

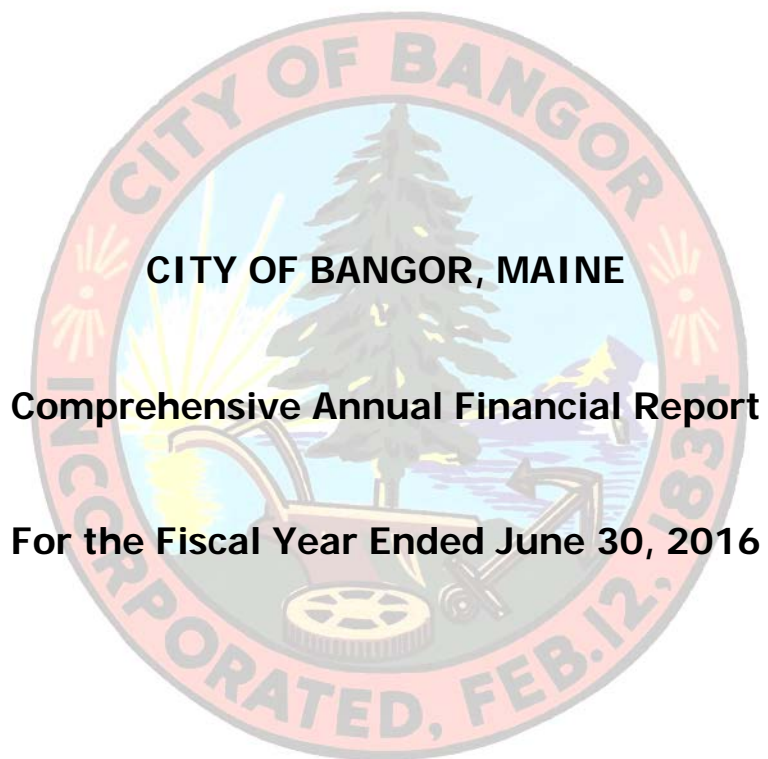


**CITY OF
BANGOR
MAINE**

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**



**FOR
FISCAL
YEAR
JUNE 30, 2016**



CITY OF BANGOR, MAINE

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

Prepared by:

Debbie Cyr, Finance Director

David Little, Tax Collector/Deputy Treasurer

CITY OF BANGOR, MAINE
Comprehensive Annual Financial Report
Table of Contents
For the Fiscal Year Ended June 30, 2016

INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal	I - 1
GFOA Certificate of Achievement	I - 7
Organizational Chart	I - 8
Elected Officials and Principal Administrative Officers	I - 9
 FINANCIAL SECTION	
Report of Independent Auditors	II - 1
Management's Discussion and Analysis	II - 4
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	1 II - 18
Statement of Activities	2 II - 19
Fund Financial Statements:	
Balance Sheet - Governmental Funds	3 II - 20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4 II - 21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5 II - 22
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance - Budget and Actual - General Fund	6 II - 23
Statement of Net Position – Proprietary Funds	7 II - 24
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	8 II - 26
Statement of Cash Flows – Proprietary Funds	9 II - 27
Statement of Fiduciary Net Position – Fiduciary Funds	10 II - 29
Notes to the Financial Statements	II - 30
Required Supplementary Information	
Schedule of Funding Progress – Retiree Healthcare Plan	II – 59
Schedule of City's Proportionate Share of Net Pension Liability	II – 60
Schedule of City's Contributions	II – 61

CITY OF BANGOR, MAINE
Table of Contents, Continued

	<u>Schedule</u>	<u>Page</u>
Combining and Individual Fund Financial Statements and Schedules:		
Balance Sheet – General Fund	A – 1	II - 62
Schedule of Revenues, Expenditures and Changes in Unassigned Fund Balance – Budget and Actual – Budgetary Basis – General Fund	A – 2	II - 63
Combining Balance Sheet – Nonmajor Governmental Funds	B – 1	II - 67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	B – 2	II - 68
Combining Balance Sheet – Nonmajor Special Revenue Funds	B – 3	II - 69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	B – 4	II - 70
Combining Balance Sheet – Nonmajor Permanent Funds	B – 5	II - 71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Permanent Funds	B – 6	II - 72
Combining Statement of Net Position – Nonmajor Proprietary Funds	C – 1	II - 73
Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Proprietary Funds	C – 2	II - 75
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	C – 3	II - 76
Fiduciary Funds:		
Statement of Changes in Assets and Liabilities – Agency Funds	D – 1	II - 78
Capital Assets Used in the Operation of Governmental Funds:		
Schedule of Changes by Function and Activity	E – 1	II - 79
Other Information:		
Assessed Valuation, Commitment and Collections	F – 1	II - 80
General Fund Unassigned Fund Balance Sufficiency Calculation	F – 2	II - 81

CITY OF BANGOR, MAINE
Table of Contents, Continued

STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Financial Trends:		
Net Position by Component	1	III – 1
Changes in Net Position	2	III – 2
Governmental Activities Tax Revenues by Source	3	III – 5
Fund Balances of Governmental Funds	4	III – 6
Changes in Fund Balances of Governmental Funds	5	III – 7
Revenue Capacity:		
Assessed Value and Estimated Actual Value of Taxable Property	6	III – 8
Property Tax Rate – Direct and Overlapping Governments	7	III – 9
Principal Property Taxpayers	8	III – 10
Property Tax Levies and Collections	9	III – 11
Debt Capacity:		
Ratios of Outstanding Debt by Type	10	III – 12
Ratio of Net General Obligation Debt to Assessed Value and Net Obligation Debt Per Capita	11	III – 13
Computation of Direct and Overlapping Debt	12	III – 14
Legal Debt Margin Information	13	III – 15
Demographic and Economic Information:		
Demographic and Economic Statistics	14	III – 16
Principal Employers	15	III – 17
Operating Information:		
Full-time Equivalent City Government Employees by Function	16	III – 18
Operating Indicators by Function	17	III – 19
Capital Asset Statistics by Function	18	III – 20

INTRODUCTORY SECTION



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FINANCE DEPARTMENT
Deborah A. Cyr, Finance Director

December 28, 2016

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, 2016 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Bangor. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the City of Bangor on a government wide and fund basis.

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

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

The City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget's Uniform Guidance. Information related to this single audit, including a schedule of expenditures of federal awards, findings, questioned costs, recommendations, and the independent

auditor's reports on the internal control structure and compliance with applicable laws and regulations, is included in a separately issued single audit report.

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

Profile of the Government

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

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

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

The City provides a full range of municipal services including police and fire, highways and sanitation, health and welfare, parks and recreation, education, public transportation, planning, business and economic development, code enforcement,

and general administrative services which are accounted for in the City's General Fund. Additionally, the City of Bangor owns and operates the Bangor International Airport, sanitary sewer services, storm water utility, the Bass Park Complex (Cross Insurance Center), parking, golf course, and economic development, which 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 appropriation resolves.

Factors Affecting Financial Condition

Local Economy. The City of Bangor is recognized as the major service center in northern and eastern Maine for communications, banking, commercial, industrial, healthcare, and governmental sectors of the State. In addition, Bangor serves as northern New England's economic link to the Canadian Maritimes and eastern Quebec.

Bangor has a stable and varied economic base. Major employers include a diversified mix of health care, educational, professional, retail, manufacturing, and governmental entities. Bangor's 2016 unemployment rate of 3.8% continues to be on par with or below both country and state rates of 5.1% and 3.7%, respectively.

Bangor serves as one of the largest retail markets in Maine. The Bangor Mall, Airport Mall, Broadway commercial center, Union Street commercial corridor, and the Bangor Center Development District (downtown) have long established Bangor as the hub of the six county eastern Maine retail market. Bangor's retail sector serves an extensive geographic area ranging from eastern Maine to the Canadian Maritimes, with a population exceeding 3.1 million. With less than three percent of the State's population, Bangor's share of the State's retail sales is proportionally higher. In FY 2016, Bangor's retail taxable sales were \$1.36 billion and represent 6.6% of total State retail taxable sales.

Further evidence of continuing sustained growth is the change that can be measured by the City's assessed value of real and personal property. The annual increase in assessed value is a combination of three factors: 1) market adjustments to existing property, 2) new construction/additions, and 3) personal property depreciation. Assessed valuations have remained relatively flat since the FY 2011 economic downturn. However, personal property enrolled in the Business Equipment Tax Exempt program (BETE) have more than doubled since FY 2011, an indication of continued commercial investment within the City. As the City's assessed valuation has remained flat, the City also realized significant reductions in State-funded revenue sharing, aid to education and absorbed additional tax shifts related to general assistance and Medicare/Medicaid. The City continues to implement cost control measures wherever identified, including work force reductions. Despite the cost control measures, the reductions in revenues and cost shifts are the major contributing factor in the overall increase of 13.14% in the tax rate from 2007 to 2016.

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

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

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

- \$5.2 million invested in streets, sidewalks, traffic control, and other infrastructure;
- \$14 million reconstruction of Bangor International Airport's domestic air service terminal;
- Additional grant funding for further expansion of C&L Aerospace, which provides worldwide operators with aircraft parts, service, maintenance, sales and leasing services;
- Continued investment in the City's core downtown to encourage mixed use development, including residential, commercial and cultural opportunities;
- Improvements to our local environment and protection of natural resources, including parks and open space, with the major emphasis being storm water management with the implementation of a storm water utility in order to fund the associated costs.

