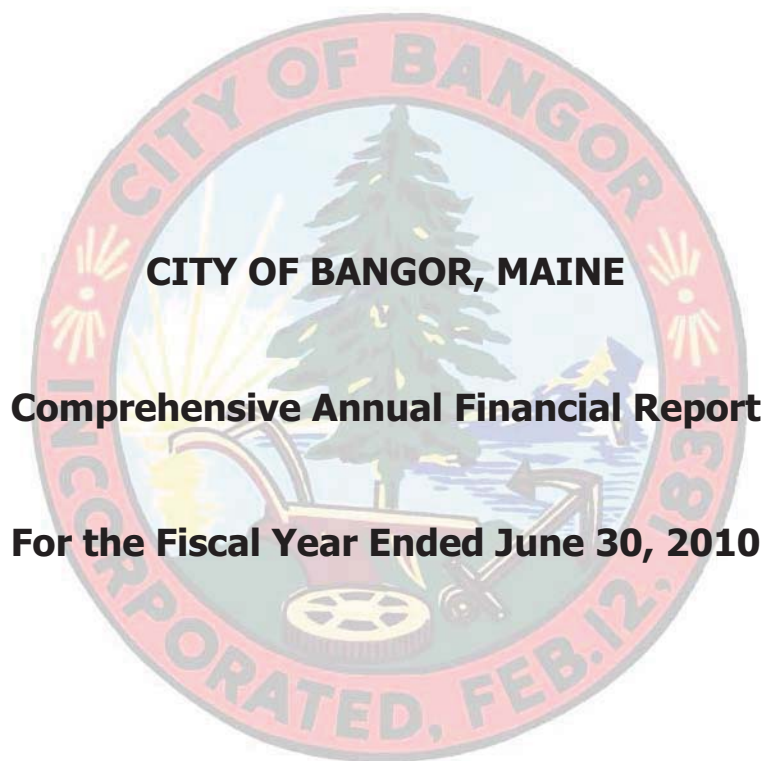
An aerial photograph of Bangor, Maine, showing a dense urban area with numerous brick buildings, a river, and a bridge. The city is built on a hillside, with a river flowing through the lower part of the town. A large bridge spans the river, and several smaller bridges are visible. The buildings are mostly multi-story brick structures, and there are many parking lots and streets. The river is dark blue, and there are some boats docked along the shore. The overall scene is a mix of urban development and natural landscape.

*City of Bangor, Maine
Comprehensive Annual Financial
Report for Fiscal Year
June 30, 2010*



CITY OF BANGOR, MAINE
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

Prepared by:

Debbie Cyr, Finance Director

David Little, Tax Collector/Deputy Treasurer

CITY OF BANGOR, MAINE
Comprehensive Annual Financial Report
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INTRODUCTORY SECTION

December 17, 2010

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

In accordance with the requirements of both our City Charter and state statutes, the City of Bangor's comprehensive annual financial report for the fiscal year ended June 30, 2010 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. In October 2010 the City Council announced that Catherine Conlow would begin her tenure as City Manager in November 2010.

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 2009 unemployment rate of 7.6% continues to be on par with or below both country and state rates of 9.3%, 8.0%, 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 2009, Bangor's share of the State's retail sales was 9%, and its share of County sales was 71%.

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 6.1%. Tax base growth, the City's focus on controlling budgetary growth, and ramped up state funding for education resulted in a 19% reduction in the City's tax rate from 2001 to 2010.

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 has completed the major portion of the coal tar remediation. The City continues to work with State and Federal agencies to ensure and monitor the long term impacts/success of the project.

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. Based on a Market Sizing and Feasibility Study related to the construction of a new arena and meeting space, the City Council contracted for schematic design services as well as the hiring of a preconstruction manager. The initial plan has been submitted to the City, anticipating a construction start date of 2011. At this time, the City Council is reviewing the overall scope of the project and is expected to make a final decision in early 2011.

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 invested \$1.2 million in a variety of projects as a result of an energy audit of all its facilities. The audit indicated that the City would be able to achieve adequate savings on an annual basis to amortize the debt for the projects in 9.34 years. After the end of the first year of operations, the City received an energy audit report. The report detailed the reduced energy demand as well as the financial impact. Due to the improvements made the City was able to avoid \$196,371 of annual utility costs and lowered its payback period on this investment to 6.08 years.

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, \$140,000 was appropriated to fund costs associated with the City Manager's retirement and the cost to conduct an executive search and recruitment for a replacement, 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, 2010 was 9.99% 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, 2009 for the fourteenth 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, 2009

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.



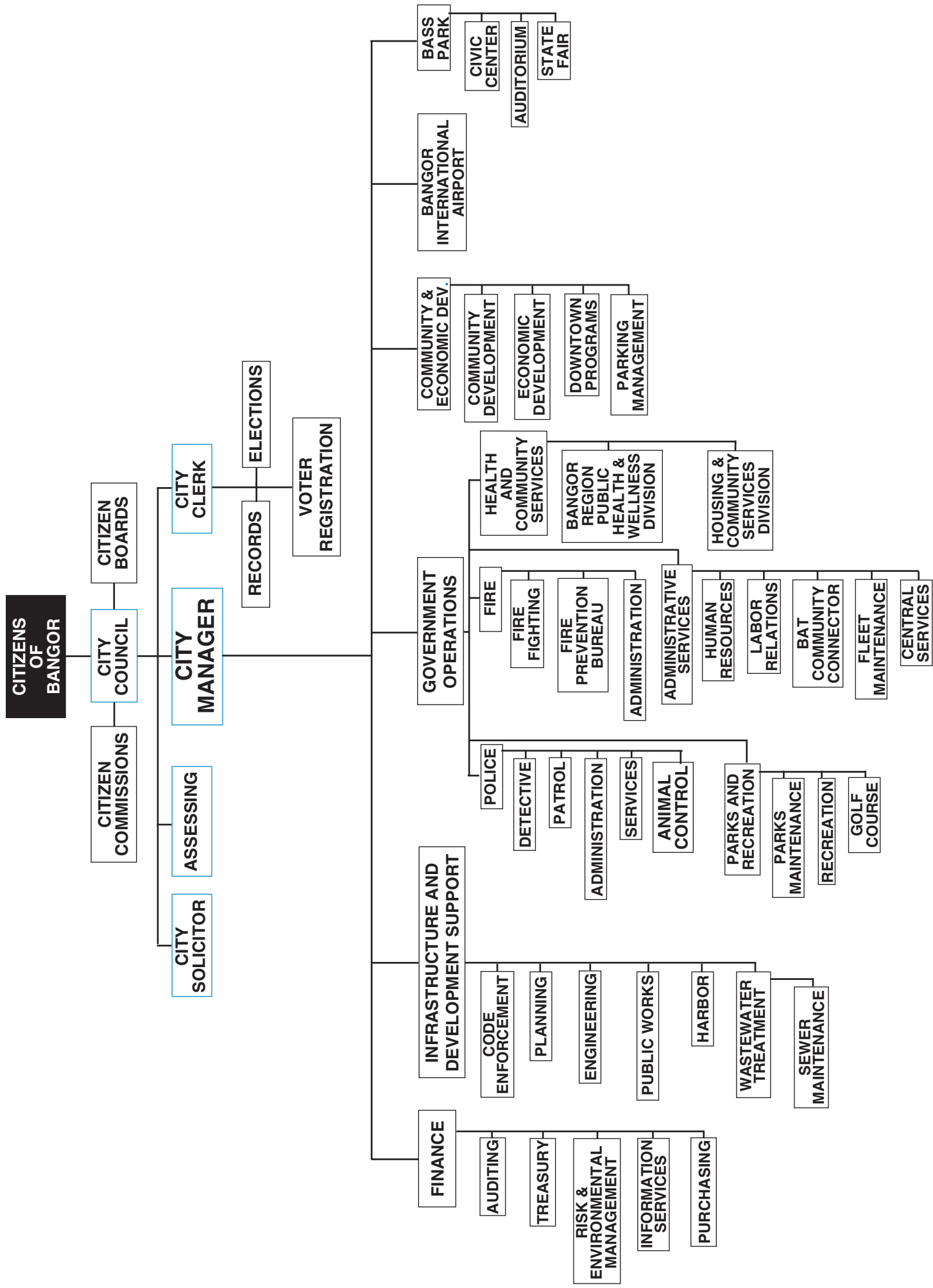
A stylized handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emen".

Executive Director

CITY OF BANGOR ORGANIZATIONAL CHART Revised (06-08)



**City of Bangor, Maine
Elected Officials and Principal Administrative Officers
June 30, 2010**

City Council

Richard I. Stone, Mayor

Patricia A. Blanchette
Geoffrey M. Gratwick
David Nealley
Cary M. Weston

Richard B. Bronson
Susan M. Hawes
Gerry G.M. Palmer
Harold A. Wheeler

City Staff

Robert W. Farrar, Interim 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
Beth Grant
Christine H. Szal, Vice Chair

School Staff

Betsy Webb, Superintendent of Schools



FINANCIAL SECTION



Report of Independent Auditors

City Council
City of Bangor, Maine:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bangor, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective 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 a report dated December 20, 2010, on our consideration of the City of Bangor, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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



December 20, 2010
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, 2010. 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 \$208.7 million (net assets).
- At the close of fiscal year 2010, the City of Bangor's governmental funds reported combined ending fund balances of \$27.7 million, a decrease of \$3.8 million over the prior year. Approximately 79% of the total amount, or \$21.8 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 \$8.5 million, or 9.99% 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 funds increased by \$100 thousand (0.7%), which is considered unchanged, and enterprise fund liabilities decreased by \$2.5 million (5.6%) and is primarily due to principal payments exceeding net debt issued. 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 are accrued but not yet paid or collected but will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee vacation leaves).

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages II-29 through II-54 of this report.

Government-wide Financial Analysis

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

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current & other assets	41,792,130	44,579,763	23,846,562	25,301,307	65,638,692	69,881,070
Capital assets, net	<u>73,365,179</u>	<u>74,639,311</u>	<u>188,358,413</u>	<u>187,398,066</u>	<u>261,723,592</u>	<u>262,037,377</u>
Total assets	115,157,309	119,219,074	212,204,975	212,699,373	327,362,284	331,918,447
Long-term debt outstanding	67,109,938	74,974,212	37,063,454	39,606,183	104,173,392	114,580,395
Other liabilities	<u>12,415,061</u>	<u>11,619,566</u>	<u>2,116,512</u>	<u>2,045,124</u>	<u>14,531,573</u>	<u>13,664,690</u>
Total liabilities	79,524,999	86,593,778	39,179,966	41,651,307	118,704,965	128,245,085
Net assets:						
Invested in:						
Capital assets, net of related debt	50,840,578	53,356,885	159,415,493	156,120,884	210,256,071	209,477,769
Restricted	1,120,413	6,198,372	-	-	1,120,413	6,198,372
Unrestricted	<u>(16,328,681)</u>	<u>(26,929,961)</u>	<u>13,609,516</u>	<u>14,927,182</u>	<u>(2,719,165)</u>	<u>(12,002,779)</u>
Total net assets	35,632,310	32,625,296	173,025,009	171,048,066	208,657,319	203,673,362

By far the largest portion of the City's net assets reflects its investment in capital assets (i.e., land, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to satisfy these liabilities. Restricted net assets are those resources that are subject to external restrictions on how they may be used; such as donor, legal or granting agency restrictions. While the remaining balance of unrestricted net assets has a total deficit of approximately \$2.7 million, the governmental activity portion is significantly higher with a deficit of \$16.3 million. This is primarily due to \$24.4 million in outstanding pension obligation bonds as well as the impacts of Governmental Accounting Standards Board (GASB) pronouncements. GASB 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB) 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, and business-type activities net assets continue to remain positive in all categories.

Governmental-type net assets increased \$3.0 million. The major components associated with the increase in governmental-type net assets is the receipt of \$2.4 million of arena fund revenues that result from the racino operation, and a \$1.3 million increase in outstanding general obligation bonds and leases. The increase in bonded debt was used to fund the annual on-going reinvestment of governmental assets and does not include single significant acquisition. The aforementioned increases in net assets are offset by an \$800 thousand increase to the City's OPEB liability recorded in accordance with GASB 45.

Business-type net assets increased \$2.0 million. Although business-type operating revenues remained relatively unchanged from the prior year, there was a significant increase in net assets due largely to the increase in capital grants and contributions within the Parking Fund, related to the construction of a parking deck, and the Bass Park Fund for improvements made to the harness racing facility by the leaseholder. Total business-type expenses increased \$600 thousand, which is wholly attributable to an increase in equipment purchases by the Airport that did not meet the threshold for capitalization. This increased expense partially offsets the increase in net assets due to increase capital grants and contributions. All other operating expenses remained relatively flat in total.

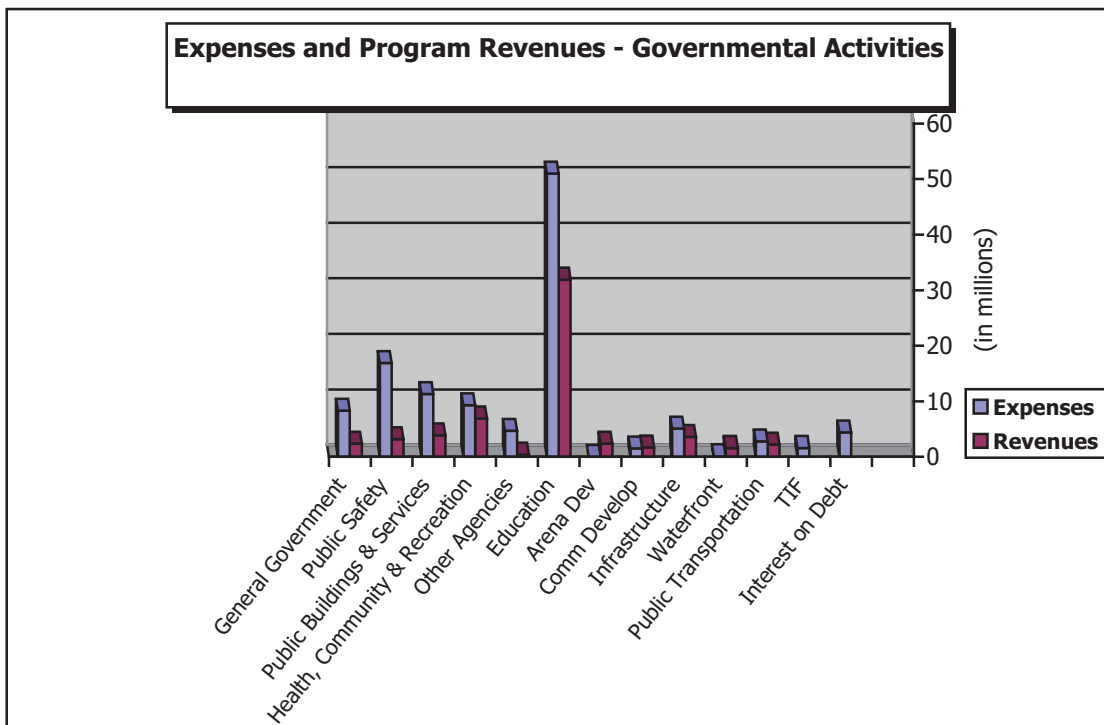
Changes in Net Assets

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

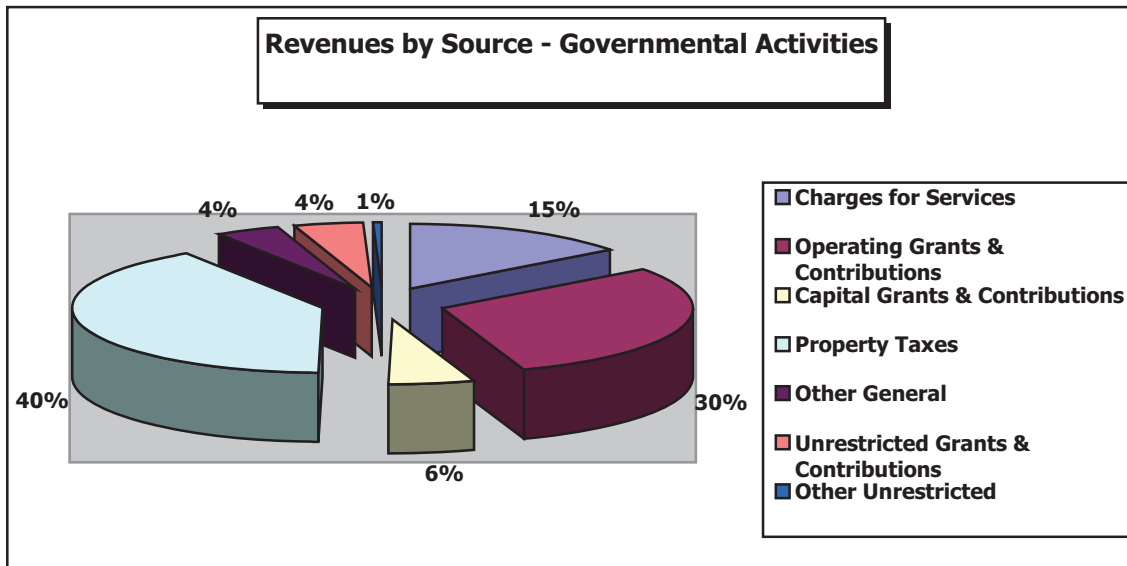
	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues						
Program Revenues						
Charges for services	17,748,299	17,318,044	25,027,171	25,289,470	42,775,470	42,607,514
Operating grants & contributions	35,683,710	34,155,649	-	-	35,683,710	34,155,649
Capital grants & contributions	6,578,917	2,068,478	8,684,860	4,113,557	15,263,777	6,182,035
General Revenues						
Property and other taxes	53,343,324	52,193,918	-	-	53,343,324	52,193,918
Grants and contributions not Restricted to specific programs	4,999,567	5,260,439	-	-	4,999,567	5,260,439
Other	809,144	968,791	1,035,753	1,025,098	1,844,897	968,791
Total Revenues	119,162,961	111,965,319	34,747,784	30,428,125	153,910,745	142,393,444
Expenses						
General government	8,279,943	7,868,247	-	-	8,279,943	7,868,247
Public safety	16,898,374	15,671,645	-	-	16,898,374	15,671,645
Health, community and recreation	9,331,784	9,168,870	-	-	9,331,784	9,168,870
Public buildings and services	11,300,352	9,671,469	-	-	11,300,352	9,671,469
Other agencies	4,658,904	4,580,661	-	-	4,658,904	4,580,661
Education	52,763,860	54,294,824	-	-	52,763,860	54,294,824
Arena Development	39,075	51,332	-	-	39,075	51,332
Community development	1,506,038	912,992	-	-	1,506,038	912,992
Infrastructure	5,079,985	2,141,079	-	-	5,079,985	2,141,079
Waterfront	79,911	9,252,263	-	-	79,911	9,252,263
Public transportation	2,792,904	3,042,434	-	-	2,792,904	3,042,434
Interest on debt	2,555,839	2,651,599	-	-	2,555,839	2,651,599
Tax increment financing	1,630,081	1,114,112	-	-	1,630,081	1,114,112
Sewer Utility	-	-	6,253,436	6,197,277	6,253,436	6,197,277
Airport	-	-	20,532,553	19,934,243	20,532,553	19,934,243
Economic Development	-	-	634,764	712,195	634,764	712,195
Park Woods	-	-	529,610	590,250	529,610	590,250
Parking	-	-	1,402,922	1,374,909	1,402,922	1,374,909
Bass Park	-	-	1,923,073	1,851,914	1,923,073	1,851,914
Municipal Golf Course	-	-	733,380	745,339	733,380	745,339
Total Expenses	116,917,050	120,421,527	32,009,738	31,406,127	148,926,788	151,827,654
Excess (deficiency) before transfers	2,245,911	(8,456,208)	2,738,046	(978,002)	4,983,957	(9,434,210)
Transfers	761,103	(739,179)	(761,103)	739,179	-	-
Change in net assets	3,007,014	(9,195,387)	1,976,943	(238,823)	4,983,957	(9,434,210)