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

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

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

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

By Charter, the City is to maintain an unassigned fund balance of no more than 16.66% and no less than 8.33% of prior year expenditures and the Council has determined that a reasonable target is 8.33%. Unassigned fund balance in the General Fund as of June 30, 2016 was 12.17% of expenditures, net of debt service.

Awards and Acknowledgements. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bangor for its comprehensive annual financial report for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Debbie Cyr
Finance Director



Government Finance Officers Association

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

Presented to

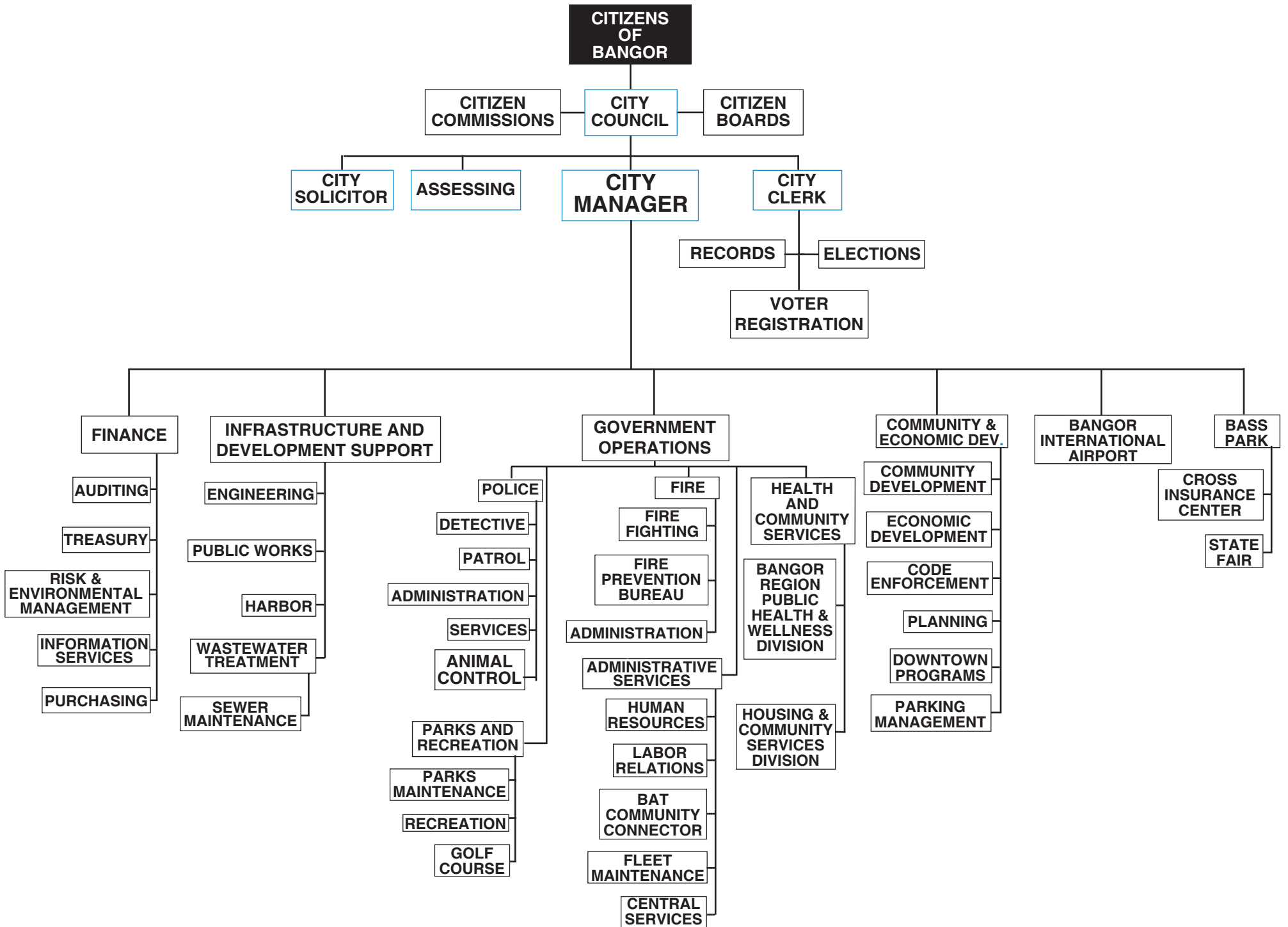
**City of Bangor
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

CITY OF BANGOR ORGANIZATIONAL CHART Revised (09-13)



**City of Bangor, Maine
Elected Officials and Principal Administrative Officers
June 30, 2016**

City Council

Sean Faircloth, Chair

Joseph Baldacci
Gibran Graham
Sarah Nichols
Joshua Plourde

Nelson Durgin
David Nealley
Joseph Perry
Benjamin Sprague

City Staff

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

School Committee

Warren Caruso, Chair

Jennifer Degroff
Susan Hawes
Marlene Susi

Brian Doore
Susan Sorg
Jay Ye, Vice Chair

School Staff

Betsy Webb, Superintendent of Schools

FINANCIAL SECTION

Independent Auditor's Report

City Council
City of Bangor, Maine:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

City Council
City of Bangor, Maine

The combining and individual fund financial statements and the other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2016, on our consideration of the City of Bangor, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bangor, Maine's internal control over financial reporting and compliance.



December 28, 2016
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, 2016. In addition to comparative information from the government-wide statements, comparative data is also presented on key information from the fund financial statements. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in our letter of transmittal, which can be found on pages I-1 to I-6 of this report.

Financial Highlights

- The assets and deferred outflows of the City of Bangor exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$204.1 million (net position).
- At the close of fiscal year 2016, the City of Bangor's governmental funds reported combined ending fund balances of \$32.0 million, an increase of \$5.2 million over the prior year balance of \$26.8 million. The Capital Projects Fund fund balance increased by \$2.5 million, due to unexpended current refunding bond proceeds and Downtown TIF funds. Both were expended and/or appropriated in FY 17. The General Fund fund balance increased by \$3.4 million. General Fund revenues exceeded estimates by \$3.3 million as follows; excise taxes \$1.4 million, intergovernmental revenues \$977 thousand, and charges for service \$675 thousand. All other governmental fund fund balances remained relatively unchanged from prior year amounts. Approximately 77% of the total amount, or \$24.8 million, is either committed, assigned or unassigned and is available for spending at the City Council's discretion, if needed.
- The City of Bangor has a fund balance policy. By Charter, the City is to maintain an unassigned fund balance of no more than 16.66% and no less than 8.33% of prior year expenditures, net of debt service. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11.3 million, or 12.17% of the general fund expenditure base. The annual calculation is included within the financial statements as Schedule F-2.
- The total liabilities and deferred inflows of resources of the City's governmental activities and enterprise funds decreased \$2.6 million and \$2.0 million, respectively. For governmental activities, the decrease is wholly attributable to the reduction in the net pension deferred inflows of resources, while the reduction in the enterprise funds is a result of principal payments on general obligation bonds exceeding proceeds by \$2.5 million.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015*	2016	2015	2016	2015
Current & other assets	\$ 45,360,502	\$ 40,071,698	\$ 27,577,992	\$ 26,939,311	\$ 72,938,494	\$ 67,011,009
Capital assets, net of						
accumulated depreciation	75,420,521	78,323,398	230,444,082	230,272,012	305,864,603	308,595,410
Total assets	120,781,023	118,395,096	258,022,074	257,211,323	378,803,097	375,606,419
Deferred outflows of resources	3,633,929	1,872,874	802,922	249,572	4,436,851	2,122,446
Total deferred outflows	3,633,929	1,872,874	802,922	249,572	4,436,851	2,122,446
Long-term debt outstanding	76,604,213	76,883,732	84,529,953	86,022,899	161,134,166	162,906,631
Other liabilities	6,689,682	6,106,273	5,737,793	5,733,542	12,427,475	11,839,815
Total liabilities	83,293,895	82,990,005	90,267,746	91,756,441	173,561,641	174,746,446
Deferred inflows of resources	5,331,398	8,213,055	253,185	730,549	5,584,583	8,943,604
Total deferred inflows	5,331,398	8,213,055	253,185	730,549	5,584,583	8,943,604
Net position:						
Net investment in capital assets	47,792,253	50,030,025	159,537,793	156,544,970	207,330,046	206,574,995
Restricted	4,045,808	4,494,021	-	-	4,045,808	4,494,021
Unrestricted	(16,048,402)	(25,459,136)	8,766,272	8,428,935	(7,282,130)	(17,030,201)
Total net position	\$ 35,789,659	\$ 29,064,910	\$ 168,304,065	\$ 164,973,905	\$ 204,093,724	\$ 194,038,815

* Certain amounts have been reclassified to conform with 2016 presentation.

By far the largest portion of the City's net position reflects its net investment in capital assets (i.e., land, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to satisfy these liabilities. Restricted net position refers to those resources that are subject to external restrictions on how they may be used; such as donor, legal or granting agency restrictions. While the remaining balance of unrestricted net position has a deficit of \$7.3 million, the governmental activities deficit of \$16.0 million is partially offset by the business type activities balance of \$8.8 million. The governmental activities deficit is primarily due to \$21.0 million in outstanding pension obligation bonds.

Governmental activities net position increased \$6.7 million. The major components associated with the increase in governmental activities net position is a reduction of the net pension liability and related deferred inflows of \$1.9 million and increases in operating and capital grants contributions and general tax revenues of \$2.8 million and \$1.2 million, respectively.

Business-type net position increased \$3.3 million over FY 2015 net position. The increase in net position is largely due to a \$1.8 million increase in capital grants and contributions received by the Airport Fund for the domestic terminal renovation and runway projects. Sewer user fees continue to be adjusted annually to ensure adequate resources to fund improvements required under a recently completed consent decree with the EPA (Refer to Note C), this rate increase contributed \$794 thousand towards the net position increase. The Stormwater Fund completed its second full year of operations, providing an accumulation of resources to undertake stormwater management projects on a pay as you go basis. Its operation resulted in a \$432 thousand increase to net position.

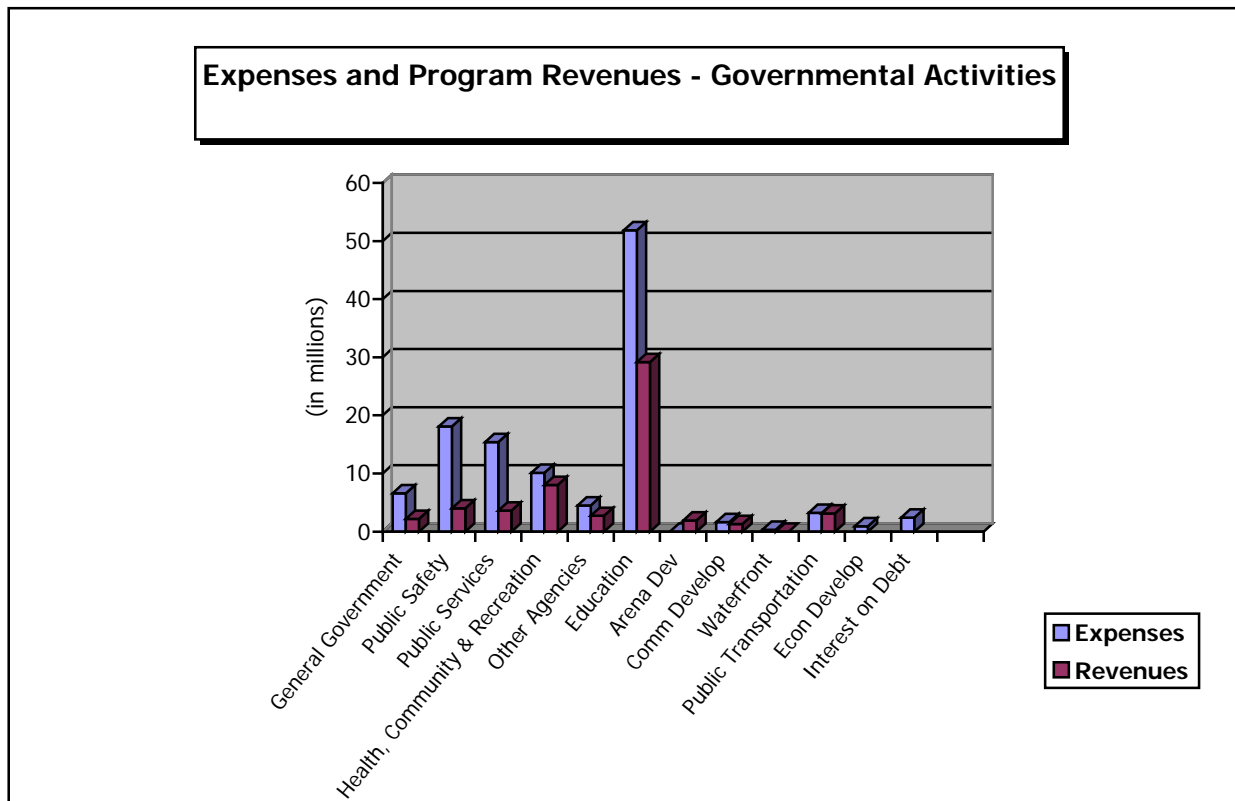
Changes in Net Position

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

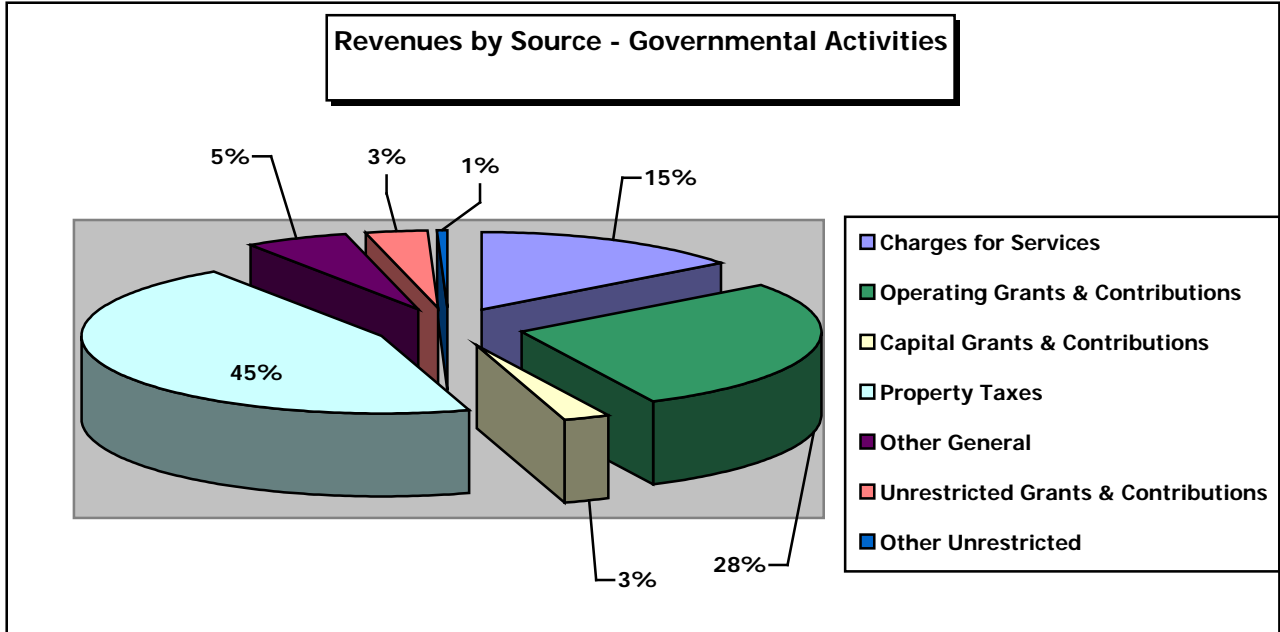
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for services	\$ 18,157,571	\$ 18,492,398	\$ 28,366,080	\$ 27,236,139	\$ 46,523,651	\$ 45,728,537
Operating grants & contributions	34,838,496	33,541,085	-	193,061	34,838,496	33,734,146
Capital grants & contributions	3,064,312	1,540,614	8,776,331	6,947,799	11,840,643	8,488,413
General Revenues						
Property and other taxes	62,865,431	61,646,435	1,000,000	800,000	63,865,431	62,446,435
Grants and contributions not restricted to specific programs	4,173,167	3,794,664	-	-	4,173,167	3,794,664
Other	668,099	824,914	420,951	462,069	1,089,050	1,286,983
Total Revenues	123,767,076	119,840,110	38,563,362	35,639,068	162,330,438	155,479,178
Expenses						
General government	6,588,238	6,871,396	-	-	6,588,238	6,871,396
Public safety	18,107,357	17,933,525	-	-	18,107,357	17,933,525
Health, community and recreation	10,112,526	9,692,379	-	-	10,112,526	9,692,379
Public services	15,409,518	12,956,599	-	-	15,409,518	12,956,599
Other agencies	4,528,591	4,638,805	-	-	4,528,591	4,638,805
Education	51,901,230	52,297,774	-	-	51,901,230	52,297,774
Arena development	136	-	-	-	136	-
Community development	1,592,047	1,316,591	-	-	1,592,047	1,316,591
Waterfront	331,622	360,004	-	-	331,622	360,004
Public transportation	3,166,692	2,784,081	-	-	3,166,692	2,784,081
Interest on debt	2,362,899	2,604,030	-	-	2,362,899	2,604,030
Economic development (tif)	929,322	1,568,811	-	-	929,322	1,568,811
Sewer Utility	-	-	7,210,861	6,603,195	7,210,861	6,603,195
Airport	-	-	20,266,935	20,893,894	20,266,935	20,893,894
Park Woods	-	-	-	507,210	-	507,210
Stormwater Utility	-	-	400,924	241,082	400,924	241,082
Parking	-	-	931,676	978,658	931,676	978,658
Bass Park	-	-	7,735,775	7,855,957	7,735,775	7,855,957
Municipal Golf Course	-	-	613,930	849,164	613,930	849,164
Economic Development	-	-	508,234	698,294	508,234	698,294
Total Expenses	115,030,178	113,023,995	37,668,335	38,627,454	152,698,513	151,651,449
Excess (deficiency) before special items and transfers	8,736,898	6,816,115	895,027	(2,988,386)	9,631,925	3,827,729
Gain on disposition of asset	-	-	422,984	-	422,984	-
Special Item	-	-	-	(484,664)	-	(484,664)
Transfers	(2,012,149)	(2,469,650)	2,012,149	2,469,650	-	-
Change in net position	6,724,749	4,346,465	3,330,160	(1,003,400)	10,054,909	3,343,065
Beginning net position	29,064,910	24,718,445	164,973,905	165,977,305	194,038,815	190,695,750
Ending net position	\$ 35,789,659	\$ 29,064,910	\$ 168,304,065	\$ 164,973,905	\$ 204,093,724	\$ 194,038,815

Governmental Activities

The cost of all governmental activities was \$115.0 million. As shown on the Statement of Activities, the total amount financed by the property tax was \$56.1 million, or 49% of expenses. Those who directly benefit from an activity provided \$18.2 million in payments. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$34.8 million. Capital grants and contributions accounted for \$3.1 million. The City also received \$11.6 million in other general revenues such as state revenue sharing, motor vehicle and boat excise taxes, homestead exemptions, and interest earnings.