Governmental Activities

The cost of all governmental activities was \$116.9 million. As shown on the Statement of Activities, the total amount financed by the property tax was \$48.2 million, or 41.2% of expenses. Those who directly benefit from an activity provided \$17.7 million in payments. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$35.7 million. Capital grants and contributions accounted for \$6.6 million. The City also received \$11.0 million in other general revenues such as State Revenue Sharing, motor vehicle and boat excise taxes, homestead exemptions, and interest earnings.



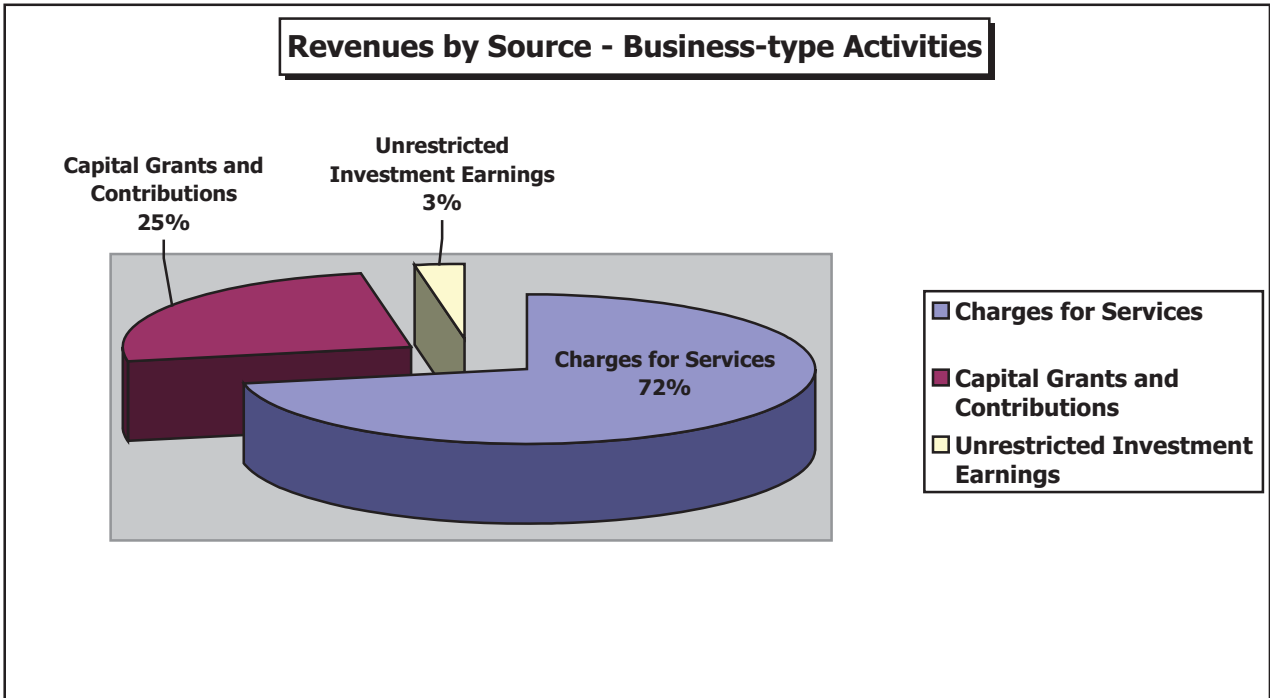
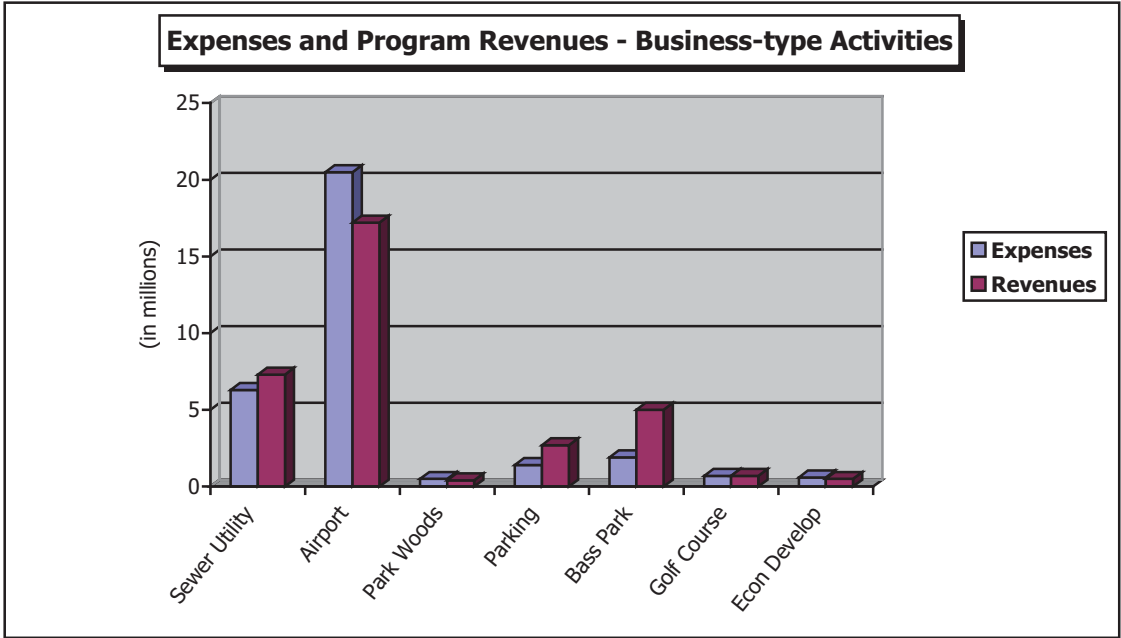
Total governmental activities expenses decreased \$3.5 million over the prior year. No additional programs were funded by the City in the current year, nor were any eliminated. FY2009 activities include two significant one-time governmental activities expenses; costs related to school department energy conversation measures (\$7.1 million), and the recognition of a pollution remediation obligation liability (\$7.6 million) related to a coal tar deposit in the Penobscot River. The results for FY2010 include nearly \$5.2 million of expenses related to activities funded by the American Recovery Reinvestment Act and other new federal grants funds such as; supplementing education based equipment, tuition, services and supplies, a neighborhood stabilization program, nonpoint source pollution improvements, public safety training and equipment, sidewalk improvements and four new police officers. Public building and services includes a significant increase in costs (\$2 million) due to the maintenance and reconstruction of downtown parking structures. For FY2010, the City employees received a 3% of cost of living adjustment and health insurance costs continued to increase at a much slower rate than they had historical (6.64% increase effective January 1, 2010).



Total governmental activities revenues increased \$7.2 million, or 6.4%. The largest single source of revenue continues to be the property tax, which increased \$1.2 million due to a modest increase in assessed value of 1.6%, which was attributable to new development/improvements within the City during the prior fiscal year. The remaining increase in governmental activities is directly related to nearly \$5.2 million of activities funded by the American Recovery Reinvestment Act and other new federal grants funds such as; supplementing education based equipment, tuition, services and supplies, a neighborhood stabilization program, nonpoint source pollution improvements, public safety training and equipment, sidewalk improvements and four new police officers.

Business-type Activities

Total business-type activities expenses were relatively unchanged compared to prior year levels, with an increase 1.9%, or \$600 thousand. For FY2010, the City employees of business-type activities also received a 3% of cost of living adjustment and were subject to the much slower rate of increase in health insurance costs than they had historical (6.64% increase effective January 1, 2010).



In total, business-type activities revenue increased significantly or 14.7% (\$4.3 million), which is wholly attributable to an increase in capital grants and contributions. The increase in capital grants and contributions is due to downtown tax increment financing funds received for the construction of a parking deck within the Parking Fund and the capital contributions made by the leaseholder for harness racing improvements at the Bass Park facility.

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 \$27.7 million, a decrease of \$3.8 million from the prior year balance of \$31.5 million. Of that decrease \$3.7 million, is a decrease in restricted Penobscot River funds, as the coal tar remediation work was undertaken in this fiscal year. Of the ending balance of \$27.7 million, approximately 79% of this total (\$21.8 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 (\$3.5 million), reserving for potential non-repayment of interfund balances (\$1.7 million), or set aside for a variety of other restricted purposes (\$660 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 \$13.2 million (\$4.7 million of which has been designated by management for subsequent years' expenditures). The general fund's total fund balance was \$15.9 million, a slight increase from the prior year's balance of \$15.5 million. Designated fund balances increased \$500 thousand, the majority of which is due to an increase in School Department balances carried. The City's undesignated fund balance decreased \$240 thousand. During the year, the Council appropriated \$140 thousand from undesignated fund balance to fund costs associated with the City Manager's retirement and the cost to undertake an executive search and recruitment process for a replacement. The remaining decrease in undesignated fund balance represents the FY2010 revenue shortfalls that could not be fully recovered through reducing expenditures. The most significant revenue shortfall (\$570 thousand) being the mid-year reduction in the revenue sharing pool made at the State level.

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 reviewed the recently completed Market Feasibility and Facility Sizing report as well as a report of recommendations of the Special Committee on Arena Implementation, a citizen committee appointed by the Council. Based upon this review, in May 2010, the Council authorized the execution of an architectural contract to schematic design level as well as contract with a pre-construction manager to develop a guaranteed maximum price for the design.

The Capital projects fund varies significantly from year to year depending upon City Council priorities and available funding opportunities. Total expenditures increased \$15.0 million over the prior year. Of that increase, \$10.4 million is related to the refunding of capital project related debt. This refunding did not extend the term of the debt and results in cumulative interest cost savings of \$1.8 million over the remaining life of the bonds. In addition, the City neared completion of the coal tar remediation project in the Penobscot River (\$7.6 million).

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 increased \$2 million to a total of \$173 million. Both operating revenues and expenses remained relatively flat. The increase in net assets is related to the increase in capital grants and contributions within the Parking Fund, related to the construction of a parking deck, and the Bass Park Fund for improvements made to the harness racing facility by the leaseholder.

General Fund Budgetary Highlights

For budgetary financial statement purposes, all balances carried from the prior year are added to the subsequent year's total appropriation. This resulted in an overall budgetary increase of \$3.4 million. There were minimal additional amendments to the originally adopted budget. The City's commitment to budgetary integrity continues, with actual revenues trailing budgeted amounts by less than .5%, or \$400 thousand, while municipal expenditures were under budget by 5.7%, or \$5.5 million. The majority of under expenditure is related to education, which were \$4.6 million or 8.8% under budget. 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, 2010, the City of Bangor's investment in capital assets for its governmental and business-type activities amounted to \$261.7 million (net of accumulated depreciation), a decrease of \$300 thousand over the prior year. This investment includes land, buildings, machinery and equipment, roads, runways, and sewer lines. The total decrease 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 \$2.3 million, and business-type activities invested \$10.6 million.

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

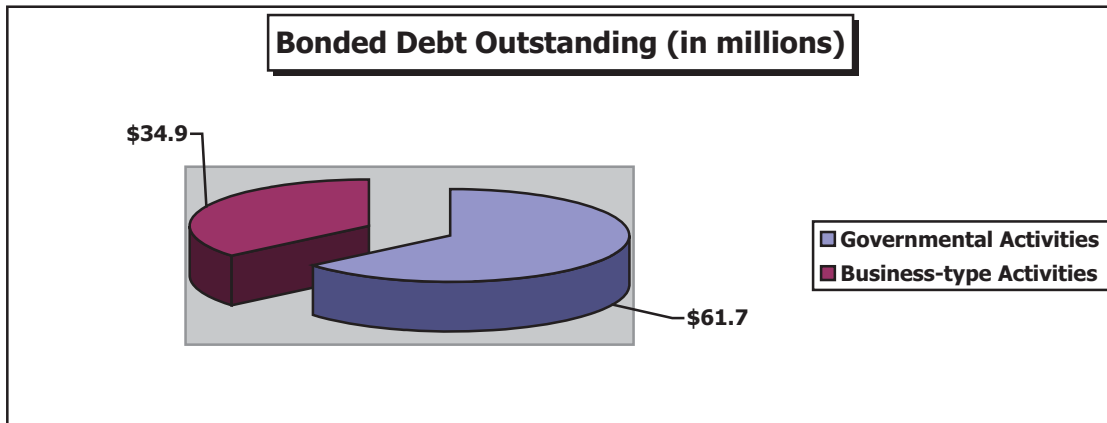
- With funding from the City's Downtown Development District TIF, the City replaced its aging Columbia Street Parking Deck. This facility is centrally located to the core downtown and has the highest demand for use at a cost of \$1.8 million.
- Based on the availability of developer funds and traffic impact fees, the City was able to complete a reconfiguration of traffic in the mall area, to provide enhanced and safer access in a high traffic area at a cost of \$700 thousand.
- The City continues to garner Federal, State and local funding (provided via the Downtown Development District TIF) for investment in its waterfront. This year 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.
- Leaseholder improvements to the harness racing facilities at Bass Park, which included the removal of aging structures and the construction a new paddock and barn, were received in the amount of \$3.6 million.
- The Airport Fund invested \$7.1 million in operational assets at Bangor International Airport including apron improvements, energy conservation projects, replacement of aircraft servicing equipment, and the acquisition of aircraft fueling equipment from a third party provider, whose operations were taken over by Airport personnel.

Capital Assets (net of depreciation)

	Governmental Activities	Business-type Activities
Land and improvements	10,443,204	4,948,656
Buildings and improvements	41,701,660	16,915,655
Machinery and equipment	3,250,570	1,808,597
Vehicles	6,073,914	-
Infrastructure	11,324,973	47,162,011
Parking structures	-	3,697,552
Aircraft operational assets	-	106,775,193
Construction in process	570,858	7,050,749
Total	73,365,179	188,358,413

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 \$96.6 million, an increase of \$2.3 million during the year.

The City's general obligation debt obtained a "AA" rating from Standard & Poor's and a "A1" rating from Moody's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total State assessed valuation. The current debt limit for the City is \$365.4 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-42 to II-45 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 successful obtained the maximum award of \$3 million from the Environmental Protection Agency Clean Water State Revolving Loan Fund (the award is in the form of a 0% loan with 50.6% of the principal forgiven). The funds are being used for a variety of non point source stormwater improvements on both publicly and privately owned property. As of December 2010, 97% of the funds have been expended and the City is within the expenditure guidelines established by the EPA.
- In 2010, the School Department was awarded \$2.2 million in support of three programmatic areas: stabilization funds (\$800 thousand), Title I (\$800 thousand), and IDEA (\$500 thousand). Nearly \$1.7 million of these funds were expended during FY2010. Budget stabilization funding was used to increase the number of laptops in the classroom and for necessary capital improvements. Title I funds were used in schools determined to be "free and reduced" to enhance student knowledge in math and reading. IDEA funds were used to supplement the general budget for such items as tuition, contracted services and supplies. In FY2011, the School Department was awarded an additional \$1.9 million to support similar programs as noted in FY2010.
- The City was awarded \$900 thousand in Department of Justice funding, the largest portion (\$700 thousand) of which is funding 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. As of December 2010, the LED streetlight conversion is complete and 88% of the sidewalk funding has been expended.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the City of Bangor for calendar year 2009 was 7.6%, which is on par with the State's rate of 8.0%.
- While Bangor represents less than 3% of the state's population, the City's share of retail sales remains in excess of 9% of total statewide sales and 71% 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 remain flat or decrease slightly in the coming year compared to the 5% to 7% range experienced in recent years.