Total governmental activities expenses increased \$2.0 million over the prior year, \$1.1 million of the increase was related to the loss on the disposition of capital assets previously used for public safety and transportation purposes. Public services expenses increased \$2.5 million as there was an increase in project based federal grant funding for streets and sidewalks. Excluding the loss on the disposal of capital assets, public safety expenses decreased by \$178 thousand, as a result of lower equipment costs, which vary from year to year depending upon needs and available funding. Economic development (tif) expenses decreased by \$640 thousand due to the expiration of an agreement during FY 2016. School expenses decreased \$397 thousand as result of changes to its vacation and sick leave policies. During FY 2016, City employees did receive a cost of living adjustment of 1% and realized a health insurance rate decrease of 3.5% which resulted in approximately \$209 thousand of increased expenses.

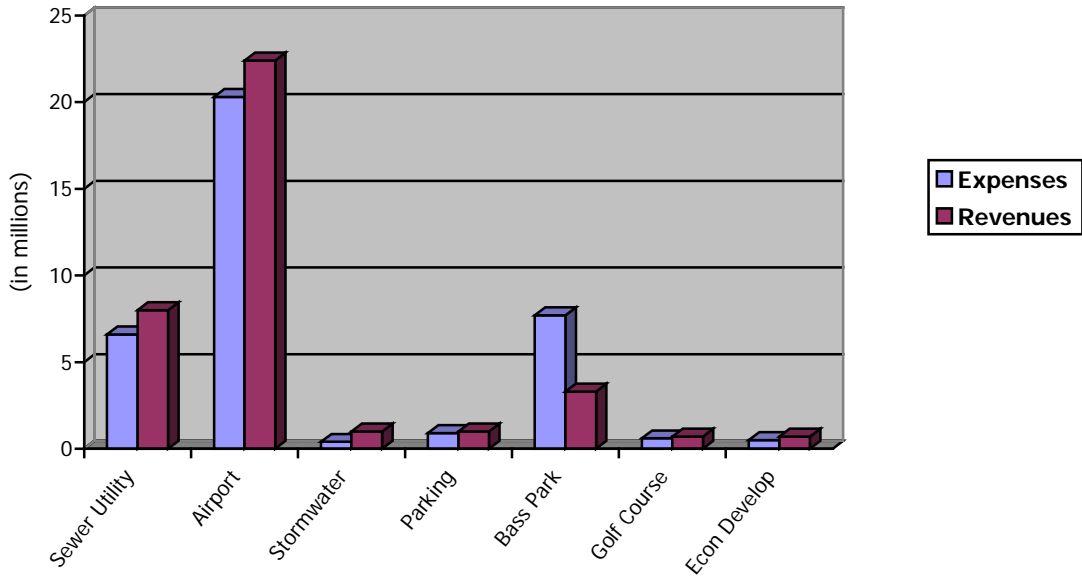


Total governmental activities' revenues increased \$3.9 million, or 3.3%. The largest single source of revenue continues to be the property tax, which increased \$759 thousand. In addition, the City realized increases in excise taxes of \$427 thousand. Capital grants and contributions increased \$1.52 million due to increased project specific federal funding of streets/sidewalks. Operating grants and contributions increased \$1.3 million due to higher State and Federal funding of education and health and community services programs. In total, charges for services decreased \$335 thousand.

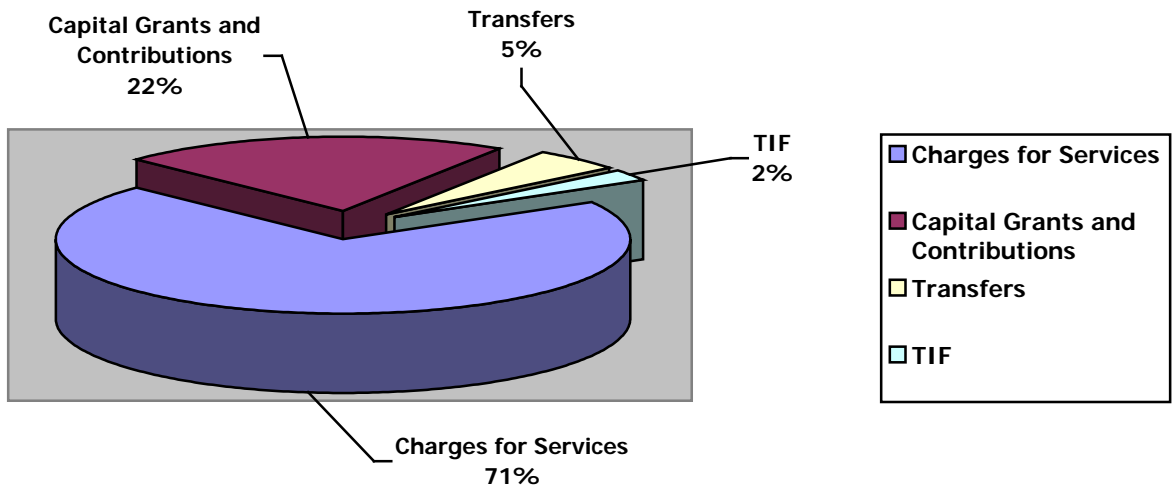
Business-type Activities

Total business-type activities expenses decreased \$959 thousand. In FY 2015, the City disposed of the Park Woods Fund, which reported \$507 thousand of expenses in FY 2015. This disposal comprises the majority of the decrease in expenses. Employees working in business-type activities did receive a cost of living adjustment of 1% and realized a health insurance decrease of 3.5%.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



In total, business-type activities revenue increased \$2.9 million or 8.2%, this increase is wholly attributable to the Airport Fund. Capital grants and contribution increased \$1.8 million as a result of federal and PFC funding associated with the domestic terminal renovation and runway projects. Airport Fund charges for services increased \$1.5 million due to an increase in the number of gallons of jet fuel sold as well as an increase on the per gallon margin charged to customers.

Financial Analysis of the Government's Funds

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

At fiscal year end, the City of Bangor's governmental funds reported combined ending fund balances of \$32.0 million, an increase of \$5.2 million over the prior year balance. The increase is due to General Fund revenue receipts exceeding estimates by \$3.3 million. Major revenues that exceeded estimates are as follows; excise taxes \$1.4 million, intergovernmental revenues \$980 thousand, and charges for service \$680 thousand. In addition, the Capital Projects Fund fund balance increased by \$2.5 million, due to \$1.6 million of current refunding bond unexpended bond proceeds and \$800 thousand of unexpended Downtown TIF funds. All other governmental fund fund balances remained relatively unchanged from prior year amounts. Of the ending balance of \$32.0 million, approximately 78% of this total (\$24.8 million) is either committed, assigned or unassigned and is available for spending by formal action of the City Council and \$3.5 million, or 10.98%, is restricted. The remainder is nonspendable, indicating that it is in the form of nonspendable assets such as inventory, prepaid expenditures, nonexpendable trust principal balances and allowance for advances made to other funds.

The General Fund is the chief operating fund of the City and is comprised of two major functions; education and municipal services. At the end of the fiscal year, the General Fund's total fund balance was \$21.6 million, a \$3.4 million increase from the prior year's balance of \$18.2 million. The overall increase in fund balance is related to additional automobile excise tax, intergovernmental revenues and charges for service receipts.

The Community Development Block Grant Fund accounts for the annual entitlement grant funds received under the Housing and Community Development Act of 1974. Total expenditures for FY 2016 increased \$100 thousand over the prior year amount. This is reflective of increased program revenues received and the continued draw down of federal funds the City had set aside for specific targeted areas, including the west side neighborhood revitalization, enhanced residential rehabilitation programs and specific economic development projects, which were completed during the prior year. While the FY 2016 federal funding amount remained relatively flat, it does represent a nearly 35% reduction since FY 2012.

The Arena Fund accounts for the allocation of slot and table game revenues received by the City from the operation of the casino. The fund was established to finance the cost to replace the aging Bangor Auditorium and Civic Center. During the year, the Arena provided \$2.15 million towards the annual debt service costs of the Cross Insurance Center.

The Capital Projects Fund varies significantly from year to year depending upon City Council priorities and available funding opportunities. Total expenditures remained relatively flat with an increase of \$300 thousand over the prior year. Significant project costs incurred in FY 2016 included \$5.0 million investment in streets/sidewalks and other infrastructure and \$1.1 million in equipment replacements.

Proprietary funds. Information on the City of Bangor's proprietary funds is similar to that found in the government-wide financial statements, but in more detail. The net position of the seven enterprise funds increased by \$3.3 million to \$168.3 million. The majority of the increase is related to increased Airport Fund revenues including capital grants and contributions and increased charges for services related to jet fuel sales.

General Fund Budgetary Highlights

For budgetary financial statement purposes, all balances carried from the prior year are added to the subsequent year's total appropriation. This resulted in an overall budgetary increase of \$2.9 million. There were minimal additional amendments to the originally adopted budget. The City's commitment to budgetary integrity continues, actual operating revenues ended the year over budget estimates 3.27%, or \$3.3 million, municipal expenditures were under budget by 0.95%, or \$474 thousand. Education expenditures were under budget by \$3.7 million or 6.9% and by statute, education balances must be segregated from municipal balances.

Capital Asset and Debt Administration

Capital assets. As of June 30, 2016, the City of Bangor's investment in capital assets for its governmental and business-type activities amounted to \$305.9 million (net of accumulated depreciation), a decrease of \$2.7 million over the prior year. This investment includes land, buildings, machinery and equipment, roads, runways, and sewer lines. Depreciation expense of \$17.5 million exceeded the City's investment in capital assets for the current fiscal year of \$16.4 million. Governmental activities invested \$2.1 million, and business-type activities invested \$14.2 million and depreciation expense was \$4.0 million and \$13.5 million, respectively.

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

- The City continues to invest in its core functions of infrastructure, vehicle and equipment replacements. This year the City expanded its surface infrastructure with traffic enhancements and open space infrastructure upgrades, which amounted to \$1.6 million and spent \$477 thousand and \$451 thousand to replace vehicles and equipment, respectively.
- The Airport Fund invested \$10.9 million in operational assets at Bangor International Airport. The largest individual project is the renovation of the domestic terminal building, which will be completed in FY 2017. This project entails the reconfiguration of the entire first floor to better serve passengers such as; new airline and rental car counters, a behind the wall in-line baggage screening, restrooms and overall aesthetic improvements. Total project cost is estimated at \$13.9. The project includes federal and passenger facility charge funds and a \$1.6 million local share. During FY 2016, \$4.6 million was invested in this project. In addition to the terminal project, the Airport invested nearly \$3.8 million in runway system upgrades which are funded through the Federal Department of Transportation's Airport Improvement Plan.

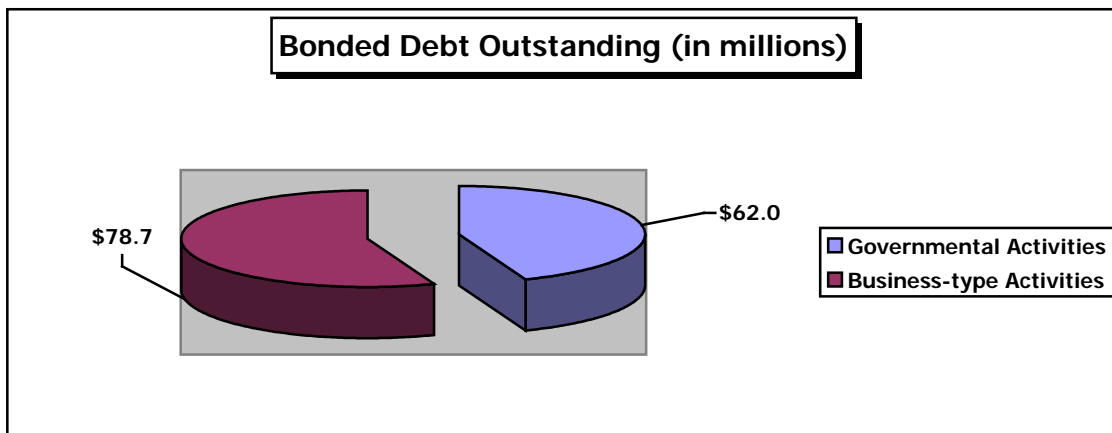
- The Sewer Fund invested \$3.1 million in sewer replacement and separation projects and treatment plant upgrades.
- During FY 2016, the Economic Development Fund sold a property for redevelopment valued at \$864 thousand.

Capital Assets (net of depreciation)

	Governmental Activities	Business-type Activities
Land and improvements	11,742,166	4,723,761
Buildings and improvements	41,724,708	65,903,545
Machinery and equipment	1,589,628	3,101,381
Vehicles	6,728,771	-
Infrastructure	11,823,892	46,858,506
Parking structures	-	2,177,690
Aircraft operational assets	-	85,323,763
Construction in process	1,811,356	22,355,436
Total	75,420,521	230,444,082

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 \$140.7 million, a decrease of \$5.0 million during the year.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total State assessed valuation. The current debt limit for the City is \$383.2 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-45 to II-48 of this report.

Quality of Life

Bangor offers a diversity of experiences for our residents and visitors alike. The City serves as the urban, commercial, healthcare, governmental service and cultural center of a large geographic area. This diversity coupled with the City's commitment to support core municipal services, academic excellence and arts and culture distinguishes it from surrounding communities. While this activity has been beneficial to our citizens and the region, it presents some additional social challenges for Bangor. Specifically, Bangor serves as the regional center for medical care, social services and affordable housing. Unfortunately, significant reductions in State general assistance funding, housing assistance, mental health treatments, and medical reimbursements as well as Federal reductions in programs such as Community Development Block Grants have created significant challenges for the City. Moreover, these reductions were implemented just as significant job losses were occurring throughout the region.

These challenges have led the City to be more proactive in its approach to dealing with issues that have arisen. We identify neighborhoods that would benefit from strategic investment to encourage and foster single occupancy ownership. Typical investments include; infrastructure improvements, such as sidewalks, parks and streets, the acquisition and redevelopment of blighted housing stock as well as provided opportunities for residents to invest in their own homes through loans and incentives for home ownership. The City implemented a disruptive property ordinance, which will allow us to work with landlords directly if tenants are causing disruptions in neighborhoods. A foreclosed property registration program was established, which provides staff with access to the entities tasked with maintenance of properties during the foreclosure process to ensure properties are properly maintained. The City has become more aggressive in identifying blighted housing and removing them or getting them restored and sold. Lastly, the City has been at the center of a community group to address substance abuse issues. The group includes all major healthcare providers in our area and has made great strides in educating, working to standardize best practices, and promoting legislative changes on this issue.

Communication and Technology

Recognizing our role in providing service and information to our citizens, the City continues to invest in initiatives to enhance communication with our varied constituents. We actively manage and update our own website, which integrates with our service request and notification subscription system, developed our own mobile app, post to social media, and manage our own television channel, which broadcasts all City meetings and provides information on City programs and services and offer live streaming of all meetings. The City Council and staff also attend town hall forums and neighborhood meetings to get more feedback directly from residents. We continually work to ensure that we are providing the information citizens want in the form that best fits their need. During FY 2016, the City began implementing an electronic content management (ECM) system. The project involves digitizing all our documents. This effort will allow all City staff to access records on their own, thereby increasing efficiency, as well as provide a public portal to allow direct access to the public.

Tax Shift

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

The City has reduced/limited spending by limiting cost of living increases, reducing its workforce, managing health care costs, participating in regional efforts, investing in energy efficiency improvements and technology, as well as limiting its long term exposure by not contributing to retiree health coverage and no longer offering a defined benefit pension plan for new employees.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the City of Bangor in 2016 was 3.8%, which continues to be on par with or below both the national and State rates of 5.1% and 3.7%, respectively.
- While Bangor represents less than 3% of the state's population, businesses within the City generate 6.6% of the State's retail sales tax.
- Residential valuations continue to increase slightly in the coming year.
- Value of commercial properties also continues to increase slightly after realizing significant downward adjustments in FY 2010.
- Bangor businesses continue to reinvest in personal property. While not subject to local taxation, the value of BETE property (net of depreciation) in FY 2017 increased \$4.1 million, or 4.0%, for a total of \$105.3 million.

The City is subject to a state statutory tax levy calculation system (known as LD 1). Generally, the growth of the tax levy is limited to an increase equal to the ten year average percentage change in real statewide personal income plus taxes from property value resulting from new construction, major renovations to existing properties, or the subdivision of property less any "net new state funding". For Fiscal Year 2016, the City's LD 1 tax levy limit was as follows:

Prior Year Base Municipal Commitment	\$	28,624,717
Growth Factor:		3.18%
Average Real Personal Income	0.86%	
Property Growth Factor	2.32%	
Net New State Funds		-
Municipal Commitment Limit	\$	25,868,303

The Fiscal Year 2016 budget was within the statutory tax levy limit.

The State's "Essential Programs and Services" model is a mechanism designed to allocate state funding to local school units and to control local school expenditures. While the State's model recognizes what it considers to be essential programs and their appropriate funding level, the Bangor School Department has identified a number of programs that are either under-funded or not funded by this model. As a result, both the School Committee and the City Council voted to increase the educational spending limits for both Fiscal Year 2016 and 2017 in order to fund such services and programs and their actions were approved, as required, via a local election.

The City realized a \$7.4 million reduction in taxable valuation for FY 2017. New construction and market adjustments were not sufficient to offset the \$23.8 million increase in the homestead exemption and a \$29 million reduction in value related to two substantial tax abatements.

The City continues to see only slight increases in foreclosure and lien rates and will continue to monitor these levels and take steps to assist our tax/rate payers in obtaining assistance wherever possible. Both residential and commercial construction and permitting remains generally flat. We continue to monitor key revenue areas such as: flat investment yield curves, automobile excise taxes, and property tax collection rates. The fiscal year 2017 budget reflects the City's historical results for these revenue sources, and actual results to date appear to be on track with budgetary estimates. User fees for governmental and business-type activities are reviewed on an annual basis to ensure that fee structures are sufficient to cover service costs. Many fees are adjusted annually for inflation. For the Fiscal Year 2017 budget, the City Council's goal was to minimize any tax rate increase, continue to recover from austere budget trends and increase operating efficiencies. As always, this goal was challenging due to continued reductions in State and Federal funding, relatively flat non-property tax revenue projections and assessed value. These challenges were partially offset by strategic reductions in staffing, a continued increase in BETE valuation and an increase in the homestead exemption, thereby providing some relief to residential property owners. The afore referenced actions coupled with a small increase in property taxes of 2.5% allowed the City Council to provide a 1.25% cost of living increase to employees, maintain increased levels of investment in infrastructure, as well as the practice of funding assigned fund balances for future capital purchases on a current basis.