In November 2005, Penn National Gaming opened a "racino" (slot machine operation) at an interim location in the City. A permanent gaming facility was completed in the summer of 2008, which includes a 1,500 car parking garage, a 152 room seven story hotel, and approximately 110,000 square feet for gaming, at a cost of 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. As noted above (financial analysis – Arena Fund) the City Council has received a schematic design and pricing for the replacement of the current auditorium and civic center. At this time, the City Council is reviewing the overall scope of the project and is expected to make a final decision in early 2011. The Council’s budgetary goal is approximately \$65 million. Between the revenue received by the City from the gaming operation coupled with a portion of the existing Downtown Development TIF current conservative projections estimate that the City could support this level of investment.

The City is subject to a state statutory system (known as LD 1). Generally, the growth of the tax levy is limited to an increase equal to the ten year average percentage change in real statewide personal income plus taxes from property value resulting from new construction, major renovations to existing properties, or the subdivision of property less any “net new state funding”. For Fiscal Year 2010, the City’s LD 1 tax levy limit was as follows:

Prior Year Base Municipal Commitment		\$ 20,967,582
Growth Factor:		7.57%
Average Real Personal Income	2.28%	
Property Growth Factor	5.29%	
Net New State Funds		-
Municipal Commitment Limit		\$ 22,554,913

The Fiscal Year 2011 budget was within the statutory tax levy limit.

The State’s “Essential Programs and Services” model, is a mechanism designed to allocate state funding to local school units and to control local school expenditures. This model 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 for both Fiscal Year 2010 and 2011 in order to fund such services and programs and their actions were approved, as required by State Statute via a local election.

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

In November, the Governor’s office announced that the Maine Revenue Forecasting Committee’s has projected an increase in State revenues in both current and future State

budgets and that the State unemployment rate continues to decline through October. The Maine State Legislative session begins in January 2011, it remains unseen as to whether or not there will be a need to address some form of current year budget shortfall, but the larger challenge will likely be the adoption of the 2012-13 biennium budget. Maine, like the nation experienced wide scale changes in the makeup of its leadership. As the Governor elect and the newly elected State legislators prepare to take office in January 2011, management will closely observe the activities of the Maine State Legislative session to identify and monitor proposed actions that may have financial and operational impact on the City. The one known negative impact for the upcoming biennium will be a potential reduction in State Aid to Education. For the last two years, the State has supplemented its appropriation for State Aid to Education with American Recovery and Reinvestment Act funds, which will no longer be available. The FY 2012 budget is likely to be a challenge to both the School Committee and the City Council.

We continue to monitor key revenue areas such as: flat investment yield curves, automobile excise taxes, property tax collection and State sales and income tax collections that impact the City's share of State Revenue Sharing. The fiscal year 2011 budget reflects the City's historical results for these revenue sources, and actual results appear to be on track with budgetary estimates.

As for expenditures, we continue to enjoy historically lower benefit utilization rates in our health insurance program, enabling us to hold insurance rates flat for an additional six months. Health insurance rates will increase in July 2011, by 7.34%, which is well within our historical average annual cost increases of 10%. The recently completed energy conservations projects allowed the City to avoid \$196 thousand of annual utility costs. As the useful life of these improvements is between ten to twenty years, this form of cost avoidance will continue to benefit the City for many years to come. Actual results year to date expenditures are in line with budgetary estimates.

For the Fiscal Year 2011 budget, the City Council's goal was to minimize any tax rate increase. This goal was made more challenging due to an approximately 25% reduction in commercial real estate value. In order, to mitigate the impact on the City's residential taxpayers, the City Council reduced the captured assessed value percentage of the City's Downtown Development District TIF from 100% to 75% for one year. In addition, the City eliminated seven and one half vacant and approved some small increases in user fees.

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.

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, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,484,039	\$ 2,799,428	\$ 19,283,467
Investments	5,301,515	15,692,753	20,994,268
Receivables:			
Accounts (net of allowance of \$258,981 and \$433,298, respectively)	825,562	4,851,053	5,676,615
Intergovernmental	3,227,561	542,078	3,769,639
Taxes and liens receivable - prior years	1,519,286	-	1,519,286
Taxes receivable - current year	893,299	-	893,299
Deferred special assessments	30,130	87,664	117,794
Due from water district	-	85,520	85,520
Loans	8,541,427	1,576,663	10,118,090
Internal balances	2,994,355	(2,994,355)	-
Inventories	855,035	271,223	1,126,258
Prepaid items	84,252	83,996	168,248
Other assets	1,035,669	850,539	1,886,208
Non-depreciable capital assets	5,611,406	10,675,022	16,286,428
Depreciable capital assets, net	67,753,773	177,683,391	245,437,164
Total assets	115,157,309	212,204,975	327,362,284
LIABILITIES			
Accounts payable and other current liabilities	2,497,632	1,795,055	4,292,687
Accrued wages and benefits payable	4,023,647	293,825	4,317,472
Unearned revenues	5,893,782	27,632	5,921,414
Noncurrent liabilities:			
Due within one year	6,036,074	4,706,628	10,742,702
Due in more than one year	61,073,864	32,356,826	93,430,690
Total liabilities	79,524,999	39,179,966	118,704,965
NET ASSETS			
Invested in capital assets, net of related debt	50,840,578	159,415,493	210,256,071
Restricted for:			
Nonexpendable trust principal	659,782	-	659,782
Expendable income	459,872	-	459,872
Penobscot River	759	-	759
Unrestricted	(16,328,681)	13,609,516	(2,719,165)
Total net assets	\$ 35,632,310	\$ 173,025,009	\$ 208,657,319

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Activities
For the Fiscal Year Ended June 30, 2010

Functions/programs	Program Revenues					Net (expense) revenue and changes in net assets	
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Primary Government Business-type activities	
						Governmental activities	Business-type activities
Primary government							
Governmental activities:							
General government	\$	\$	\$	\$	\$	\$	\$
Public safety	16,898,374	2,386,637	3,786	16,575	(5,872,945)	-	(5,872,945)
Health, community services and recreation	9,331,784	2,401,930	241,285	515,260	(13,739,899)	-	(13,739,899)
Public services	11,300,352	836,689	6,080,356	-	(2,414,739)	-	(2,414,739)
Other agencies	4,658,904	3,859,849	-	-	(7,440,503)	-	(7,440,503)
Education	52,763,860	-	27,342,441	367,575	(4,291,329)	-	(4,291,329)
Arena development	39,075	2,380,158	-	-	(20,888,378)	-	(20,888,378)
Community development	1,506,038	788,873	-	570,952	2,341,083	-	2,341,083
Infrastructure	5,079,985	332,295	94,267	3,541,013	186,082	-	186,082
Waterfront	79,911	94,267	-	1,563,057	(1,444,705)	-	(1,444,705)
Public transportation	2,792,904	923,433	1,226,969	4,485	1,483,146	-	1,483,146
Tax increment financing	1,630,081	-	-	-	(638,017)	-	(638,017)
Interest on debt	2,555,839	-	-	-	(1,630,081)	-	(1,630,081)
Total governmental activities	116,917,050	17,748,299	35,683,710	6,578,917	(2,555,839)	-	(2,555,839)
Business-type activities:							
Sewer Utility	6,253,436	7,288,499	-	-	-	1,035,063	1,035,063
Airport	20,532,553	13,767,394	-	3,408,943	-	(3,356,216)	(3,356,216)
Park Woods	529,610	371,832	-	-	-	(157,778)	(157,778)
Parking	1,402,922	1,050,579	-	1,634,186	-	1,281,843	1,281,843
Bass Park	1,923,073	1,382,947	-	3,641,731	-	3,101,605	3,101,605
Municipal Golf Course	733,380	658,053	-	-	-	(75,327)	(75,327)
Economic Development	634,764	507,867	-	-	-	(126,897)	(126,897)
Total business-type activities	32,009,738	25,027,171	-	8,684,860	-	1,702,293	1,702,293
Total primary government	\$ 148,926,788	\$ 42,775,470	\$ 35,683,710	\$ 15,263,777	\$ (56,906,124)	\$ 1,702,293	\$ (55,203,831)
General revenues:							
Property taxes, levied for general purposes					48,182,455	-	48,182,455
Payment in lieu of taxes					117,770	-	117,770
Excise taxes					4,694,936	-	4,694,936
Franchise taxes					348,163	-	348,163
Grants and contributions not restricted to specific programs:							
Homestead/BETE exemption					1,142,839	-	1,142,839
Other State aid					23,795	-	23,795
State Revenue Sharing					3,832,933	-	3,832,933
Unrestricted investment earnings					673,295	-	673,295
Miscellaneous revenues					135,849	-	135,849
Transfers					761,103	(761,103)	-
Total general revenues and transfers					59,913,138	274,650	60,187,788
Change in net assets					3,007,014	1,976,943	4,983,957
Net assets, beginning of year					32,625,296	171,048,066	203,673,362
Net assets, end of year					\$ 35,632,310	\$ 173,025,009	\$ 208,657,319

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Balance Sheet
Governmental Funds
June 30, 2010

	General	Community Development Block Grant	Arena Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Assets						
Cash and cash equivalents	\$ 12,953,810	\$ 6	\$ 2,712,416	\$ 802,283	\$ 15,524	\$ 16,484,039
Investments	50,000	-	5,146,071	759	104,685	5,301,515
Receivables:						
Taxes	2,412,585	-	-	-	-	2,412,585
Accounts (net of allowance of \$258,981)	657,371	-	147,788	20,403	-	825,562
Interfund	3,293,510	-	-	-	164,452	3,457,962
Intergovernmental	1,917,845	655,257	20,704	437,536	196,219	3,227,561
Loans	996,806	4,971,072	-	-	2,573,549	8,541,427
Deferred special assessments	-	-	-	30,130	-	30,130
Inventory, at cost	855,035	-	-	-	-	855,035
Due from bond trustee	-	-	-	1,035,669	-	1,035,669
Prepaid items	84,252	-	-	-	-	84,252
Total assets	\$ 23,221,214	\$ 5,626,335	\$ 8,026,979	\$ 2,326,780	\$ 3,054,429	\$ 42,255,737
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 987,276	\$ 25,234	\$ 109	\$ 637,641	\$ 45,374	\$ 1,695,634
Accrued wages and benefits payable	3,991,851	-	-	-	31,796	4,023,647
Interfund loans payable	-	272,902	-	-	190,705	463,607
Deferred revenues	2,319,816	4,971,072	-	543,194	289,584	8,123,666
Due to rehabilitation recipients	-	208,746	-	-	-	208,746
Total liabilities	7,298,943	5,477,954	109	1,180,835	557,459	14,515,300
Fund balances						
Reserved for:						
Encumbrances	967,379	-	-	2,566,313	-	3,533,692
Prepaid items	84,252	-	-	-	-	84,252
Advances to other funds	1,650,500	-	-	-	-	1,650,500
Penobscot River	-	-	-	759	-	759
Nonexpendable trust principal	-	-	-	-	659,782	659,782
Unreserved:						
Designated (Note J)	4,720,448	-	-	-	-	4,720,448
Undesignated, reported in:						
General fund	8,499,692	-	-	-	-	8,499,692
Special revenue funds	-	148,381	8,026,870	-	1,377,316	9,552,567
Capital projects funds	-	-	-	(1,421,127)	-	(1,421,127)
Permanent funds	-	-	-	-	459,872	459,872
Total fund balances (deficits)	15,922,271	148,381	8,026,870	1,145,945	2,496,970	27,740,437
Total liabilities and fund balances	\$ 23,221,214	\$ 5,626,335	\$ 8,026,979	\$ 2,326,780	\$ 3,054,429	

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.	73,365,179
Deferred taxes are not available to pay for current-period expenditure and, therefore, are deferred in the funds.	2,229,884
Long-term liabilities, including bonds payable \$61,689,447, accrued interest \$593,252, compensated absences \$2,415,725, self insurance liability \$1,485,708, and net OPEB obligation \$1,519,058 are not due and payable in the current period and, therefore, are not reported in the funds.	(67,703,190)
Net assets of governmental funds	\$ 35,632,310

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, 2010

	General	Community Development Block Grant	Arena Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 49,976,511	\$ -	\$ -	\$ 2,140,843	\$ 862,315	\$ 52,979,669
Intergovernmental	34,253,927	788,873	-	5,528,441	5,640,477	46,211,718
Licenses and permits	633,339	-	-	-	-	633,339
Charges for services	12,735,266	-	-	-	920,498	13,655,764
Program income	-	304,185	-	-	25,615	329,800
Revenue from use of money and property	1,021,850	2,958	2,459,481	142,061	238,634	3,864,984
Other	30,657	1,646	-	1,050,476	25,434	1,108,213
Total revenues	98,651,550	1,097,662	2,459,481	8,861,821	7,712,973	118,783,487
Expenditures						
Current:						
General government	5,422,805	-	-	-	-	5,422,805
Public safety	15,287,575	-	-	-	-	15,287,575
Health, community services and recreation	4,720,477	-	-	-	-	4,720,477
Public buildings and services	10,055,161	-	-	-	-	10,055,161
Other agencies	4,291,329	-	-	-	-	4,291,329
Education	51,590,324	-	-	-	-	51,590,324
Tax increment financing	432,033	-	-	-	-	432,033
Unclassified	48,010	-	6,441	-	-	54,451
Restricted grants	-	919,883	-	-	7,559,857	8,479,740
Capital outlay	427,746	-	-	20,390,422	-	20,818,168
Debt service	4,490,927	-	-	10,466,999	-	14,957,926
Total expenditures	96,766,387	919,883	6,441	30,857,421	7,559,857	136,109,989
Excess (deficiency) of revenues over (under) expenditures	1,885,163	177,779	2,453,040	(21,995,600)	153,116	(17,326,502)
Other financing sources (uses)						
Financing proceeds	-	-	-	12,696,640	-	12,696,640
Sale of assets	65,849	-	-	70,000	-	135,849
Transfers to other funds	(1,561,926)	-	(31,000)	(38,798)	(157,300)	(1,789,024)
Transfers from other funds	73,926	-	3,943	2,470,868	1,390	2,550,127
Total other financing sources (uses)	(1,422,151)	-	(27,057)	15,198,710	(155,910)	13,593,592
Changes in fund balances	463,012	177,779	2,425,983	(6,796,890)	(2,794)	(3,732,910)
Fund balances (deficit), beginning of year	15,459,259	(29,398)	5,600,887	7,942,835	2,499,764	31,473,347
Fund balances, end of year	\$ 15,922,271	\$ 148,381	\$ 8,026,870	\$ 1,145,945	\$ 2,496,970	\$ 27,740,437

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, 2010

Net change in fund balances - total governmental funds (from Exhibit 4)	\$	(3,732,910)
<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 depreciation expense of \$3,729,052 and disposals of \$19,199 exceeded capital outlays of \$2,474,119.</p>		
		(1,274,132)
<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 \$12,696,640 in general obligation bonds were less than principal payments of \$13,981,065.</p>		
		1,284,425
<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 accrued interest (\$93,843), net OPEB obligation (\$759,529), compensated absences (\$158,469), self insurance liability (\$62,153), deferred taxes \$243,625 and decrease in Penobscot River remediation \$7,560,000.</p>		
		6,729,631
Change in net assets of governmental activities (see Exhibit 2)		\$ 3,007,014

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, 2010

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 49,808,118	\$ 49,808,118	\$ 49,976,511	\$ 168,393
Intergovernmental	30,526,682	30,610,322	30,004,964	(605,358)
Licenses and permits	605,700	605,700	633,339	27,639
Charges for services:				
municipal	7,889,103	7,889,103	7,559,901	(329,202)
school	3,962,847	3,962,847	4,533,040	570,193
Fines, forfeits and penalties	36,700	36,700	30,657	(6,043)
Revenue from use of money and property				
municipal	818,606	818,606	615,962	(202,644)
Total revenues	93,647,756	93,731,396	93,354,374	(377,022)
Expenditures				
Current:				
General government	5,028,693	5,127,393	4,846,354	281,039
Public safety	15,506,030	15,712,470	15,352,798	359,672
Health, community services and recreation	4,508,445	4,508,445	4,722,378	(213,933)
Public buildings and services	10,589,315	10,553,115	10,058,906	494,209
Other agencies	4,342,689	4,374,639	4,291,329	83,310
Education	48,951,133	52,266,557	47,676,383	4,590,174
Debt service	4,424,194	4,424,194	4,490,927	(66,733)
Unclassified	440,411	480,411	480,043	368
Total expenditures	93,790,910	97,447,224	91,919,118	5,528,106
Excess (deficiency) of revenues over/under expenditures	(143,154)	(3,715,828)	1,435,256	5,151,084
Other financing sources (uses)				
Appropriation from designated fund balance	1,305,330	1,305,330	103,480	(1,201,850)
Appropriation from undesignated fund balance	-	140,000	-	(140,000)
Sale of assets	2,000	2,000	8,168	6,168
Contributions	-	-	325	325
Insurance Settlements	1,500	1,500	13,906	12,406
Transfers to other funds	(465,000)	(502,500)	(502,500)	-
Transfers from other funds	7,000	7,000	10,793	3,793
Operating transfers	(707,676)	(707,676)	(707,676)	-
Total other financing sources (uses)	143,154	245,654	(1,073,504)	(1,319,158)
Net change in fund balance	\$ -	\$ (3,470,174)	361,752	\$ 3,831,926
Undesignated fund balance, beginning of year			8,743,388	
Change in balances carried			(605,448)	
Undesignated fund balance, end of year			\$ 8,499,692	

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Net Assets
Proprietary Funds
June 30, 2010

Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Economic Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 497,716	\$ 1,501,766	\$ 54	\$ 799,892	\$ 2,799,428
Investments	-	8,106,145	-	-	8,106,145
Accounts receivable	1,698,768	3,479,657	-	105,926	5,284,351
Less allowance for uncollectible accounts	(22,601)	(383,587)	-	(27,110)	(433,298)
Net accounts receivable	1,676,167	3,096,070	-	78,816	4,851,053
Due from other governments	-	542,078	-	-	542,078
Due from water district	85,520	-	-	-	85,520
Inventories, at cost	-	253,118	-	18,105	271,223
Prepaid items	35,851	34,828	-	13,317	83,996
Total current assets	2,295,254	13,534,005	54	910,130	16,739,443
Noncurrent assets					
Capital Assets:					
Land and improvements	683,865	-	2,395,046	2,718,678	5,797,589
Buildings and improvements	27,539,270	-	6,490,170	11,587,218	45,616,658
Machinery and equipment	5,656,331	-	-	478,504	6,134,835
Infrastructure	57,043,280	-	683,189	-	57,726,469
Aircraft operational assets	-	243,893,373	-	-	243,893,373
Parking structures	-	-	-	11,350,354	11,350,354
Construction in process	7,112	7,043,637	-	-	7,050,749
	90,929,858	250,937,010	9,568,405	26,134,754	377,570,027
Less accumulated depreciation	(35,229,897)	(137,118,179)	(1,487,984)	(15,375,554)	(189,211,614)
Net capital assets	55,699,961	113,818,831	8,080,421	10,759,200	188,358,413
Investments	-	7,586,608	-	-	7,586,608
Loans receivable	-	1,479,896	96,767	-	1,576,663
Deferred special assessments	87,664	-	-	-	87,664
Due from bond trustee	809,784	-	-	-	809,784
Deposits	-	-	-	20,000	20,000
Bond issuance costs (net of accumulated amortization of \$394,307)	20,755	-	-	-	20,755
Total noncurrent assets	56,618,164	122,885,335	8,177,188	10,779,200	198,459,887
Total assets	58,913,418	136,419,340	8,177,242	11,689,330	215,199,330

See accompanying notes to financial statements.