In advance of the State of Maine's 2018-2019 Biennial budget, municipalities were recently notified that one of the Governor's top priorities will be the reduction and eventual elimination of the income tax. The letter states "municipalities will have to get more creative to provide local services without increasing property taxes". Unfortunately, municipalities have limited ability to raise revenues beyond property taxes. Therefore, city and school staff and elected officials will be closely monitoring legislative actions and continue to work collaboratively with other municipalities and professional organizations and actively participate in the upcoming legislative hearings.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



CITY OF BANGOR, MAINE
Statement of Net Position
June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bangor Public Library
ASSETS				
Cash and cash equivalents	\$ 17,991,282	\$ 4,508,087	\$ 22,499,369	\$ 535,729
Investments	2,940,440	15,156,097	18,096,537	11,827,317
Receivables:				
Accounts (net of allowance of \$465,108 and \$705,000, respectively)	1,254,500	9,617,974	10,872,474	209,735
Intergovernmental	4,505,357	2,868,924	7,374,281	-
Taxes and liens - prior years	1,583,849	-	1,583,849	-
Taxes receivable - current year	1,086,640	-	1,086,640	-
Special assessments	30,130	87,664	117,794	-
Loans and notes	6,706,816	1,797,067	8,503,883	-
Internal balances	8,023,349	(8,023,349)	-	-
Inventories	568,474	238,944	807,418	-
Prepaid items	669,665	644,638	1,314,303	420
Other assets	-	681,946	681,946	-
Non-depreciable capital assets	6,903,724	25,951,710	32,855,434	-
Depreciable capital assets, net	68,516,797	204,492,372	273,009,169	13,154,994
Total assets	120,781,023	258,022,074	378,803,097	25,728,195
DEFERRED OUTFLOWS OF RESOURCES				
Net pension	3,633,929	802,922	4,436,851	-
Total deferred outflows of resources	3,633,929	802,922	4,436,851	-
LIABILITIES				
Accounts payable and other current liabilities	2,164,505	4,395,819	6,560,324	571,538
Accrued wages and benefits payable	4,274,575	293,271	4,567,846	-
Unearned revenues	250,602	1,048,703	1,299,305	-
Noncurrent liabilities:				
Due within one year	9,348,749	4,506,978	13,855,727	115,765
Due in more than one year	67,255,464	80,022,975	147,278,439	164,880
Total liabilities	83,293,895	90,267,746	173,561,641	852,183
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues - loans and assessments	4,596,315	-	4,596,315	-
Net pension	735,083	253,185	988,268	-
Total deferred inflows of resources	5,331,398	253,185	5,584,583	-
NET POSITION				
Net investment in capital assets	47,792,253	159,537,793	207,330,046	12,940,406
Restricted for:				
Nonexpendable trust principal	532,338	-	532,338	4,397,779
Expendable income	506,007	-	506,007	6,822,175
Grants and other balances	3,007,463	-	3,007,463	-
Unrestricted	(16,048,402)	8,766,272	(7,282,130)	715,652
Total net position	\$ 35,789,659	\$ 168,304,065	\$ 204,093,724	\$ 24,876,012

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions/programs	Program Revenues				Net (expense) revenue and changes in net position			Component Unit Bangor Public Library
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total	
					Governmental activities	Business-type activities		
Primary government								
Governmental activities:								
General government	\$ 6,588,238	\$ 2,196,463	\$ 3,122	\$ -	\$ (4,388,653)	\$ -	\$ (4,388,653)	\$ -
Public safety	18,107,357	3,383,956	374,040	229,838	(14,119,523)	-	(14,119,523)	-
Health, community services and recreation	10,112,526	1,193,185	6,774,741	22,144	(2,122,456)	-	(2,122,456)	-
Public services	15,409,518	3,618,373	4,904	-	(11,786,241)	-	(11,786,241)	-
Other agencies	4,528,591	-	-	2,701,299	(1,827,292)	-	(1,827,292)	-
Education	51,901,230	4,506,591	24,685,903	-	(22,708,736)	-	(22,708,736)	-
Arena development	136	1,896,633	-	-	1,896,497	-	1,896,497	-
Community development	1,592,047	313,396	1,013,211	-	(265,440)	-	(265,440)	-
Waterfront	331,622	-	-	-	(331,622)	-	(331,622)	-
Public transportation	3,166,692	1,048,974	1,982,575	111,031	(24,112)	-	(24,112)	-
Economic development (tif)	929,322	-	-	-	(929,322)	-	(929,322)	-
Interest on debt	2,362,899	-	-	-	(2,362,899)	-	(2,362,899)	-
Total governmental activities	115,030,178	18,157,571	34,838,496	3,064,312	(58,969,799)	-	(58,969,799)	-
Business-type activities:								
Sewer Utility	7,210,861	7,975,639	-	-	-	764,778	764,778	-
Airport	20,266,935	13,576,325	-	8,776,331	-	2,085,721	2,085,721	-
Stormwater Utility	400,924	1,000,864	-	-	-	599,940	599,940	-
Parking	931,676	1,030,872	-	-	-	99,196	99,196	-
Bass Park	7,735,775	3,346,951	-	-	-	(4,388,824)	(4,388,824)	-
Municipal Golf Course	613,930	732,016	-	-	-	118,086	118,086	-
Economic Development	508,234	674,066	-	-	-	165,832	165,832	-
Total business-type activities	37,668,335	28,336,733	-	8,776,331	-	(555,271)	(555,271)	-
Total primary government	\$ 152,698,513	\$ 46,494,304	\$ 34,838,496	\$ 11,840,643	(58,969,799)	(555,271)	(59,525,070)	-
Component unit								
Bangor Public Library	\$ 2,798,808	\$ 13,008	\$ 1,906,322	\$ 29,109	-	-	-	\$ (850,369)
General revenues:								
Property taxes, levied for general purposes					56,062,583	1,000,000	57,062,583	-
Payment in lieu of taxes					193,599	-	193,599	-
Excise taxes					6,272,270	-	6,272,270	-
Franchise taxes					336,979	-	336,979	-
Grants and contributions not restricted to specific programs:								
Homestead/BETE exemption					1,850,107	-	1,850,107	-
Other State aid					25,897	-	25,897	-
State Revenue Sharing					2,297,163	-	2,297,163	-
Unrestricted investment earnings (loss)					488,936	420,951	909,887	(441,477)
Miscellaneous revenues					179,163	-	179,163	-
Gain on sale of assets					-	452,331	452,331	-
Transfers					(2,012,149)	2,012,149	-	-
Total general revenues and transfers					65,694,548	3,885,431	69,579,979	(441,477)
Change in net position					6,724,749	3,330,160	10,054,909	(1,291,846)
Net position, beginning of year					29,064,910	164,973,905	194,038,815	26,167,858
Net position, end of year					\$ 35,789,659	\$ 168,304,065	\$ 204,093,724	\$ 24,876,012

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Balance Sheet
Governmental Funds
June 30, 2016

	General	Community Development Block Grant	Arena Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 12,014,827	\$ 48,637	\$ 466,615	\$ 4,469,435	\$ 991,768	\$ 17,991,282
Investments	50,000	-	-	2,765,868	124,572	2,940,440
Receivables:						
Taxes	2,670,489	-	-	-	-	2,670,489
Accounts (net of allowance of \$465,108)	1,016,994	-	125,989	-	111,517	1,254,500
Interfund	8,251,179	-	-	-	-	8,251,179
Intergovernmental	3,706,733	93,672	-	513,125	191,827	4,505,357
Loans and notes	611,511	4,406,185	-	-	1,689,120	6,706,816
Unearned special assessments	-	-	-	30,130	-	30,130
Inventory, at cost	568,474	-	-	-	-	568,474
Prepaid items	669,665	-	-	-	-	669,665
Total assets	29,559,872	4,548,494	592,604	7,778,558	3,108,804	45,588,332
LIABILITIES						
Accounts payable	1,257,728	1,335	5,463	378,326	49,263	1,692,115
Accrued wages and benefits payable	4,271,124	3,451	-	-	-	4,274,575
Interfund loans payable	-	-	-	-	227,830	227,830
Unearned revenues	-	49,764	-	200,838	-	250,602
Due to rehabilitation recipients	-	90,912	-	-	-	90,912
Total liabilities	5,528,852	145,462	5,463	579,164	277,093	6,536,034
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - property taxes	2,442,797	-	-	-	-	2,442,797
Unavailable revenues - loans	-	4,406,185	-	-	160,000	4,566,185
Unavailable revenues - special assessments	-	-	-	30,130	-	30,130
Total deferred inflows of resources	2,442,797	4,406,185	-	30,130	160,000	7,039,112
FUND BALANCES (DEFICITS) (Note J)						
Nonspendable	3,138,639	-	-	-	532,338	3,670,977
Restricted	1,374,097	-	-	-	2,139,373	3,513,470
Committed	5,406	-	587,141	-	-	592,547
Assigned	5,754,846	-	-	7,169,264	-	12,924,110
Unassigned	11,315,235	(3,153)	-	-	-	11,312,082
Total fund balances (deficits)	21,588,223	(3,153)	587,141	7,169,264	2,671,711	32,013,186
Total liabilities, deferred inflows of resources and fund balances	\$ 29,559,872	\$ 4,548,494	\$ 592,604	\$ 7,778,558	\$ 3,108,804	

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

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

75,420,521

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

2,442,797

Long-term liabilities, including bonds payable \$62,068,475, accrued interest \$381,478, accrued compensated absences \$2,135,014, self insurance liability \$2,259,949, net OPEB obligation \$2,927,496, bond premium \$567,282, capital leases \$408,687 and net pension liability, including deferred outflows and inflows of resources \$3,338,464 are not due and payable in the current period and, therefore, are not reported in the funds.