Continued on next page

CITY OF BANGOR, MAINE
Statement of Net Assets
Proprietary Funds
June 30, 2010

Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Economic Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
LIABILITIES					
Current liabilities					
Accounts payable	224,740	1,164,880	5,294	101,639	1,496,553
Accrued wages and benefits payable	44,605	208,261	-	40,959	293,825
Accrued interest	153,454	49,269	42,338	46,477	291,538
Workers' compensation	20,000	134,315	-	10,729	165,044
Unearned revenue	-	-	-	27,632	27,632
Accrued compensated absences	118,660	373,086	-	108,303	600,049
Interfund loans payable	-	-	738,400	2,255,955	2,994,355
General obligation debt payable	2,537,542	636,329	198,340	574,101	3,946,312
Deferred amount on refunding	(1,409)	-	-	(3,368)	(4,777)
Other liabilities	-	6,964	-	-	6,964
Total current liabilities	3,097,592	2,573,104	984,372	3,162,427	9,817,495
Long-term liabilities					
Workers' compensation	-	341,085	-	9,271	350,356
General obligation debt payable	16,457,103	7,241,940	3,639,944	3,671,250	31,010,237
Net OPEB obligation	90,526	334,058	-	60,450	485,034
Other long-term liabilities	298,269	-	-	212,930	511,199
Total long-term liabilities	16,845,898	7,917,083	3,639,944	3,953,901	32,356,826
Total liabilities	19,943,490	10,490,187	4,624,316	7,116,328	42,174,321
NET ASSETS					
Invested in capital assets, net of related debt	38,471,838	109,499,608	4,242,137	7,201,910	159,415,493
Unrestricted	498,090	16,429,545	(689,211)	(2,628,908)	13,609,516
Total net assets	\$ 38,969,928	\$ 125,929,153	\$ 3,552,926	\$ 4,573,002	\$ 173,025,009

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

Business-type Activities - Enterprise Funds					
	Sewer Utility Fund	Airport Fund	Economic Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Operating revenues					
Charges for services	\$ 7,274,929	\$ 13,762,967	\$ 507,867	\$ 3,463,411	\$ 25,009,174
Operating expenses					
Operating expenses other than depreciation and amortization	3,980,403	12,763,641	185,434	3,495,670	20,425,148
Depreciation and amortization	1,690,101	7,385,127	244,278	879,255	10,198,761
Total operating expenses	5,670,504	20,148,768	429,712	4,374,925	30,623,909
Operating income (loss)	1,604,425	(6,385,801)	78,155	(911,514)	(5,614,735)
Nonoperating revenue (expenses)					
Interest income	63,135	937,299	32,599	2,720	1,035,753
Interest expense	(582,932)	(383,785)	(205,052)	(214,060)	(1,385,829)
Miscellaneous income (expense)	13,570	4,427	-	-	17,997
Total nonoperating revenue (expenses)	(506,227)	557,941	(172,453)	(211,340)	(332,079)
Net income (loss) before grants/contributions and transfers	1,098,198	(5,827,860)	(94,298)	(1,122,854)	(5,946,814)
Grants/contributions received for capital assets	-	3,408,943	-	5,275,917	8,684,860
Transfers to other funds	(101,450)	(1,494,068)	-	(32,985)	(1,628,503)
Transfers from other funds	-	-	-	867,400	867,400
Change in net assets	996,748	(3,912,985)	(94,298)	4,987,478	1,976,943
Net assets, beginning of year	37,973,180	129,842,138	3,647,224	(414,476)	171,048,066
Net assets, end of year	\$ 38,969,928	\$ 125,929,153	\$ 3,552,926	\$ 4,573,002	\$ 173,025,009

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2010
Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Economic Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Cash flows from operating activities					
Cash received from customers	\$ 7,704,459	\$ 12,747,253	\$ 564,373	\$ 3,413,421	\$ 24,429,506
Cash paid to suppliers for goods and services	(2,326,503)	(5,903,043)	(196,918)	(1,986,580)	(10,413,044)
Cash paid to employees for services	(1,730,702)	(6,573,662)	-	(1,451,183)	(9,755,547)
Net cash provided by (used in) operating activities	3,647,254	270,548	367,455	(24,342)	4,260,915
Cash flows from noncapital financing activities					
Interfund loans (repayments)	-	-	(9,000)	17,700	8,700
Transfers in	-	-	-	867,400	867,400
Transfers out	(101,450)	(1,494,068)	-	(32,985)	(1,628,503)
Net cash provided by (used in) noncapital financing activities	(101,450)	(1,494,068)	(9,000)	852,115	(752,403)
Cash flows from capital and related financing activities					
Proceeds from general obligation bonds	1,063,400	1,482,668	-	484,960	3,031,028
Acquisition and construction of capital assets	(387,617)	(5,624,032)	-	(1,693,122)	(7,704,771)
Principal paid on general obligation bonds	(3,836,794)	(583,914)	(190,584)	(1,086,709)	(5,698,001)
Interest paid on general obligation bonds	(588,582)	(388,184)	(207,371)	(212,632)	(1,396,769)
Proceeds from sale of property	-	4,427	-	-	4,427
Grant monies received for capital assets	-	3,408,943	-	1,634,186	5,043,129
Net cash provided by (used in) capital and related financing activities	(3,749,593)	(1,700,092)	(397,955)	(873,317)	(6,720,957)
Cash flows from investing activities					
Net sales (purchases) of investments	320,000	3,137,988	-	564,266	4,022,254
Investment of unexpended bond proceeds	242,643	-	-	-	242,643
Interest on investments	76,705	937,298	32,599	2,847	1,049,449
Loan repayments	-	218,600	6,878	-	225,478
Net cash provided by (used in) investing activities	639,348	4,293,886	39,477	567,113	5,539,824
Net increase (decrease) in cash	435,559	1,370,274	(23)	521,569	2,327,379
Cash, beginning of year	62,157	131,492	77	278,323	472,049
Cash, end of year	\$ 497,716	\$ 1,501,766	\$ 54	\$ 799,892	\$ 2,799,428

Schedule of noncash investing, capital and financing activities:

During the year, the Airport Fund had an unrealized gain on investments in the amount of \$716,771.

During the year, Bass Park received leasehold improvements to its harness racing facilities in the amount of \$3,641,731.

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, 2010
Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Economic Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 1,604,425	\$ (6,385,801)	\$ 78,155	\$ (911,514)	\$ (5,614,735)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	1,690,101	7,385,127	244,278	879,255	10,198,761
Provision for uncollectible accounts	-	(5,469)	-	-	(5,469)
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	411,837	(1,015,715)	56,506	(46,684)	(594,056)
(Increase) decrease in due from water district	17,693	-	-	-	17,693
(Increase) decrease in inventories	-	(159,446)	-	657	(158,789)
(Increase) decrease in prepaid items	1,570	(18,526)	-	19,872	2,916
Increase (decrease) in accounts payable	(42,040)	309,959	(11,484)	21,502	277,937
Increase (decrease) in unearned revenue	-	-	-	(3,306)	(3,306)
Increase (decrease) in other liabilities	(36,332)	160,419	-	15,876	139,963
Total adjustments	2,042,829	6,656,349	289,300	887,172	9,875,650
Net cash provided by (used in) operating activities	\$ 3,647,254	\$ 270,548	\$ 367,455	\$ (24,342)	\$ 4,260,915

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

		Agency Fund
ASSETS		
Cash and cash equivalents	\$	96,444
Total assets	\$	96,444
LIABILITIES		
Liabilities:		
Amounts held for others	\$	96,444
Total liabilities	\$	96,444

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, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Bangor was incorporated under the laws of the State of Maine in 1834 and operates under a council/manager form of government. In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The criteria used to determine which entities, agencies, commissions, boards and authorities are part of the City's operations include how the budget is adopted, whether debt is secured by general obligation of the City, the City's duty to cover any deficits that may occur, and supervision over the accounting functions. 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, 2009 (most recent data available) the City of Bangor's share of the Joint Venture's net assets was \$6,158,980. 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

Additionally, the City reports the following fund type:

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

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

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

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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 30th, by Charter, the budget proposed by the City Manager becomes effective.

The budget is adopted at the department level through the passage of appropriation resolves. The City Manager may make transfers of appropriations within a department. Transfers between departments or additional appropriations require the approval of the City Council. The City Council made several supplementary budgetary appropriations throughout the year, only one of which was material. The Council appropriated \$140,000 from the General Fund's undesignated fund balance to fund costs associated with the City Manger's retirement and the cost to conduct an executive search and recruitment for a replacement.

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)	\$ 361,752
Activity in designated fund balance	(7,162)
2010 encumbrances	959,619
2009 encumbrances lapsed	(10,501)
2009 encumbrances paid	<u>(840,696)</u>
Excess of revenues and other financing sources over expenditures and other uses (GAAP)	<u>\$ 463,012</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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

Excess (deficiency) of revenues over expenditures and encumbrances:	
Sewer	\$ (1,435,049)
Airport	(6,386,855)
Park Woods	(87,282)
Parking	(513,360)
Bass Park	(160,778)
Municipal Golf Course	(152,848)
Economic Development	<u>(280,323)</u>
	<u>(9,016,495)</u>
Nonoperating revenues classification	(1,292,973)
Investments at market value	(298,513)
Capital outlay	30,000
Capital projects	(16,571)
Adjustments for accrual basis	(536,406)
Principal payments	4,149,641
2009 encumbrances	(62,557)
Nonoperating expenses classification	<u>1,429,139</u>
Operating loss	<u><u>\$(5,614,735)</u></u>

C. Excess of Expenditures Over Appropriations

The following General Fund departments were over-expended by the indicated dollar amounts; Assessing \$959, Health and Community Services \$172,081, Parks and Recreation \$41,852, and Debt Service \$66,733. 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 \$57,139, due to part time employee wages and transfers to the General Fund. The Parking Fund and the Bass Park Fund were over-expended by \$8,728 and \$30,955 respectively, which is attributable to depreciation expense.

D. Deficit Fund Equity

The Grant Fund has a deficit fund equity of \$69,988 which is expected to be funded in subsequent years with program income.

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 2010.

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 in addition to the \$250,000 provided by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2010, \$0 of the City's bank balance of \$20,053,236 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At June 30, 2010, the City had the following investments and maturities:

Investment types	Fair Value	Not Applicable	Maturity (years)		
			<1	1-5	6-10
Mutual Funds	\$ 4,813,388	\$ 4,813,388	\$ -	\$ -	\$ -
US Treasuries	9,803,374	-	1,457,424	6,611,102	1,734,848
Common stock	1,181,435	1,181,435	-	-	-
Certificate of Deposit	5,196,071	-	1,092,463	4,103,608	-
Totals	\$ 20,994,268	\$ 5,994,823	\$ 2,549,887	\$ 10,714,710	\$ 1,734,848

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, 2010, 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, 2009, 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, 2009 and March 15, 2010. Interest was charged at 9.00% 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, 2010 was as follows:

	Balance June 30, <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2010</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,040,548	-	-	5,040,548
Construction in progress	1,327,870	490,117	1,247,129	570,858
Total capital assets, not being depreciated	6,368,418	490,117	1,247,129	5,611,406
Capital assets, being depreciated:				
Land improvements	6,765,169	1,210,066	-	7,975,235
Buildings and improvements	63,078,628	351,326	-	63,429,954
Machinery and equipment	10,141,524	261,177	-	10,402,701
Vehicles	13,794,779	696,500	153,687	14,337,592
Infrastructure	20,491,942	712,062	-	21,204,004
Total capital assets being depreciated	114,272,042	3,231,131	153,687	117,349,486
Less accumulated depreciation for:				
Land improvements	(2,243,420)	(329,159)	-	(2,572,579)
Buildings and improvements	(20,484,531)	(1,243,763)	-	(21,728,294)
Machinery and equipment	(6,444,929)	(707,202)	-	(7,152,131)
Vehicles	(7,401,866)	(996,300)	(134,488)	(8,263,678)
Infrastructure	(9,426,403)	(452,628)	-	(9,879,031)
Total accumulated depreciation	(46,001,149)	(3,729,052)	(134,488)	(49,595,713)
Total capital assets being depreciated, net	68,270,893	(497,921)	19,199	67,753,773
Governmental activities capital assets, net	\$ 74,639,311	(7,804)	1,266,328	73,365,179

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

	Balance June 30, <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2010</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,624,273	-	-	3,624,273
Construction in progress	8,785,421	5,239,250	6,973,922	7,050,749
Total capital assets, not being depreciated	12,409,694	5,239,250	6,973,922	10,675,022
Capital assets, being depreciated:				
Land improvements	2,173,316	-	-	2,173,316
Buildings and improvements	42,462,835	3,659,767	505,944	45,616,658
Machinery and equipment	5,853,298	303,337	21,800	6,134,835
Infrastructure	57,701,331	25,138	-	57,726,469
Airport operational assets	236,793,154	7,100,219	-	243,893,373
Parking structures	9,565,788	1,784,566	-	11,350,354
Total capital assets being depreciated	354,549,722	12,873,027	527,744	366,895,005
Less accumulated depreciation for:				
Land improvements	(1,275,499)	(79,378)	(505,944)	(848,933)
Buildings and improvements	(27,318,310)	(1,382,693)	-	(28,701,003)
Machinery and equipment	(4,125,011)	(223,027)	(21,800)	(4,326,238)
Infrastructure	(9,980,487)	(583,971)	-	(10,564,458)
Airport operational assets	(129,733,053)	(7,385,127)	-	(137,118,180)
Parking structures	(7,128,990)	(523,812)	-	(7,652,802)
Total accumulated depreciation	(179,561,350)	(10,178,008)	(527,744)	(189,211,614)
Total capital assets being depreciated, net	174,988,372	2,695,019	-	177,683,391
Total capital assets being depreciated, net	\$187,398,066	7,934,269	6,973,922	188,358,413

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

Governmental activities:	
General government	\$ 1,200,325
Public safety	897,569
Health, community services and recreation	170,933
Public building and services	581,306
Education	878,919

Total depreciation expense – governmental activities **\$3,729,052**

Business-type activities:	
Sewer Utility Fund	\$1,669,348
Airport Fund	7,385,127
Park Woods	89,123
Parking Fund	523,812
Bass Park Fund	151,630
Municipal Golf Course	114,690
Economic Development Fund	244,278

Total depreciation expense – business-type activities **\$10,178,008**

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, 2010. 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, 2010 the balances were as follows:

	Receivable	Payable
General Fund	\$ 3,293,510	\$ -
Community Development Block Grant	-	272,902
Other Governmental Funds	164,452	190,705
Park Woods Fund	-	355,700
Bass Park Fund	-	1,900,255
Economic Development	-	738,400
	<u>\$ 3,457,962</u>	<u>\$ 3,457,962</u>

Individual fund transfers to and from other funds for the fiscal year ended June 30, 2010 are comprised primarily of transfers from fund balances to fund capital projects and to provide operating subsidies to certain proprietary funds.

	Transfers to	Transfer from
General Fund	\$ 1,561,926	\$ 73,926
Arena Fund	31,000	3,943
Special Revenue Funds	126,800	1,390
Capital Projects Fund	38,798	2,470,868
Permanent Funds	30,500	-
Sewer Utility Fund	101,450	-
Airport Fund	1,494,068	-
Nonmajor Proprietary Funds	32,985	867,400
	<u>\$ 3,417,527</u>	<u>\$ 3,417,527</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, 2010:

	Federal Government	State of Maine	Other	Total
General Fund	\$ 51,956	\$ 1,762,189	\$ 103,700	\$ 1,917,845
Special Revenue Funds	770,970	80,506	-	851,476
Arena Fund	-	20,704	-	20,704
Capital Projects Fund	308,860	128,676	-	437,536
Proprietary Funds	522,192	19,886	-	542,078

Of the General Fund's \$1,762,189 due from State of Maine, \$609,745 represents school grant and State agency billings, \$725,452 is due from the Department of Transportation and \$378,379 represents general assistance claims. Amounts due from other communities for tuition reimbursement to Bangor account for \$86,367 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, 2010 are:

Fiscal year ending June 30,	Airport	Economic Development
2011	\$ 2,086,313	\$ 381,951
2012	1,990,792	382,972
2013	1,894,320	362,360
2014	965,646	257,792
2015	445,950	261,586
Subsequent to 2015	<u>3,940,187</u>	<u>1,327,033</u>
	<u>\$ 11,323,208</u>	<u>\$ 2,973,694</u>

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. The Airport received \$1,430,771 in contingent rentals in fiscal year 2010.

The carrying amounts of the leased assets are as follows:

	Airport	Economic Development
Land	\$ 565,532	\$ 2,395,046
Buildings	22,377,976	6,490,170
Less accumulated depreciation	<u>(11,395,227)</u>	<u>(1,454,084)</u>
Total	<u>\$ 11,548,281</u>	<u>\$ 7,431,132</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>
Due from bond trustee	\$ 1,035,669	\$ 809,784
Deposits	-	20,000
Bond issuance costs (net of amortization)	-	<u>20,755</u>
Total	<u>\$ 1,035,669</u>	<u>\$ 850,539</u>

H. Deferred/Unearned Revenue

General Fund deferred revenue consists of \$2,229,884 in deferred taxes and \$89,932 of advance deposits. Capital Fund deferred revenue of \$543,194 consists of advance deposits. Community Development Block Grant and Other Governmental Funds deferred revenue of \$4,971,072 and \$289,584, 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 \$27,632 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 \$165,033,548. The following is a summary of general obligation bond and note transactions of the City for the fiscal year ended June 30, 2010:

Bonds and notes payable at June 30, 2009	\$ 94,311,206
Add: principal additions	15,727,668
Less: principal repayments	<u>13,392,879</u>
Bonds and notes payable at June 30, 2010	<u>\$ 96,645,995</u>

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Bonds and notes payable at June 30, 2010 are comprised of the following:

	Fiscal year of maturity	Interest rate	Governmental activities		Business-type activities	Total June 30, 2010
			City	School		
Long-term debt:						
Treatment Plant	2013	7.00% - 7.10%	\$ -	\$ -	\$ 2,850,000	\$ 2,850,000
Combined sewer overflow	2014	2.46%	-	-	372,800	372,800
Combined sewer overflow	2014	2.45%	-	-	397,200	397,200
Combined sewer overflow	2017	3.52%	-	-	1,218,019	1,218,019
Tax increment financing note*	2016	6.00% - 6.90%	510,000	-	-	510,000
Combined sewer overflow	2018	3.03%	-	-	1,115,876	1,115,876
Tax increment financing note*	2018	6.19%	166,000	-	-	166,000
Maine Business Enter Park	2018	5.00%	-	-	134,763	134,763
Public improvements – 2000	2020	5.25% - 5.90%	776,604	-	928,396	1,705,000
Public improvements – 2001	2021	4.25% - 5.00%	670,000	36,000	2,664,000	3,370,000
State Revolving Renovation – School	2011	0.00%	-	56,860	-	56,860
Public improvements note*	2012	6.25%	514,948	-	-	514,948
Public improvements – 2002	2022	3.50% - 4.75%	2,589,000	2,700,000	1,141,000	6,430,000
Pension obligation bonds	2026	3.06% - 6.45%	24,385,809	1,551,724	5,202,467	31,140,000
Refunding bonds	2024	3.06% - 3.47%	405,952	1,015,955	1,958,093	3,380,000
Combined sewer overflow	2023	1.94%	-	-	2,042,316	2,042,316
Public improvements note*	2012	2.50% - 4.00%	-	-	71,108	71,108
Tax increment financing note*	2015	2.50% - 4.00%	83,077	-	-	83,077
Briggs Building note	2023	6.50%	-	-	996,806	996,806
Refunding/public improvements - 2004	2023	2.50% - 4.80%	2,534,300	-	320,700	2,855,000
Combined sewer overflow	2024	1.41%	-	-	2,079,705	2,079,705
Public improvements - 2005	2024	3.50% - 4.30%	1,875,000	-	750,000	2,625,000
Airport building sprinklers	2024	3.25% - 5.00%	-	-	1,725,000	1,725,000
Chancellor's property note	2025	5.00%	-	-	1,956,713	1,956,713
Public improvements/refunding	2025	4.00% - 4.20%	3,221,578	-	478,422	3,700,000
Combined sewer overflow	2027	1.64%	-	-	1,739,864	1,739,864
Public improvements – 2007	2027	4.00%	2,955,000	-	-	2,955,000
Combined sewer overflow	2028	1.81%	-	-	1,830,717	1,830,717
Public improvements – 2009	2029	2.00% - 4.375%	2,945,000	-	-	2,945,000
ARRA – CWSRF**	2029	0.00%	-	-	920,463	920,463
ARRA – CWSRF**	2030	0.00%	-	-	513,760	513,760
Public improvements/refunding	2020	2.00% - 3.25%	4,876,640	7,820,000	1,548,360	14,245,000
Total bonds and notes payable			<u>\$48,508,908</u>	<u>\$13,180,539</u>	<u>\$34,956,548</u>	<u>\$96,645,995</u>

* Notes aggregating \$1,345,133 are held by the City's Airport Fund at fixed, taxable market rates of interest.

** The original amount of this debt was \$3,000,000, of the total \$1,517,332 has been forgiven through the Environmental Protection Agency's ARRA CWSRF program.

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

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

Fiscal year ending <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 4,029,067	\$ 3,020,532	\$ 3,946,312	\$ 1,257,945
2012	4,539,005	2,773,927	3,689,946	1,113,681
2013	4,168,618	2,594,609	3,685,422	989,496
2014	4,079,597	2,443,516	2,162,648	896,039
2015	4,141,860	2,283,274	2,040,438	826,611
2016-2020	20,446,290	8,691,990	10,033,436	3,016,462
2021-2025	15,689,866	4,065,694	7,561,209	1,195,314
2026-2030	4,594,144	290,144	1,837,137	73,424
Total	<u>\$61,689,447</u>	<u>\$ 26,163,686</u>	<u>\$ 34,956,548</u>	<u>\$ 9,368,972</u>

The City is subject to the laws of the State of Maine, which limits the amount of long-term debt to 15% of the state's assessed valuation of the City. At June 30, 2010, the statutory limit for the City was \$365,400,000. The City's outstanding long-term debt of \$96,645,995 at June 30, 2010 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, 2010, \$27,500 and \$392,500 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 \$100,000 in general obligation bonds for the purpose of funding the City's share of State of Maine road projects. As of June 30, 2010, \$50,000 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, 2010, \$155,000 remains authorized and unissued. The City expects to issue the debt within the next twenty four months.

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

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, 2010 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. During fiscal year 2010, this agreement was paid in full through the issuance of general obligation bonds.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due within one year
Governmental activities:					
General obligation debt	\$ 56,687,684	12,696,640	7,694,877	61,689,447	4,029,067
Accrued compensated absences *	2,257,256	1,811,522	1,653,053	2,415,725	1,399,117
Net OPEB obligation	759,529	863,114	103,585	1,519,058	-
Lease purchase obligation	6,286,188	-	6,286,188	-	-
Penobscot River remediation	7,560,000	-	7,560,000	-	-
Long-term obligation for self insurance	1,423,555	459,173	397,020	1,485,708	607,890
Governmental activities long-term liabilities	\$ 74,974,212	15,830,449	23,694,723	67,109,938	6,036,074
Business type activities:					
General obligation debt	37,623,522	3,031,028	5,698,001	34,956,549	3,946,312
Accrued compensated absences	631,749	432,021	463,721	600,049	600,049
Net OPEB obligation	242,517	275,591	33,074	485,034	-
Long-term obligation for self insurance	615,000	231,558	331,158	515,400	165,044
Deferred amount on refunding	(17,677)	-	(12,900)	(4,777)	(4,777)
Other	511,072	127	-	511,199	-
Business type activities long-term liabilities	\$ 39,606,183	3,970,325	6,513,054	37,063,454	4,706,628

* - 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, 2010, the fund balances by purpose were as follows:

	Restricted Nonexpendable Trust Principal	Unrestricted Permanent Funds
Cemetery	\$ 378,745	\$ 72,055
Parks	14,538	17,887
City Missionary	16,511	66,614
Education	44,138	77,969
Aid for Aged Women	43,067	87,792
Other Purposes	30,841	137,555
Total nonmajor permanent funds	\$ 527,840	\$ 459,872

Dedicated Revenue Funds - Special Revenue Funds

As of June 30, 2010, the fund balances by purpose were as follows:

Dental Clinic	\$ 5,682
Preservation of Records	155
Adopt a Park	107,073
Park Woods Children	169
City Forest	245,725
BFD Imaging	8,338
Park Woods Complex	100,313
USS Maine Monument	15,922
Flower	1,133
Impact Fees	204,317
Parks	2,186
Tricentennial	1,871
Total dedicated revenue funds	\$ 692,884

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Designated Fund Balance

Designated fund balance of the General Fund at June 30, 2010 consists of amounts, which the City intends to use for the following purposes:

Departmental balances carried forward	\$ 64,194
School department – regular	3,045,101
adult education	154,187
reading assessment	18,864
special revenue	337,726
school lunch	244,959
trust and agency	<u>210,591</u>
Total balances carried	<u>4,075,622</u>
Accrued summer teacher payroll	(3,003,110)
Pooled equipment	127,401
Bus equipment	105,141
Fire equipment	258,061
Improvement	376,576
Self insurance	1,485,708
Cameron stadium	352,877
Landfill closure	10,824
Cascade park maintenance	59,094
Demolition	41
PEG capital support	112,365
Credit reserve	79,764
Pickering Square development district	90,513
Parks & Rec Improvement	(65,323)
Benefit reserve	391,830
Arbitrage rebate	<u>263,064</u>
	<u>\$ 4,720,448</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, 2010:

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$122,960,892	\$377,570,027
Accumulated depreciation	(49,595,713)	(189,211,614)
Bonds payable	(23,567,243)	(29,752,704)
Due from bond trustee	<u>1,042,642</u>	<u>809,784</u>
Total invested in capital assets net of related debt	<u>\$ 50,840,578</u>	<u>\$159,415,493</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, 2010, 2009 and 2008.

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, 2010, the amount of self-insurance liabilities was \$1,979,642. This liability is the City's best estimate based on available information. Changes in the reported liabilities since July 1, 2008 resulted from the following:

	<u>Workers'</u> <u>Compensation</u>	<u>All other self-</u> <u>insured risks</u>	<u>Total</u>
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	<u>230,199</u>	<u>5,618</u>	<u>235,817</u>
Unpaid claims as of July 1, 2009	1,801,304	237,251	2,038,555
Incurred claims	264,678	-	264,679
Payments	(728,179)	(22,450)	(750,629)
Changes in estimates and other adjustments	<u>447,519</u>	<u>985</u>	<u>448,504</u>
 Unpaid claims as of June 30, 2010	 <u>\$ 1,785,322</u>	 <u>\$ 215,786</u>	 <u>\$ 2,001,108</u>

B. Tax Increment Financing Districts

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

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

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

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

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

OTHER INFORMATION, CONTINUED

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 remediation project cost has been completed. The City continues to work with State and Federal agencies to ensure the long term success of the work undertaken.

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 2010 covered payroll was \$13,444,409 and City contributions were \$1,128,127. 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

OTHER INFORMATION, CONTINUED

contributions for those employees with employment contracts were \$540,771 and \$64,829 respectively, in fiscal year 2010.

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, 2010, 2009, and 2008 were \$447,626, \$677,652, and \$703,675 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 \$4,248,963 (17.78%) for fiscal year 2010. 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 17.78% of their compensation. This cost is charged to the applicable grant.

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

OTHER INFORMATION, CONTINUED

Deferred Compensation Plan

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

Social Security

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

E. Other Postemployment Benefits

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

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

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

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, 2010 were as follows:

Net OPEB obligation, June 30, 2009	\$ 1,002,046
Annual OPEB cost	1,138,705
Less annual City contributions	<u>136,659</u>
Net OPEB obligation, June 30, 2010	<u>\$ 2,004,092</u>

City contributions as a percentage of annual required contribution (ARC): 12.00%

The unfunded actuarial accrued liability as a percentage of covered payroll for June 30, 2010 is as follows:

	Governmental Activities	Business-type Activities	Total June 30, 2010
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>\$ 17,224,485</u>	<u>\$ 5,439,647</u>	<u>\$ 22,664,132</u>

UAAL as a percentage of covered payroll 49.41%

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 two years available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

Actuarial valuation date	7/1/08
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level dollar
Remaining amortization period	29 years - closed
Actuarial assumptions:	
Investment rate of return	4.0%
Participation	62.5% of eligible employees
Healthcare cost trend rate	7.5% - 5.2%

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

OTHER INFORMATION, CONTINUED

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 23, 2010 the City Council authorized the issuance of up to \$1,636,000 in general obligations bonds for the purpose of funding the City's annual fleet replacement, local share of State of Maine road projects, salt dome roof replacement and replacement of the HVAC at the Wastewater Treatment Plant operations building.

On November 22, 2010, the City Council authorized the issuance of up to \$4,710,000 in general obligation bonds to refund outstanding general obligation bonds on a current basis. The final maturity dates of the refunded general obligation bonds will remain unchanged. This refunding is expected to result approximately \$700,000 in cumulative interest cost savings over the next ten years.

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, 2010, this balance exceeded the City policy of 7.5% by \$2,118,018.

CITY OF BANGOR, MAINE
Required Supplemental Information
Schedule of Funding Progress - Retiree Healthcare Plan
For the Fiscal Year Ended June 30, 2010

	Fiscal Year	
	2009	2010
Actuarial Valuation Date	7/1/2008	7/1/2008
Governmental activities:		
Actuarial value of assets	\$ -	\$ -
Actuarial accrued liability (AAL)	8,488,427	8,488,427
Unfunded actuarial accrued liability (UAAL)	\$ 8,488,427	\$ 8,488,427
Funded ratio	0.00%	0.00%
Covered payroll	\$ 16,257,319	\$ 17,224,485
Business-type activities:		
Actuarial value of assets	\$ -	\$ -
Actuarial accrued liability (AAL)	2,710,336	2,710,336
Unfunded actuarial accrued liability (UAAL)	\$ 2,710,336	\$ 2,710,336
Funded ratio	0.00%	0.00%
Covered payroll	\$ 5,190,927	\$ 5,439,647
Primary government:		
Actuarial value of assets	\$ -	\$ -
Actuarial accrued liability (AAL)	11,198,763	11,198,763
Unfunded actuarial accrued liability (UAAL)	\$ 11,198,763	\$ 11,198,763
Funded ratio	0.00%	0.00%
Covered payroll	\$ 21,448,246	\$ 22,664,132
UAAL as a percentage of covered payroll	52.21%	49.41%

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

GENERAL FUND

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



CITY OF BANGOR, MAINE
Balance Sheet
General Fund
June 30, 2010

ASSETS	
Cash and cash equivalents	\$ 12,953,810
Investments	50,000
Receivables:	
Taxes	2,412,585
Accounts (net of allowance of \$258,981)	657,371
Interfund	3,293,510
Intergovernmental	1,917,845
Loans	996,806
Inventory, at cost	855,035
Prepaid items	84,252

Total assets **\$ 23,221,214**

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable	\$ 987,276
Accrued wages and benefits payable	3,991,851
Deferred revenue	2,319,816
Total liabilities	7,298,943

Fund balance	
Reserved for:	
Encumbrances	967,379
Prepaid items	84,252
Advances to other funds	1,650,500
Unreserved:	
Designated (Note J)	4,720,448
Undesignated	8,499,692
Total fund balance	15,922,271

Total liabilities and fund balance **\$ 23,221,214**

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, 2010

	Balances			Variance	
	Carried 7/1/2009	Budget	Actual	Surplus	Carried
Revenues					
Taxes					
Real and personal property	\$ -	\$ 48,389,737	\$ 48,182,455	\$ (207,282)	\$ -
Change in deferred property tax	-	-	(243,625)	(243,625)	-
Tax increment financing district	-	(3,310,259)	(3,003,158)	307,101	-
Payment in lieu of taxes	-	90,640	117,770	27,130	-
Excise	-	4,428,000	4,694,936	266,936	-
Interest on delinquent taxes	-	210,000	228,133	18,133	-
Total taxes	-	49,808,118	49,976,511	168,393	-
Intergovernmental					
State revenue sharing	-	4,400,000	3,832,933	(567,067)	-
School subsidy	-	18,835,940	17,759,621	-	(1,076,319)
Other -					
municipal	-	3,014,755	3,078,553	63,798	-
school	-	4,359,627	5,333,857	-	974,230
Total intergovernmental	-	30,610,322	30,004,964	(503,269)	(102,089)
Other revenue					
Licenses and permits	-	605,700	633,339	27,639	-
Charges for service -					
municipal	-	7,889,103	7,559,901	(329,202)	-
school	-	3,962,847	4,533,040	-	570,193
Fines, forfeits and penalties	-	36,700	30,657	(6,043)	-
Revenue from use of money and property -					
municipal	-	818,606	615,962	(202,644)	-
Total other	-	13,312,956	13,372,899	(510,250)	570,193
Total revenues	-	93,731,396	93,354,374	(845,126)	468,104