(74,086,845)

Net position of governmental funds

\$ 35,789,659

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, 2016

	General	Community Development Block Grant	Arena Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 60,894,710	\$ -	\$ -	\$ 2,004,271	\$ -	\$ 62,898,981
Intergovernmental	30,563,862	1,013,211	-	2,980,168	7,355,178	41,912,419
Licenses and permits	755,273	-	-	-	-	755,273
Charges for services	13,980,385	-	-	-	822,164	14,802,549
Program income	-	284,619	-	-	-	284,619
Revenue from use of money and property	721,087	-	1,896,633	129,049	76,382	2,823,151
Other	34,910	28,777	-	84,144	79,412	227,243
Total revenues	106,950,227	1,326,607	1,896,633	5,197,632	8,333,136	123,704,235
Expenditures						
Current:						
General government	5,172,435	-	-	-	-	5,172,435
Public safety	17,146,674	-	-	-	-	17,146,674
Health, community services and recreation	5,117,412	-	-	-	-	5,117,412
Public services	10,387,416	-	-	-	-	10,387,416
Other agencies	4,723,022	-	-	-	-	4,723,022
Education	52,655,986	-	-	-	-	52,655,986
Tax increment financing	717,260	-	-	-	-	717,260
Unclassified	22,452	-	29,942	-	-	52,394
Restricted grants	-	1,319,081	-	-	8,533,230	9,852,311
Capital outlay	674,067	-	-	7,266,676	-	7,940,743
Debt service	5,756,272	-	-	249,698	-	6,005,970
Total expenditures	102,372,996	1,319,081	29,942	7,516,374	8,533,230	119,771,623
Excess (deficiency) of revenues over (under) expenditures	4,577,231	7,526	1,866,691	(2,318,742)	(200,094)	3,932,612
Other financing sources (uses)						
Issuance of debt	61,152	-	-	3,014,000	-	3,075,152
Sale of assets	125,043	-	-	54,120	-	179,163
Transfers to other funds	(1,527,822)	-	(2,150,821)	(116,305)	(220,464)	(4,015,412)
Transfers from other funds	121,822	-	-	1,878,286	3,155	2,003,263
Total other financing sources (uses)	(1,219,805)	-	(2,150,821)	4,830,101	(217,309)	1,242,166
Changes in fund balances	3,357,426	7,526	(284,130)	2,511,359	(417,403)	5,174,778
Fund balances (deficits), beginning of year	18,230,797	(10,679)	871,271	4,657,905	3,089,114	26,838,408
Fund balances (deficits), end of year	\$ 21,588,223	\$ (3,153)	\$ 587,141	\$ 7,169,264	\$ 2,671,711	\$ 32,013,186

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, 2016

Net change in fund balances - total governmental funds (from Exhibit 4)	\$	5,174,778
<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 \$3,952,238 and loss on disposal of assets of \$1,098,508 exceeds capital outlays of \$2,147,869.</p>		
		(2,902,877)
<p>Financing proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which principal payments of \$5,665,640 exceeded general obligation bond proceeds and capital leases of \$3,075,151.</p>		
		2,590,489
<p>Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental fund statements. The differences are as follows: increase in net OPEB obligation (\$224,310), self insurance liability (\$238,861), unavailable revenues (\$116,322) and decreases in accrued compensated absences (\$490,528), interest (\$13,077), net pension liability, including deferred outflows and inflows of resources (\$1,876,146) and bond premium (\$62,101).</p>		
		1,862,359
Change in net position of governmental activities (see Exhibit 2)		\$ 6,724,749

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Revenues, Expenditures and Changes in
Unassigned Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 59,440,794	\$ 59,332,058	\$ 60,894,710	\$ 1,562,652
Intergovernmental	26,612,842	26,612,842	27,589,805	976,963
Licenses and permits	707,466	707,466	755,273	47,807
Charges for services:				
municipal	8,367,109	8,367,109	9,207,028	839,919
school	4,630,636	4,630,636	4,465,299	(165,337)
Fines, forfeits and penalties	33,000	33,000	34,910	1,910
Revenue from use of money and property				
municipal	665,350	665,350	687,673	22,323
Total revenues	100,457,197	100,348,461	103,634,698	3,286,237
Expenditures				
Current:				
General government	5,165,939	5,150,939	5,188,003	(37,064)
Public safety	17,884,309	17,802,117	17,328,630	473,487
Health, community services and recreation	4,965,641	4,977,488	5,117,305	(139,817)
Public buildings and services	10,474,617	10,452,617	10,313,334	139,283
Other agencies	4,721,927	4,724,124	4,723,238	886
Education	51,555,864	54,368,946	50,643,693	3,725,253
Unclassified	776,962	776,962	739,496	37,466
Debt service	5,756,091	5,756,091	5,756,272	(181)
Total expenditures	101,301,350	104,009,284	99,809,971	4,199,313
Excess (deficiency) of revenues over (under) expenditures	(844,153)	(3,660,823)	3,824,727	7,485,550
Other financing sources (uses)				
Appropriation from restricted, committed and assigned fund balances	1,385,802	1,385,802	73,801	(1,312,001)
Appropriation to assigned fund balance	-	-	(1,731,039)	(1,731,039)
Appropriation from unassigned fund balance	14,851	14,851	-	(14,851)
Sale of assets	9,000	9,000	16,841	7,841
Contributions	-	-	400	400
Insurance settlements	7,500	40,155	41,982	1,827
Transfers to other funds	(600,000)	(740,000)	(740,000)	-
Transfers from other funds	27,000	27,000	20,000	(7,000)
Total other financing sources (uses)	844,153	736,808	(2,318,015)	(3,054,823)
Net change in fund balance	\$ -	\$ (2,924,015)	1,506,712	\$ 4,430,727
Unassigned fund balance, beginning of year			9,995,105	
Changes in fund balance classification in accordance with GAAP				
Changes in balances carried			379,309	
Inventory and prepaids (GASB 54)			(565,891)	
Unassigned fund balance, end of year			\$ 11,315,235	

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2016

Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 1,444,946	\$ 6,260	\$ 1,332,086	\$ 1,724,795	\$ 4,508,087
Investments	280,017	10,567,869	-	-	10,847,886
Accounts receivable	3,409,420	6,108,637	313,010	491,907	10,322,974
Less allowance for uncollectible accounts	(45,000)	(660,000)	-	-	(705,000)
Net accounts receivable	3,364,420	5,448,637	313,010	491,907	9,617,974
Due from other governments	-	2,868,924	-	-	2,868,924
Inventories, at cost	-	206,937	32,007	-	238,944
Prepaid items	50,027	359,382	94,082	141,147	644,638
Total current assets	5,139,410	19,458,009	1,771,185	2,357,849	28,726,453
Noncurrent assets					
Capital Assets:					
Land and improvements	683,865	-	579,157	5,209,495	6,472,517
Buildings and improvements	29,026,578	-	68,958,075	4,435,235	102,419,888
Machinery and equipment	6,549,762	-	2,020,234	553,257	9,123,253
Infrastructure	60,302,324	-	-	683,189	60,985,513
Aircraft operational assets	-	271,001,326	-	-	271,001,326
Parking structures	-	-	-	11,331,311	11,331,311
Construction in process	2,907,185	19,448,251	-	-	22,355,436
Total capital assets	99,469,714	290,449,577	71,557,466	22,212,487	483,689,244
Less accumulated depreciation	(45,601,654)	(185,677,563)	(8,927,307)	(13,038,638)	(253,245,162)
Net capital assets	53,868,060	104,772,014	62,630,159	9,173,849	230,444,082
Investments	-	4,308,211	-	-	4,308,211
Loans receivable	-	368,253	-	1,428,814	1,797,067
Unearned special assessments	87,664	-	-	-	87,664
Due from bond trustee	681,946	-	-	-	681,946
Total noncurrent assets	54,637,670	109,448,478	62,630,159	10,602,663	237,318,970
Total assets	59,777,080	128,906,487	64,401,344	12,960,512	266,045,423
DEFERRED OUTFLOWS OF RESOURCES					
Net pension	192,976	595,369	-	14,577	802,922
Total deferred outflows of resources	192,976	595,369	-	14,577	802,922

See accompanying notes to financial statements.