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, 2010

	Balances			Variance	
	Carried 7/1/2009	Budget	Actual	Surplus	Carried
Expenditures					
General government					
Council	-	35,905	30,178	5,727	-
Executive	-	958,362	802,809	155,553	-
Human resources	-	105,617	103,277	2,340	-
City clerk	-	373,288	371,221	2,067	-
Assessing	-	433,293	434,252	(959)	-
Legal	-	276,151	274,892	1,259	-
Finance	-	1,616,715	1,551,607	65,108	-
Insurance	-	177,100	175,539	1,561	-
Planning, econ dev, code enforcement	-	1,150,962	1,102,579	48,383	-
Total general government	-	5,127,393	4,846,354	281,039	-
Public safety					
Police	-	7,980,451	7,693,585	286,866	-
Fire	122,800	7,609,219	7,659,213	72,806	-
Total public safety	122,800	15,589,670	15,352,798	359,672	-
Health, community services and recreation					
Health and community services	-	3,005,377	3,177,458	(172,081)	-
Parks and recreation	-	1,503,068	1,544,920	(41,852)	-
Total health, commun. serv and rec.	-	4,508,445	4,722,378	(213,933)	-
Public buildings and services					
	-	10,553,115	10,058,906	494,209	-

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, 2010

	Balances			Variance	
	Carried 7/1/2009	Budget	Actual	Surplus	Carried
Expenditures, continued					
Other agencies					
County tax	-	2,546,636	2,546,636	-	-
Downtown Development District	-	54,456	54,456	-	-
Public library	-	1,536,907	1,527,837	9,070	-
Other agencies	31,950	204,690	162,400	10,046	64,194
Total other agencies	31,950	4,342,689	4,291,329	19,116	64,194
Education					
Regular	2,675,072	42,914,809	41,029,656	-	4,560,225
Adult education	157,400	527,540	506,597	-	178,343
School lunch	144,893	1,238,083	1,246,862	-	136,114
Reading assessment	21,183	-	2,320	-	18,863
Special revenue	101,324	3,278,893	3,801,588	-	(421,371)
Trust and agency	215,552	991,808	1,089,360	-	118,000
Total education	3,315,424	48,951,133	47,676,383	-	4,590,174
Other appropriations					
Pensions and other fringe benefits	-	1,879,661	1,879,293	368	-
Debt service	-	2,295,636	2,362,369	(66,733)	-
Tax increment financing payments	-	729,308	729,308	-	-
Total other appropriations	-	4,904,605	4,970,970	(66,365)	-
Total expenditures	3,470,174	93,977,050	91,919,118	873,738	4,654,368
Excess (deficiency) of revenues over/under expenditures	(3,470,174)	(245,654)	1,435,256	28,612	5,122,472

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, 2010

	Balances			Variance	
	Carried 7/1/2009	Budget	Actual	Surplus	Carried
Other financing sources (uses)					
Appropriation from designated fund balance	-	1,305,330	103,480	(155,000)	(1,046,850)
Appropriation from undesignated fund balance	-	140,000	-	(140,000)	-
Sale of assets	-	2,000	8,168	6,168	-
Contributions	-	-	325	325	-
Insurance Settlements	-	1,500	13,906	12,406	-
Transfers to other funds	-	(502,500)	(502,500)	-	-
Transfers from other funds	-	7,000	10,793	3,793	-
Operating transfers	-	(707,676)	(707,676)	-	-
Total other financing sources (uses)	-	245,654	(1,073,504)	(272,308)	(1,046,850)
Net change in fund balance	\$ (3,470,174)	\$ -	\$ 361,752	(243,696)	\$ 4,075,622
Undesignated fund balance, beginning of year				8,743,388	
Undesignated fund balance, end of year				\$ 8,499,692	

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, 2010

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 15,524	\$ -	\$ 15,524
Investments	-	104,685	104,685
Receivables:			
Interfund	164,452	-	164,452
Loans /Notes	1,558,580	1,014,969	2,573,549
Intergovernmental	196,219	-	196,219
Total assets	\$ 1,934,775	\$ 1,119,654	\$ 3,054,429
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 45,374	\$ -	\$ 45,374
Accrued wages and benefits payable	31,796	-	31,796
Deferred revenue	289,584	-	289,584
Interfund loans payable	190,705	-	190,705
Total liabilities	557,459	-	557,459
Fund balances			
Reserved, principal	-	659,782	659,782
Unreserved, undesignated	1,377,316	459,872	1,837,188
Total fund balances	1,377,316	1,119,654	2,496,970
Total liabilities and fund balances	\$ 1,934,775	\$ 1,119,654	\$ 3,054,429

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2010

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues			
Taxes	\$ 862,315	\$ -	\$ 862,315
Intergovernmental	5,640,477	-	5,640,477
Charges for services	920,498	-	920,498
Program income	25,615	-	25,615
Revenue from use of money and property	177,348	-	177,348
Other revenue	21,834	3,600	25,434
Interest revenue	-	61,286	61,286
Total revenues	7,648,087	64,886	7,712,973
Expenditures			
Current:			
Personnel	1,073,901	-	1,073,901
Payments to beneficiaries	874,401	-	874,401
Other	3,478,871	-	3,478,871
Bus operations	2,128,626	-	2,128,626
Program expenditures	-	4,058	4,058
Total expenditures	7,555,799	4,058	7,559,857
Excess (deficiency) of revenues over (under) expenditures	92,288	60,828	153,116
Other financing sources (uses)			
Transfer to other funds	(126,800)	(30,500)	(157,300)
Transfer from other funds	1,390	-	1,390
Total other financing sources (uses)	(125,410)	(30,500)	(155,910)
Net change in fund balances	(33,122)	30,328	(2,794)
Fund balances, beginning of year	1,410,438	1,089,326	2,499,764
Fund balances, end of year	\$ 1,377,316	\$ 1,119,654	\$ 2,496,970

CITY OF BANGOR, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 15,524	\$ 15,524
Receivables:					
Interfund	164,452	-	-	-	164,452
Loans/Notes	289,584	-	692,884	576,112	1,558,580
Intergovernmental	-	196,219	-	-	196,219
Total assets	\$ 454,036	\$ 196,219	\$ 692,884	\$ 591,636	\$ 1,934,775
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ 43,706	\$ -	\$ 1,668	\$ 45,374
Accrued wages and benefits payable	-	31,796	-	-	31,796
Deferred revenue	289,584	-	-	-	289,584
Interfund loans payable	-	190,705	-	-	190,705
Total liabilities	289,584	266,207	-	1,668	557,459
Fund balances (deficits)					
Unreserved, undesignated	164,452	(69,988)	692,884	589,968	1,377,316
Total fund balances	164,452	(69,988)	692,884	589,968	1,377,316
Total liabilities and fund balances	\$ 454,036	\$ 196,219	\$ 692,884	\$ 591,636	\$ 1,934,775

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, 2010

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 862,315	\$ 862,315
Intergovernmental	-	5,640,477	-	-	5,640,477
Charges for services	-	920,498	-	-	920,498
Program income	25,615	-	-	-	25,615
Revenue from use of money and property	55	-	57,470	119,823	177,348
Contributions	-	-	4,576	17,258	21,834
Total revenues	25,670	6,560,975	62,046	999,396	7,648,087
Expenditures					
Personnel	-	1,073,901	-	-	1,073,901
Payments to beneficiaries	-	-	7	874,394	874,401
Other	116	3,476,862	-	1,893	3,478,871
Bus operations	-	2,128,626	-	-	2,128,626
Total expenditures	116	6,679,389	7	876,287	7,555,799
Excess (deficiency) of revenues over (under) expenditures	25,554	(118,414)	62,039	123,109	92,288
Other financing sources (uses)					
Transfers to other funds	-	(2,195)	(83,505)	(41,100)	(126,800)
Transfers from other funds	-	-	-	1,390	1,390
Total other financing sources (uses)	-	(2,195)	(83,505)	(39,710)	(125,410)
Net change in fund balances	25,554	(120,609)	(21,466)	83,399	(33,122)
Fund balances, beginning of year	138,898	50,621	714,350	506,569	1,410,438
Fund balances (deficit), end of year	\$ 164,452	\$ (69,988)	\$ 692,884	\$ 589,968	\$ 1,377,316

CITY OF BANGOR, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2010

	Other Funds	Revolving Loan Funds	Totals
ASSETS			
Investments	\$ -	\$ 104,685	\$ 104,685
Loans receivable	987,712	27,257	1,014,969
Total assets	\$ 987,712	\$ 131,942	\$ 1,119,654
LIABILITIES AND FUND BALANCES			
Liabilities	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -
Fund balances			
Principal	527,840	131,942	659,782
Unexpended income	459,872	-	459,872
Total fund balances	987,712	131,942	1,119,654
Total liabilities and and fund balances	\$ 987,712	\$ 131,942	\$ 1,119,654

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the Fiscal Year Ended June 30, 2010

	Other Funds	Revolving Loan Funds	Totals
Revenues			
Investment income	\$ 49,828	\$ 11,458	\$ 61,286
Lot sales	3,600	-	3,600
Total revenues	53,428	11,458	64,886
Expenditures			
Current:			
Payments to beneficiaries	100	3,000	3,100
Other miscellaneous	-	958	958
Total expenditures	100	3,958	4,058
Excess (deficiency) of revenues over (under) expenditures	53,328	7,500	60,828
Other financing uses			
Transfer to other funds	(30,500)	-	(30,500)
Transfer from other funds	-	-	-
Total other financing uses	(30,500)	-	(30,500)
Net change in fund balances	22,828	7,500	30,328
Fund balances, beginning of year	964,884	124,442	1,089,326
Fund balances, end of year	\$ 987,712	\$ 131,942	\$ 1,119,654

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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.

CITY OF BANGOR, MAINE
Combining Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2010

Business-type Activities - Enterprise Funds

	Park Woods	Parking Fund	Bass Park Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 109	\$ 225,461	\$ 10,571	\$ 563,751	\$ 799,892
Accounts receivable	22,245	279	83,402	-	105,926
Less allowance for uncollectible accounts	-	-	(27,110)	-	(27,110)
Net accounts receivable	22,245	279	56,292	-	78,816
Inventories, at cost	-	-	18,105	-	18,105
Prepaid items	-	-	13,317	-	13,317
Total current assets	22,354	225,740	98,285	563,751	910,130
Noncurrent assets					
Capital Assets:					
Land and improvements	295,025	-	828,921	1,594,732	2,718,678
Buildings and improvements	1,933,061	-	8,741,550	912,607	11,587,218
Machinery and equipment	22,952	-	144,428	311,124	478,504
Parking structures	-	11,350,354	-	-	11,350,354
	2,251,038	11,350,354	9,714,899	2,818,463	26,134,754
Less accumulated depreciation	(1,365,318)	(7,652,802)	(4,833,216)	(1,524,218)	(15,375,554)
Net capital assets	885,720	3,697,552	4,881,683	1,294,245	10,759,200
Deposits	20,000	-	-	-	20,000
Total noncurrent assets	905,720	3,697,552	4,881,683	1,294,245	10,779,200
Total assets	928,074	3,923,292	4,979,968	1,857,996	11,689,330

Continued on next page

CITY OF BANGOR, MAINE
Combining Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2010

Business-type Activities - Enterprise Funds

	Park Woods	Parking Fund	Bass Park Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
LIABILITIES					
Current liabilities					
Accounts payable	46,116	1,752	38,664	15,107	101,639
Accrued wages and benefits payable	903	7,858	17,794	14,404	40,959
Accrued interest	-	29,624	9,869	6,984	46,477
Workers' compensation	-	4,474	6,255	-	10,729
Unearned revenue	-	12,819	14,813	-	27,632
Accrued compensated absences	15,623	15,750	57,985	18,945	108,303
Interfund loans payable	355,700	-	1,900,255	-	2,255,955
General obligation debt payable	-	407,760	134,231	32,110	574,101
Deferred amount on refunding	-	(3,368)	-	-	(3,368)
Total current liabilities	418,342	476,669	2,179,866	87,550	3,162,427
Long-term liabilities					
Workers' compensation	-	5,526	3,745	-	9,271
General obligation debt payable	-	2,282,846	855,053	533,351	3,671,250
Net OPEB obligation	6,856	8,892	30,120	14,582	60,450
Other long-term liabilities	193,061	19,869	-	-	212,930
Total long-term liabilities	199,917	2,317,133	888,918	547,933	3,953,901
Total liabilities	618,259	2,793,802	3,068,784	635,483	7,116,328
NET ASSETS					
Invested in capital assets, net of related debt	885,720	1,170,853	4,329,514	815,823	7,201,910
Unrestricted	(575,905)	(41,363)	(2,418,330)	406,690	(2,628,908)
Total net assets	\$ 309,815	\$ 1,129,490	\$ 1,911,184	\$ 1,222,513	\$ 4,573,002

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, 2010
Business-type Activities - Enterprise Funds

	Park Woods	Parking Fund	Bass Park Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Operating revenues					
Charges for services	\$ 371,832	\$ 1,050,579	\$ 1,382,947	\$ 658,053	\$ 3,463,411
Operating expenses					
Operating expenses other than depreciation and amortization	440,487	738,972	1,722,814	593,397	3,495,670
Depreciation and amortization	89,123	523,812	151,630	114,690	879,255
Total operating expenses	529,610	1,262,784	1,874,444	708,087	4,374,925
Operating income (loss)	(157,778)	(212,205)	(491,497)	(50,034)	(911,514)
Nonoperating revenue (expenses)					
Interest income	-	160	22	2,538	2,720
Interest expense	-	(140,138)	(48,629)	(25,293)	(214,060)
Total nonoperating revenue (expenses)	-	(139,978)	(48,607)	(22,755)	(211,340)
Net income (loss) before grants/contributions and transfers	(157,778)	(352,183)	(540,104)	(72,789)	(1,122,854)
Grants/contributions received for capital assets	-	1,634,186	3,641,731	-	5,275,917
Transfers to other funds	-	(8,389)	-	(24,596)	(32,985)
Transfers from other funds	78,224	260,426	528,750	-	867,400
Change in net assets	(79,554)	1,534,040	3,630,377	(97,385)	4,987,478
Net assets, beginning of year	389,369	(404,550)	(1,719,193)	1,319,898	(414,476)
Net assets, end of year	\$ 309,815	\$ 1,129,490	\$ 1,911,184	\$ 1,222,513	\$ 4,573,002

CITY OF BANGOR, MAINE
Combining Statement of Cash Flows - Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2010
Business-type Activities - Enterprise Funds

	Park Woods	Parking Fund	Bass Park Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Cash flows from operating activities					
Cash received from customers	\$ 349,717	\$ 1,039,048	\$ 1,366,603	\$ 658,053	\$ 3,413,421
Cash paid to suppliers for goods and services	(356,405)	(470,862)	(916,212)	(243,101)	(1,986,580)
Cash paid to employees for services	(88,953)	(254,834)	(766,758)	(340,638)	(1,451,183)
Net cash provided by (used in) operating activities	(95,641)	313,352	(316,367)	74,314	(24,342)
Cash flows from noncapital financing activities					
Interfund loans (repayments)	17,300	-	400	-	17,700
Transfers in	78,224	260,426	528,750	-	867,400
Transfers out	-	(8,389)	-	(24,596)	(32,985)
Net cash provided by (used in) noncapital financing activities	95,524	252,037	529,150	(24,596)	852,115
Cash flows from capital and related financing activities					
Proceeds from general obligation bonds	-	156,000	328,960	-	484,960
Acquisition and construction of capital assets	-	(1,645,087)	(18,035)	(30,000)	(1,693,122)
Principal paid on general obligation bonds	-	(587,885)	(467,001)	(31,823)	(1,086,709)
Interest paid on general obligation bonds	-	(134,881)	(52,047)	(25,704)	(212,632)
Grants/contributions received for capital assets	-	1,634,186	-	-	1,634,186
Net cash provided by (used in) capital and related financing activities	-	(577,667)	(208,123)	(87,527)	(873,317)
Cash flows from investing activities					
Net sales (purchases) of investments	-	66,795	-	497,471	564,266
Interest on investments	-	287	22	2,538	2,847
Net cash provided by (used in) investing activities	-	67,082	22	500,009	567,113
Net increase (decrease) in cash	(117)	54,804	4,682	462,200	521,569
Cash, beginning of year	226	170,657	5,889	101,551	278,323
Cash, end of year	\$ 109	\$ 225,461	\$ 10,571	\$ 563,751	\$ 799,892

Schedule of noncash investing, capital and financing activities:

During the year, Bass Park received leasehold improvements to its harness racing facilities in the amount of \$3,641,731.

Continued on next page

CITY OF BANGOR, MAINE
Combining Statement of Cash Flows - Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2010

Business-type Activities - Enterprise Funds

	Park Woods	Parking Fund	Bass Park Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (157,778)	\$ (212,205)	\$ (491,497)	\$ (50,034)	\$ (911,514)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	89,123	523,812	151,630	114,690	879,255
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(22,115)	1,567	(26,136)	-	(46,684)
(Increase) decrease in inventories	-	-	657	-	657
(Increase) decrease in prepaid items	-	-	19,872	-	19,872
Increase (decrease) in accounts payable	14,693	1,028	3,891	1,890	21,502
Increase (decrease) in unearned revenue	-	(13,098)	9,792	-	(3,306)
Increase (decrease) in other liabilities	(19,564)	12,248	15,424	7,768	15,876
Total adjustments	62,137	525,557	175,130	124,348	887,172
Net cash provided by (used in) operating activities	\$ (95,641)	\$ 313,352	\$ (316,367)	\$ 74,314	\$ (24,342)

Continued from previous page

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Encumbrances
Budget and Actual - Budgetary Basis
Sewer Utility Fund - Enterprise Fund
For the Fiscal Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 7,435,150	\$ 7,539,736	\$ 104,586
Interest and other revenue	279,418	63,135	(216,283)
Total revenues	7,714,568	7,602,871	(111,697)
Expenditures and encumbrances			
Salaries	1,181,020	1,141,833	39,187
Fringe benefits	327,985	515,962	(187,977)
Supplies and materials	1,217,118	1,029,322	187,796
Contractual services	773,963	653,374	120,589
Interfund charges	467,980	421,860	46,120
Miscellaneous	21,870	21,515	355
Debt service	3,506,072	3,433,098	72,974
Depreciation	1,663,702	1,690,101	(26,399)
Outlay	218,560	130,855	87,705
Total expenditures and encumbrances	9,378,270	9,037,920	340,350
Excess (deficiency) of revenues over/under expenditures and encumbrances	\$ (1,663,702)	\$ (1,435,049)	\$ 228,653

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, 2010

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 13,841,638	\$ 13,762,967	\$ (78,671)
Interest and other revenue	846,500	812,600	(33,900)
Total revenues	14,688,138	14,575,567	(112,571)
Expenditures and encumbrances			
Salaries	5,413,036	5,350,385	62,651
Fringe benefits	1,149,650	1,217,675	(68,025)
Supplies and materials	2,921,652	1,941,985	979,667
Contractual services	2,642,783	2,391,708	251,075
Interfund charges	716,962	725,032	(8,070)
Miscellaneous	224,300	320,333	(96,033)
Debt service	941,831	972,098	(30,267)
Depreciation	7,400,000	7,385,127	14,873
Outlay	884,956	658,079	226,877
Credits	-	-	-
Total expenditures and encumbrances	22,295,170	20,962,422	1,332,748
Excess (deficiency) of revenues over/under expenditures and encumbrances	\$ (7,607,032)	\$ (6,386,855)	\$ 1,220,177

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, 2010

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 430,397	\$ 352,278	\$ (78,119)
Interest and other revenue	14,658	78,224	63,566
Total revenues	445,055	430,502	(14,553)
Expenditures and encumbrances			
Salaries	77,006	73,878	3,128
Fringe benefits	15,200	13,314	1,886
Supplies and materials	208,250	139,834	68,416
Contractual services	155,701	193,636	(37,935)
Interfund charges	4,740	545	4,195
Miscellaneous	100	7,454	(7,354)
Depreciation	89,123	89,123	-
Outlay	-	-	-
Total expenditures and encumbrances	550,120	517,784	32,336
Excess (deficiency) of revenues over/under expenditures and encumbrances	\$ (105,065)	\$ (87,282)	\$ 17,783

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, 2010

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 1,096,992	\$ 1,050,580	\$ (46,412)
Operating transfer	240,426	260,426	-
Interest and other revenue	-	160	160
Total revenues	1,337,418	1,311,166	(46,252)
Expenditures and encumbrances			
Salaries	218,428	213,112	5,316
Fringe benefits	47,192	42,683	4,509
Supplies and materials	7,000	4,243	2,757
Contractual services	381,435	346,666	34,769
Interfund charges	113,437	125,277	(11,840)
Debt service	569,925	566,765	3,160
Depreciation	478,381	523,812	(45,431)
Outlay	-	1,968	(1,968)
Total expenditures and encumbrances	1,815,798	1,824,526	(8,728)
Excess (deficiency) of revenues over/under expenditures and encumbrances	\$ (478,380)	\$ (513,360)	\$ (34,980)

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, 2010

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 1,451,230	\$ 1,382,947	\$ (68,283)
Operating transfer	497,750	497,750	-
Interest and other revenue	-	22	22
Total revenues	1,948,980	1,880,719	(68,261)
Expenditures and encumbrances			
Salaries	637,033	625,035	11,998
Fringe benefits	136,016	141,407	(5,391)
Supplies and materials	391,675	364,989	26,686
Contractual services	398,370	378,796	19,574
Interfund charges	155,175	146,008	9,167
Miscellaneous	47,000	53,544	(6,544)
Debt service	193,711	190,088	3,623
Depreciation	61,562	151,630	(90,068)
Credits	(10,000)	(10,000)	-
Total expenditures and encumbrances	2,010,542	2,041,497	(30,955)
Excess (deficiency) of revenues over/under expenditures and encumbrances	\$ (61,562)	\$ (160,778)	\$ (99,216)

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, 2010

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 631,000	\$ 658,053	\$ 27,053
Interest and other revenue	10,000	2,538	(7,462)
Total revenues	641,000	660,591	19,591
Expenditures and encumbrances			
Salaries	275,333	302,552	(27,219)
Fringe benefits	37,248	39,084	(1,836)
Supplies and materials	89,900	99,418	(9,518)
Contractual services	76,100	82,809	(6,709)
Interfund charges	60,892	81,409	(20,517)
Debt service	57,527	57,527	-
Depreciation	115,300	114,690	610
Outlay	44,000	35,950	8,050
Total expenditures and encumbrances	756,300	813,439	(57,139)
Excess (deficiency) of revenues over/under expenditures and encumbrances	\$ (115,300)	\$ (152,848)	\$ (37,548)

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, 2010

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 484,721	\$ 507,867	\$ 23,146
Interest and other revenue	274,777	39,477	(235,300)
Total revenues	759,498	547,344	(212,154)
Expenditures and encumbrances			
Supplies and materials	27,114	19,130	7,984
Contractual services	190,108	163,399	26,709
Interfund charges	-	-	-
Miscellaneous	2,320	2,303	17
Debt service	397,956	397,956	-
Depreciation	205,898	244,278	(38,380)
Outlay	142,000	601	141,399
Total expenditures and encumbrances	965,396	827,667	137,729
Excess (deficiency) of revenues over/under expenditures and encumbrances	\$ (205,898)	\$ (280,323)	\$ (74,425)

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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, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
ASSETS				
Cash:				
American Folk Festival funds	\$ 40,361	\$ 857,340	\$ 897,701	\$ -
Bangor Area Stormwater Group	3,264	49,020	46,889	5,395
School Activity Funds	97,991	230,903	237,845	91,049
Total assets	\$ 141,616	\$ 1,137,263	\$ 1,182,435	\$ 96,444
LIABILITIES				
Funds held for others:				
American Folk Festival	\$ 40,361	\$ 857,340	\$ 897,701	\$ -
Bangor Area Stormwater Group	3,264	49,020	46,889	5,395
School Activity Funds	97,991	230,903	237,845	91,049
Total liabilities	\$ 141,616	\$ 1,137,263	\$ 1,182,435	\$ 96,444

**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, 2010

Function and Activity	Balance 2009	Additions	Deletions	Balance 2010
General government				
BAT community connector	\$ 811,706	\$ -	\$ 151,121	\$ 660,585
Central service	21,153	-	3,846	17,307
City clerk	20,635	-	6,587	14,048
City hall	591,074	-	16,078	574,996
Community and economic development	4,807,538	1,665,096	810,697	5,661,937
Engineering	52,726	-	6,921	45,805
Information services	194,082	-	66,919	127,163
Motor pool	4,024,437	484,573	607,284	3,901,726
Other - unclassified	475,795	-	74,526	401,269
Total general government	10,999,146	2,149,669	1,743,979	11,404,836
Public safety				
Fire	6,190,938	313,795	514,963	5,989,770
Police	11,179,228	90,639	383,344	10,886,523
Total public safety	17,370,166	404,434	898,307	16,876,293
Health, community services and recreation				
Parks and recreation	2,440,397	-	170,933	2,269,464
Total health, community services and recreation	2,440,397	-	170,933	2,269,464
Public building and services				
Public works	17,326,398	739,398	1,303,242	16,762,554
Total public buildings and services	17,326,398	739,398	1,303,242	16,762,554
Education	26,503,204	427,747	878,919	26,052,032
Total governmental fund capital assets	\$ 74,639,311	\$ 3,721,248	\$ 4,995,380	\$ 73,365,179

OTHER INFORMATION



CITY OF BANGOR, MAINE
Assessed Valuation, Commitment and Collections
For the Fiscal Year Ended June 30, 2010

VALUATION

Land and buildings	\$ 2,299,385,800
Land and buildings - Homestead exemption	70,357,600
Personal property	257,018,100
Personal property - BETE exemption	<u>24,801,200</u>
Total valuation	<u><u>\$ 2,651,562,700</u></u>

COMMITMENT

Real estate, personal property (excludes Homestead and BETE exemptions)	\$ 2,556,403,900
Tax rate	<u>0.01905</u>
Total commitment	48,699,494

ADD

Supplemental taxes committed	<u>20,353</u>
	48,719,847

LESS

Collections 2010	46,205,428
Abatements	<u>588,817</u>
2010 taxes receivable at June 30, 2010	<u><u>\$ 1,925,602</u></u>

CITY OF BANGOR, MAINE
Undesignated Fund Balance Sufficiency Calculation
For the Fiscal Year Ended June 30, 2010

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, 2010 undesignated fund balance.

General Fund expenditures/uses (Schedule A-2)

General government	\$ 4,846,354
Public safety	15,352,798
Health, community services and recreation	4,722,378
Public buildings and services	10,058,906
Other agencies	4,291,329
Education	47,676,383
Other appropriations	4,970,970
Other uses, gross*	<u>1,210,176</u>
Gross expenditures and uses	93,129,294
General Fund debt service	<u>8,040,303</u>
Net expenditures and uses	<u><u>\$ 85,088,991</u></u>
Indicated undesignated fund balance @ 7.5%	\$ 6,381,674
Actual undesignated fund balance (Schedule A-2)	\$ 8,499,692
Actual undesignated fund balance as a percentage of net expenditures and uses	9.99%
Over (under) funded status	<u><u>\$ 2,118,018</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
Financial Trends	III - 1
<p>The schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</p>	
Revenue Capacity	III - 8
<p>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</p>	
Debt Capacity	III - 12
<p>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the ability to issue additional debt in the future.</p>	
Demographic and Economic Information	III - 16
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</p>	
Operating Information	III - 18
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</p>	

Table 1

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

	Fiscal Year							
	2003*	2004*	2005*	2006*	2007	2008	2009	2010
Governmental activities:								
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	\$ 50,840,578
Restricted	507,743	510,433	513,851	1,002,525	1,055,881	656,658	6,198,372	1,120,413
Unrestricted	(16,178,265)	(20,154,733)	(21,010,448)	(21,528,721)	(9,784,221)	(15,155,253)	(26,929,961)	(16,328,681)
Total governmental activities net assets	19,634,186	21,921,342	26,496,980	28,180,858	39,528,699	34,948,559	32,625,296	35,632,310
Business-type activities:								
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	159,415,493
Restricted	-	-	-	-	-	-	-	-
Unrestricted	19,579,291	21,096,167	21,705,461	16,998,096	14,715,610	17,219,955	14,927,182	13,609,516
Total business-type activities net assets	169,442,802	169,314,822	172,676,422	171,066,850	172,018,010	171,286,889	171,048,066	173,025,009
Primary government:								
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	210,256,071
Restricted	507,743	510,433	513,851	1,002,525	1,055,881	656,658	6,198,372	1,120,413
Unrestricted	3,401,026	941,434	695,013	(4,530,625)	4,931,389	2,064,702	(12,002,779)	(2,719,165)
Total primary government net assets	\$ 189,076,988	\$ 191,236,164	\$ 199,173,402	\$ 199,247,708	\$ 211,546,709	\$ 206,235,448	\$ 203,673,362	\$ 208,657,319

Only eight 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.

Table 2

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General government	\$ 6,060,687	\$ 6,487,572	\$ 6,435,386	\$ 6,947,106	\$ 7,052,860	\$ 8,744,549	\$ 7,868,247	\$ 8,279,943
Public safety	11,114,804	12,066,567	12,478,326	12,890,750	13,756,962	14,945,855	15,671,645	16,898,374
Health, community services and recreation	3,340,989	3,606,827	4,000,249	7,301,546	7,348,875	8,413,205	9,168,870	9,331,784
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	11,300,352
Other agencies	3,322,395	3,273,003	3,514,658	3,610,935	3,787,970	4,829,547	4,580,661	4,658,904
Education	40,828,756	40,279,055	42,659,395	45,522,795	46,106,647	47,537,197	54,294,824	52,763,860
Unclassified	2,044,069	389,598	65,639	947,025	1,136	-	-	-
Restricted grants*	6,551,455	6,857,039	7,326,307	-	-	-	-	-
Arena Development	-	-	-	-	417,030	41,091	51,332	39,075
Community development*	-	-	-	2,419,594	1,865,026	2,156,241	912,992	1,506,038
Streets/Sidewalks*	-	-	-	2,911,131	2,884,655	1,359,002	2,141,079	5,079,985
Waterfront*	-	-	-	990,961	399,015	1,754,281	9,252,263	79,911
Public transportation*	-	-	-	1,798,968	1,841,516	2,118,374	3,042,434	2,792,904
Tax increment financing*	-	-	-	1,092,770	1,101,078	1,066,192	1,114,112	1,630,081
Interest on debt	740,077	3,083,447	3,166,250	3,098,248	1,952,612	3,206,764	2,651,599	2,555,839
Capital maintenance expenses*	1,824,489	2,666,118	1,674,034	-	-	-	-	-
Total governmental activities expenses	82,877,806	86,069,586	88,930,233	97,788,095	97,174,855	105,314,549	120,421,527	116,917,050
Business-type activities:								
Sewer Utility	5,744,275	5,751,710	5,859,588	5,818,127	6,052,420	6,052,419	6,197,277	6,253,436
Airport	14,489,128	15,060,963	16,368,681	16,947,056	18,645,140	19,641,953	19,934,243	20,532,553
Park Woods	449,873	531,986	598,854	540,207	678,867	678,867	590,250	529,610
Parking	1,370,737	1,431,983	1,425,508	1,322,138	1,438,125	1,438,125	1,374,909	1,402,922
Bass Park	1,944,718	1,935,653	1,889,215	1,918,111	1,993,205	1,993,205	1,851,914	1,923,073
Municipal Golf Course	575,408	626,739	592,323	647,499	695,969	695,969	745,339	733,380
Economic Development	271,047	338,795	397,881	484,264	695,851	695,851	712,195	634,764
Total business-type activities expenses	24,845,186	25,677,829	27,132,050	27,677,402	30,199,577	31,196,389	31,406,127	32,009,738
Total primary government expenses	\$ 107,722,992	\$ 111,747,415	\$ 116,062,283	\$ 125,465,497	\$ 127,374,432	\$ 136,510,938	\$ 151,827,654	\$ 148,926,788

Only eight 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.

Continued on next page

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Program Revenues								
Governmental activities:								
Charges for services								
General government	\$ 934,540	\$ 1,103,382	\$ 1,447,058	\$ 1,672,854	\$ 2,334,040	\$ 2,282,374	\$ 1,869,711	\$ 2,386,637
Public safety	1,446,942	1,923,804	1,908,000	2,471,220	2,182,680	2,439,831	3,010,167	2,401,930
Health, community services and recreation	647,709	624,778	674,364	756,207	681,583	771,254	768,450	836,689
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	3,859,849
Other agencies	-	-	-	-	-	22,243	-	-
Education	3,742,385	3,857,798	4,549,286	4,561,352	4,408,431	4,539,787	4,386,457	4,533,041
Unclassified	26,830	19,719	20,036	859,682	61,128	-	-	-
Restricted grants	5,392,472	1,368,366	1,079,690	-	-	-	-	-
Arena Development	-	-	-	-	1,630,360	1,689,657	2,205,771	2,380,158
Community development	-	-	-	672,459	658,141	297,394	301,019	332,295
Streets/Sidewalks	-	-	-	-	-	159,351	21,836	94,267
Public transportation	-	-	-	536,491	659,960	809,531	944,804	923,433
Tax increment financing	-	-	-	-	-	-	1,711	-
Operating grants and contributions	21,566,478	24,743,028	25,986,614	29,577,430	30,534,706	41,370,518	34,155,649	35,683,710
Capital grants and contributions	3,814,705	2,098,577	4,117,072	3,788,485	2,604,652	2,119,150	2,068,478	6,578,917
Total governmental activities program revenues	40,615,947	39,277,154	43,548,454	48,973,161	49,627,093	60,469,080	53,542,171	60,010,926
Business-type activities:								
Charges for services								
Sewer Utility	6,569,790	6,281,870	5,970,615	6,206,605	6,663,408	6,745,112	7,537,879	7,288,499
Airport	9,291,513	11,398,518	11,527,061	12,074,504	13,555,003	14,475,879	13,953,287	13,767,394
Park Woods	283,052	279,588	310,389	287,452	340,494	340,494	369,478	371,832
Parking	807,645	892,820	943,990	963,697	1,001,697	1,001,697	997,111	1,050,579
Bass Park	1,362,054	1,253,421	1,238,707	1,460,931	1,426,599	1,426,599	1,253,236	1,382,947
Municipal Golf Course	623,233	595,852	586,956	604,365	655,834	655,834	608,930	658,053
Economic Development	388,165	316,062	433,694	391,658	422,716	422,716	569,549	507,867
Capital grants and contributions	11,274,222	3,376,637	7,749,367	2,581,874	4,377,242	3,426,732	4,113,557	8,684,860
Total business-type activities program revenues	30,599,674	24,394,768	28,760,779	24,571,086	28,442,993	28,495,063	29,403,027	33,712,031
Total primary government program revenues	\$ 71,215,621	\$ 63,671,922	\$ 72,309,233	\$ 73,544,247	\$ 78,070,086	\$ 88,964,143	\$ 82,945,198	\$ 93,722,957

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

Only eight 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	2010
Tax Revenues								
Property taxes	\$ 37,624,392	\$ 39,936,976	\$ 40,302,810	\$ 40,666,758	\$ 41,702,775	\$ 43,775,938	\$ 46,977,792	\$ 48,182,455
Excise taxes	4,091,505	4,306,055	4,358,409	4,752,852	4,668,614	4,641,320	4,752,005	4,694,936
Franchise taxes	233,874	225,224	265,598	274,986	296,566	300,768	322,526	348,163
Total tax revenues	\$ 41,949,771	\$ 44,468,255	\$ 44,926,817	\$ 45,694,596	\$ 46,667,955	\$ 48,718,026	\$ 52,052,323	\$ 53,225,554

Only eight 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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund:										
Reserved	\$ 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	\$ 2,702,131
Unreserved	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	13,220,140
Total general fund	\$ 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	\$ 15,922,271
All other governmental funds:										
Reserved	\$ 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	\$ 3,226,854
Unreserved, reported in										
Special revenue funds	(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	9,552,567
Capital projects funds	538,858	4,622,212	(488,844)	4,211,800	3,658,954	925,634	1,735,231	469,554	1,528,537	(1,421,127)
Permanent funds	812,694	539,666	500,558	424,802	370,308	350,222	361,879	399,223	440,634	459,872
Total all other governmental funds	\$ 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	\$ 11,818,166

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:								
Taxes:								
Property taxes	\$ 39,261,141	\$ 39,774,952	\$ 40,586,129	\$ 41,101,785	\$ 42,145,912	\$ 43,767,914	\$ 47,113,576	\$ 48,284,733
Excise taxes	4,091,505	4,306,055	4,358,409	4,752,852	4,668,614	4,641,320	4,752,005	4,694,936
Total tax revenues	43,352,646	44,081,007	44,944,538	45,854,637	46,814,526	48,409,234	51,865,581	52,979,669
Intergovernmental	30,627,927	31,617,135	34,484,238	37,714,682	37,774,922	41,345,956	41,123,520	46,211,718
Licenses and permits	409,842	374,499	655,745	538,534	982,879	956,965	644,621	633,339
Charges for services	10,151,637	11,035,587	12,160,573	12,927,989	12,598,776	13,283,275	13,449,587	13,655,764
Program income	583,569	463,066	409,153	663,269	657,987	296,325	288,677	329,800
Revenue from money and property	1,420,582	1,162,796	1,255,959	2,349,812	3,621,988	3,812,356	3,836,654	3,864,984
Other	1,612,518	142,311	168,452	526,360	279,261	7,691,463	428,220	1,108,213
Total revenues	88,158,721	88,876,401	94,078,658	100,575,283	102,730,339	115,795,574	111,636,860	118,783,487
Expenditures:								
General government	4,223,670	4,619,401	4,732,331	4,642,935	4,736,885	5,122,152	5,103,378	5,422,805
Public safety	11,018,419	12,001,813	12,352,418	12,852,119	13,476,656	14,162,638	14,400,420	15,287,575
Health, community services and recreation	3,230,938	3,480,885	3,865,578	4,084,948	4,086,513	4,305,709	4,414,673	4,720,477
Public buildings and services	7,876,895	8,180,067	8,301,848	8,991,673	9,363,365	9,906,759	10,048,539	10,055,161
Other agencies	3,157,861	3,273,003	3,514,658	3,610,935	3,783,720	4,227,552	4,294,283	4,291,329
Education	39,428,576	40,341,426	42,228,691	44,817,879	45,224,974	48,293,846	50,380,309	51,590,324
Tax increment financing	-	-	-	-	-	-	215,483	432,033
Unclassified	327,812	389,598	65,639	263,702	597,262	166,994	63,115	54,451
Restricted grants	6,510,909	6,822,298	7,282,380	8,248,872	7,787,297	9,098,706	8,360,660	8,479,740
Capital outlay*	8,794,651	10,675,201	8,681,772	11,762,832	9,100,357	8,038,242	16,118,777	20,818,168
Debt service								
Principal	5,730,088	2,232,944	4,110,250	2,748,866	4,237,096	2,044,428	2,136,415	12,423,331
Interest	3,299,332	3,080,468	3,120,028	3,098,248	3,095,434	2,436,120	2,373,922	2,472,643
Other charges	10,028	5,570	37,467	5,070	4,850	299	6,000	61,952
Total expenditures	93,609,179	95,102,674	98,293,060	105,128,079	105,494,409	107,803,445	117,915,974	136,109,989
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)	(17,326,502)
Other financing sources/(uses)								
General obligation debt	4,397,511	5,443,400	2,650,000	4,333,000	3,555,000	-	3,100,000	3,100,000
Financing proceeds	-	-	-	-	-	-	7,091,928	9,596,640
Sale of assets	232,259	131,773	106,895	120,479	320,034	161,439	104,620	135,849
Transfers to other funds	(3,663,860)	(5,369,448)	(3,131,050)	(3,099,137)	(3,300,247)	(2,690,305)	(2,865,418)	(1,789,024)
Transfers from other funds	2,865,242	4,421,032	2,293,244	2,237,847	2,428,383	2,151,217	2,126,239	2,550,127
Total other financing sources	3,831,152	4,626,757	1,919,089	3,592,189	3,003,170	(377,649)	9,557,369	13,593,592
Net change in fund balances	\$ (1,619,306)	\$ (1,599,516)	\$ (2,295,313)	\$ (960,607)	\$ 239,100	\$ 7,614,480	\$ 3,278,255	\$ (3,732,910)
Debt service as a percentage of noncapital expenditures	11.17%	6.30%	8.27%	6.08%	7.74%	4.45%	4.09%	12.53%

Only eight 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 ¹	Total Taxable Assessed Value	Total Direct Tax Rate
	Estimated Residential	Estimated Commercial			
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
2010	1,255,964,001	1,113,779,399	257,018,100	2,626,761,500	17.98

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

¹ Personal Property consists of machinery and equipment.

Table 7

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

Fiscal Year	General City Government	General Fund Debt Service	Education	Total Direct Tax Rate	Penobscot County	Total Tax/ (Mill) Rate
2001	9.64	1.01	11.89	22.54	0.91	23.45
2002	9.81	0.73	12.24	22.78	0.97	23.75
2003	9.51	0.74	12.27	22.52	1.08	23.60
2004	9.26	0.79	12.22	22.27	1.08	23.35
2005	8.20	1.18	11.59	20.97	1.08	22.05
2006	7.97	1.14	10.20	19.31	1.09	20.40
2007	7.79	1.18	9.36	18.33	1.07	19.40
2008	7.69	1.18	8.87	17.74	1.06	18.80
2009	8.12	1.16	8.71	17.99	1.06	19.05
2010	8.01	1.27	8.70	17.98	1.07	19.05

Table 8

CITY OF BANGOR, MAINE
Principal Property Taxpayers *
June 30, 2010

Taxpayer	Business	2010			2001		
		Assessed Value	Rank	% of Total Tax Base	Assessed Value	Rank	% of Total Tax Base
Bangor Historic Track	Racino	\$ 110,462,700	1	4.21%	-	-	-
General Electric	Manufacturer	67,671,400	2	2.58%	\$ 32,364,450	2	2.10%
Bangor Mall LLC	Shopping mall	56,553,100	3	2.15%	-	-	-
Bangor Hydro Electric	Utility	38,406,800	4	1.46%	26,765,600	3	1.74%
Wal Mart Stores	Retailer	21,976,100	5	0.84%	9,451,200	9	0.61%
QV Realty Trust	Real estate interests	15,554,300	6	0.59%	10,222,700	6	0.66%
Home Depot U.S.A. Inc	Retailer	15,317,800	7	0.58%	-	-	-
Inland Western Parkade	Shopping mall	14,912,200	8	0.57%	-	-	-
Harvest Sunbury Village	Retirement Living	14,491,800	9	0.55%	-	-	-
Grant Trailer Sales Inc	Real estate interests	13,816,900	10	0.53%	-	-	-
BANMAK Associates	Shopping mall	-	-	-	58,259,900	1	3.79%
Bangor Savings Bank	Commercial bank	-	-	-	23,793,300	4	1.55%
Webber Oil Company	Fuel distributor	-	-	-	10,461,600	5	0.68%
Airport Mall Associates	Shopping mall	-	-	-	10,120,900	7	0.66%
Cabrel Company	Real estate interests	-	-	-	9,697,300	8	0.63%
Sams Real Estate Trust	Retailer	-	-	-	8,636,400	10	0.56%
Totals		<u>\$ 369,163,100</u>		<u>14.05%</u>	<u>\$ 199,773,350</u>		<u>12.99%</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			
2001	35,283,733	258,412	35,025,321	33,930,930	96.88%	1,046,414	34,977,344	99.86%
2002	36,893,245	208,211	36,685,034	35,633,029	97.13%	947,788	36,580,817	99.72%
2003	39,081,183	311,677	38,769,506	37,785,056	97.46%	882,452	38,667,508	99.74%
2004	39,866,850	172,868	39,693,982	38,589,047	97.22%	1,008,780	39,597,827	99.76%
2005	40,474,184	160,117	40,314,067	39,206,172	97.25%	1,016,883	40,223,055	99.77%
2006	41,099,990	632,397	40,467,593	39,716,755	98.14%	631,052	40,347,807	99.70%
2007	41,990,985	269,636	41,721,349	40,819,923	97.84%	775,759	41,595,682	99.70%
2008	44,082,476	341,521	43,740,955	42,847,656	97.96%	721,678	43,569,334	99.61%
2009	47,235,370	275,489	46,959,881	45,688,356	97.29%	868,850	46,557,206	99.14%
2010	48,719,847	588,817	48,131,030	46,205,428	96.00%	-	46,205,428	96.00%

Table 10

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

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Ratio of Net Bonded Debt	
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Revenue Bonds		Per Capita*	Per Personal Income*
2001	\$ 22,806,350	223,910	37,931,078	4,465,000	65,426,338	2,078.68	Data not available
2002	\$ 59,135,992	150,353	42,386,491	4,205,000	105,877,836	3,345.80	11.25%
2003	\$ 57,669,023	326,159	47,854,061	-	105,849,243	3,345.32	11.25%
2004	\$ 60,879,479	3,491	47,994,390	-	108,877,360	3,430.18	11.53%
2005	\$ 59,419,229	-	46,774,080	-	106,193,309	3,412.49	11.47%
2006	\$ 61,003,363	-	45,781,229	-	106,784,592	3,438.67	11.56%
2007	\$ 60,321,264	-	43,809,953	-	104,131,217	3,279.83	11.03%
2008	\$ 56,998,022	-	41,722,545	-	98,720,567	3,157.85	10.62%
2009	\$ 56,687,684	7,091,928	37,623,522	-	101,403,134	3,236.72	10.88%
2010	\$ 61,689,447	-	34,956,548	-	96,645,995	3,073.00	10.33%

* Source: U.S. Census Bureau.

Table 11

CITY OF BANGOR, MAINE
Ratio of Net General Obligation Debt to Assessed Value and
Net General Obligation Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population*	Assessed Value	Net Bonded GO Debt**	Ratio of Net Bonded Debt	
				Assessed Value	Per Capita
2001	31,475	1,537,787,800	30,434,229	1.98%	966.93
2002	31,645	1,588,411,100	66,818,681	4.21%	2,111.51
2003	31,641	1,691,228,500	65,323,120	3.86%	2,064.51
2004	31,741	1,740,329,200	69,638,974	4.00%	2,193.98
2005	31,119	1,868,245,300	65,988,998	3.53%	2,120.54
2006	31,054	2,059,676,900	66,990,510	3.25%	2,157.23
2007	31,749	2,224,048,600	65,725,523	2.96%	2,070.16
2008	31,262	2,406,088,800	61,824,071	2.57%	1,977.61
2009	31,329	2,544,915,800	60,937,500	2.39%	1,945.08
2010	31,450	2,626,761,500	65,369,337	2.49%	2,078.52

* Source: U.S. Census Bureau.

** Net Bonded General Obligation Debt Consists of all non-self supporting general obligation debt, and excludes all Sewer Utility debt of \$18,994,645, Airport debt of \$7,878,269, Golf Course debt of \$565,461 and Economic Development debt of \$3,838,283.

CITY OF BANGOR, MAINE
Computation of Direct and Overlapping Debt
June 30, 2010

	Total Debt Outstanding	Percentage Applicable to Bangor	Amount Applicable to Bangor
Direct Debt			
City of Bangor			
General Obligation Bonds	\$ 96,645,995	100.00%	\$ 96,645,995
Overlapping Debt	\$ -		\$ -
Total Debt	\$ 96,645,995		\$ 96,645,995

Table 13

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

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Net Debt to Debt Limit
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%
2010	\$ 365,400,000	96,645,995	268,754,005	26.45%

Legal Debt Margin Calculation for Fiscal Year 2010

Total State Valuation	\$ 2,436,000,000
Debt Limitation: 15 % of State Valuation	365,400,000
Debt Applicable to Debt Limitation:	
General Obligation Bonds:	
Municipal	64,470,811
School	13,180,539
Sewer	18,994,645
Total debt applicable to limit	<u>96,645,995</u>
Legal Debt margin	<u>\$ 268,754,005</u>

Table 14

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

Fiscal Year	Population *	Median Household Income*	Per Capita Income*	Median Age*	Public School Enrollment**	Unemployment Rate ***
2001	31,475	Data not available	Data not available	Data not available	4,316	3.01%
2002	31,645	29,740	19,295	36.1	4,205	3.12%
2003	31,641	29,740	19,295	36.1	4,019	3.40%
2004	31,741	29,740	19,295	36.1	4,006	4.30%
2005	31,119	29,740	19,295	36.1	3,989	4.50%
2006	31,054	29,740	19,295	36.1	3,962	4.40%
2007	31,749	29,740	19,295	36.1	3,913	4.40%
2008	31,262	29,740	19,295	36.1	3,886	5.10%
2009	31,329	29,740	19,295	36.1	3,878	7.80%
2010	31,450	29,740	19,295	36.1	3,821	7.60%

* Source: U.S. Census.

** Source: Bangor School Department.

*** Source: Bureau of Labor Statistics.

Table 15

CITY OF BANGOR, MAINE
Principal Employers *
Calendar Year

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

* 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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	92	93	91	90	87	88	94	85	80	78
Public safety										
Police	85	86	89	86	87	89	90	87	92	94
Fire	97	95	95	97	96	97	94	97	94	93
Health, community services and recreation	33	34	33	31	31	32	39	41	37	41
Public building and services	63	66	68	67	64	68	71	67	69	68
Education	583	574	574	561	571	573	562	618	618	621
Sewer Utility	23	23	23	23	23	23	23	23	23	23
Airport	76	82	72	73	75	76	81	87	88	81
Park Woods	3	3	3	3	3	3	3	3	3	2
Parking	1	2	2	2	2	2	2	2	2	2
Bass Park	10	9	9	8	9	9	9	7	8	8
Municipal Golf Course	3	3	3	3	3	3	3	3	3	3
Economic Development	2	3	2	3	3	3	3	3	2	3
Totals	1,071	1,073	1,064	1,047	1,054	1,066	1,080	1,123	1,119	1,117

* Source - City of Bangor Human Resource Department.

Table 17

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Function										
Code enforcement										
Building permits	494	471	474	522	514	537	550	485	501	427
Certificates of occupancy	354	295	358	342	341	432	446	430	440	341
Sign permits	129	85	96	98	107	115	116	118	103	90
Police										
Calls for service	Unavailable	Unavailable	22,213	24,407	23,945	27,052	28,157	32,392	34,329	32,351
Fire										
Calls for service	Unavailable	Unavailable	7,528	7,470	7,805	7,492	7,992	7,477	7,990	7,357
Sewer										
Treated flow (billions of gallons)	3.04	2.63	3.14	3.42	2.75	4.23	3.62	3.21	3.89	3.55
Biosolids (cubic yards)	8,272	8,683	8,308	9,379	9,280	9,348	9,775	10,043	10,561	10,509

* Source - City of Bangor Departmental records.

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

Function	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Public safety								
Police:								
Stations	1	1	1	1	1	1	1	1
Vehicles	42	56	57	51	52	47	50	54
Fire:								
Stations	3	3	3	3	3	3	3	3
Vehicles	25	20	20	24	27	28	31	32
Public works								
Streets (miles)	422	422	422	422	422	427	429	429
Sidewalks (miles)	99.6	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	29
Parks acreage	950	950	950	950	950	950	950	950
Public swimming pools	1	2	2	2	2	2	2	2
Public golf courses	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Indoor ice arena	1	1	1	1	1	1	1	1
Semi-pro baseball stadium	1	1	1	1	1	1	1	1
Sewer								
Treatment plants	1	1	1	1	1	1	1	1
Pump stations	5	5	5	5	5	5	5	5
Miles of sanitary sewers	103	103	103	103	103	103	103	103
Miles of combined sewers	44	44	44	44	44	44	44	44

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

* Source - City of Bangor Departmental records.