Continued on next page

CITY OF BANGOR, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2016

Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
LIABILITIES					
Current liabilities					
Accounts payable	1,135,029	1,612,394	472,121	36,099	3,255,643
Accrued wages and benefits payable	39,171	128,727	110,434	14,939	293,271
Accrued interest	51,839	50,932	973,848	63,557	1,140,176
Workers' compensation	20,000	127,519	-	2,111	149,630
Interfund loans payable	-	6,225,775	1,797,574	-	8,023,349
General obligation debt payable	1,579,986	584,819	1,143,191	590,768	3,898,764
Capital lease obligation payable	-	-	9,184	-	9,184
Accrued compensated absences	73,504	268,305	-	16,880	358,689
Unearned revenue	-	-	1,048,703	-	1,048,703
Other liabilities	-	-	90,711	-	90,711
Total current liabilities	2,899,529	8,998,471	5,645,766	724,354	18,268,120
Long-term liabilities					
Workers' compensation	-	153,696	-	7,889	161,585
General obligation debt payable	10,512,066	8,652,012	51,094,556	4,518,364	74,776,998
Capital lease obligation payable	-	-	20,026	-	20,026
Accrued compensated absences	48,483	160,439	-	16,105	225,027
Net OPEB obligation	182,083	643,746	-	39,882	865,711
Net pension liability	370,554	1,143,231	-	27,991	1,541,776
Other long-term liabilities	156,498	-	2,275,354	-	2,431,852
Total long-term liabilities	11,269,684	10,753,124	53,389,936	4,610,231	80,022,975
Total liabilities	14,169,213	19,751,595	59,035,702	5,334,585	98,291,095
DEFERRED INFLOWS OF RESOURCES					
Net pension	60,851	187,737	-	4,597	253,185
Total deferred inflows of resources	60,851	187,737	-	4,597	253,185
NET POSITION					
Net investment in capital assets	43,239,365	99,415,086	11,624,244	5,259,098	159,537,793
Unrestricted	2,500,627	10,147,438	(6,258,602)	2,376,809	8,766,272
Total net position	\$ 45,739,992	\$ 109,562,524	\$ 5,365,642	\$ 7,635,907	\$ 168,304,065

See accompanying notes to financial statements.

Continued from previous page

CITY OF BANGOR, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Operating revenues					
Charges for services	\$ 7,975,639	\$ 13,576,325	\$ 3,346,951	\$ 3,437,818	\$ 28,336,733
Total operating revenues	7,975,639	13,576,325	3,346,951	3,437,818	28,336,733
Operating expenses					
Operating expenses other than depreciation and amortization	5,139,877	11,685,911	2,904,022	1,753,609	21,483,419
Depreciation and amortization	1,816,315	8,215,781	2,954,048	517,538	13,503,682
Total operating expenses	6,956,192	19,901,692	5,858,070	2,271,147	34,987,101
Operating income (loss)	1,019,447	(6,325,367)	(2,511,119)	1,166,671	(6,650,368)
Nonoperating revenue (expenses)					
Interest income	93,574	241,579	-	85,798	420,951
Interest expense	(254,669)	(365,243)	(1,877,705)	(183,617)	(2,681,234)
Taxes (Downtown TIF)	-	-	1,000,000	-	1,000,000
Gain (loss) on sale of assets	29,347	-	-	422,984	452,331
Miscellaneous income (expense)	-	-	-	-	-
Total nonoperating revenue (expenses)	(131,748)	(123,664)	(877,705)	325,165	(807,952)
Net income (loss) before grants/contributions and transfers	887,699	(6,449,031)	(3,388,824)	1,491,836	(7,458,320)
Grants/contributions received for capital assets	-	8,776,331	-	-	8,776,331
Transfers to other funds	-	(107,998)	-	(296,570)	(404,568)
Transfers from other funds	177,998	-	2,150,821	87,898	2,416,717
Change in net position	1,065,697	2,219,302	(1,238,003)	1,283,164	3,330,160
Net position, beginning of year	44,674,295	107,343,222	6,603,645	6,352,743	164,973,905
Net position, end of year	\$ 45,739,992	\$ 109,562,524	\$ 5,365,642	\$ 7,635,907	\$ 168,304,065

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2016
Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Cash flows from operating activities					
Cash received from customers	\$ 8,122,818	\$ 10,223,083	\$ 3,448,143	\$ 3,273,333	\$ 25,067,377
Cash paid to suppliers for goods and services	(3,392,098)	(5,082,379)	(2,820,993)	(1,077,711)	(12,373,181)
Cash paid to employees for services	(1,836,385)	(6,582,195)	-	(799,497)	(9,218,077)
Net cash provided by (used in) operating activities	2,894,335	(1,441,491)	627,150	1,396,125	3,476,119
Cash flows from noncapital financing activities					
Interfund loans (repayments)	-	3,435,000	(300,000)	(857,900)	2,277,100
Taxes (Downtown TIF)	-	-	1,000,000	-	1,000,000
Transfers in	177,998	-	2,150,821	87,898	2,416,717
Transfers out	-	(107,998)	-	(296,570)	(404,568)
Net cash provided by (used in) noncapital financing activities	177,998	3,327,002	2,850,821	(1,066,572)	5,289,249
Cash flows from capital and related financing activities					
Proceeds from general obligation bonds	280,000	920,000	-	-	1,200,000
Acquisition and construction of capital assets	(2,490,009)	(11,939,333)	-	(258,350)	(14,687,692)
Principal paid on general obligation bonds/capital leases	(1,536,408)	(490,125)	(1,089,204)	(575,415)	(3,691,152)
Interest paid on general obligation bonds	(261,583)	(361,898)	(1,994,489)	(186,554)	(2,804,524)
Proceeds from sale of property	29,347	-	-	985,996	1,015,343
Grant/contribution monies received for capital assets	-	9,262,013	-	-	9,262,013
Net cash used in capital and related financing activities	(3,978,653)	(2,609,343)	(3,083,693)	(34,323)	(9,706,012)
Cash flows from investing activities					
Net sales (purchases) of investments	(280,017)	276,110	-	-	(3,907)
Investment of unexpended bond proceeds	237,591	-	-	-	237,591
Interest on investments	93,574	241,579	-	116,617	451,770
Loan repayments	-	184,833	-	-	184,833
Net cash provided by investing activities	51,148	702,522	-	116,617	870,287
Net increase (decrease) in cash	(855,172)	(21,310)	394,278	411,847	(70,357)
Cash, beginning of year	2,300,118	27,570	937,808	1,312,948	4,578,444
Cash, end of year	\$ 1,444,946	\$ 6,260	\$ 1,332,086	\$ 1,724,795	\$ 4,508,087

Schedule of noncash investing, capital and financing activities:

During the year, the Airport Fund had an unrealized gain on investments in the amount of \$367,271.

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, 2016

	Business-type Activities - Enterprise Funds				
	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 1,019,447	\$ (6,325,367)	\$ (2,511,119)	\$ 1,166,671	\$ (6,650,368)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	1,816,315	8,215,781	2,954,048	517,538	13,503,682
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	147,179	(3,353,242)	(97,463)	(94,577)	(3,398,103)
(Increase) decrease in inventories	-	(7,264)	9,948	-	2,684
(Increase) decrease in prepaid items	(35,342)	(352,916)	(75,201)	(77,186)	(540,645)
Increase (decrease) in accounts payable	(26,568)	420,593	99,182	(88,874)	404,333
Increase (decrease) in unearned revenue	-	-	198,655	-	198,655
Increase (decrease) in other liabilities	(26,696)	(39,076)	49,100	(27,447)	(44,119)
Total adjustments	1,874,888	4,883,876	3,138,269	229,454	10,126,487
Net cash provided by (used in) operating activities	\$ 2,894,335	\$ (1,441,491)	\$ 627,150	\$ 1,396,125	\$ 3,476,119

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 129,456
Total assets	129,456
LIABILITIES	
Amounts held for others	129,456
Total liabilities	\$ 129,456

See accompanying notes to financial statements.

INDEX OF NOTES TO THE FINANCIAL STATEMENTS

<u>Note</u>		<u>Page</u>
Summary of Significant Accounting Policies		
A	Reporting Entity	II – 30
B	Government-wide and Fund Financial Statements	II – 30
C	Measurement Focus, Basis of Accounting and Basis of Presentation	II – 31
D	Assets, Liabilities, Deferred Inflows/Outflows and Equity	II – 33
Stewardship, Compliance and Accountability		
A	Budgetary Information	II – 37
B	Reconciliation of Budgetary Basis Statements	II – 37
C	Excess of Expenditures Over Appropriations	II – 38
D	Deficit Fund Equity	II – 38
E	Restricted Assets	II – 38
Detailed Notes on All Funds		
A	Deposits and Investments	II – 39
B	Property Tax	II – 40
C	Capital Assets	II – 41
D	Interfund Transactions	II – 42
E	Due From Other Governments	II – 43
F	Leases	II – 43
G	Other Assets	II – 45
H	Unearned Revenue	II – 45
I	Long-Term Debt	II – 45
J	Fund Balances	II – 49
K	Net Position	II – 50
Other Information		
A	Risk Management	II – 50
B	Tax Increment Financing Districts	II – 51
C	Contingent Liabilities	II – 52
D	Retirement	II – 52
E	Other Postemployment Benefits	II – 57
F	Subsequent Events	II – 58

CITY OF BANGOR, MAINE
Notes to the Financial Statements
June 30, 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The Bangor Public Library is a nonprofit organization which operates under the control of a nine-member Board of Trustees. The Bangor City Council appoints four members and the City of Bangor Charter appoints a fifth member. The Board has the power to hire officers, approve the budget and direct the operations of the Library. However, the Library is financially dependent upon the City in that the City provides approximately 67% of the operating financial support received by the Library during the year ended June 30, 2016. The City believes that the financial statements would be incomplete without the inclusion of the Library as a discretely presented component unit. Complete financial statements may be obtained from the Bangor Public Library, 145 Harlow Street, Bangor, ME 04401.

The City of Bangor is a member of the Joint Venture of the Equity Charter Municipalities of Municipal Review Committee, Inc (Joint Venture). The Joint Venture is an organization that resulted from a contractual arrangement between certain member municipalities, Penobscot Energy Recovery Company (PERC) and Bangor Hydro Electric Company. It was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of non-hazardous municipal solid waste. As of December 31, 2015 (most recent data available) the City of Bangor's share of the Joint Venture's net position was \$6,241,919. Complete financial statements may be obtained from Municipal Review Committee, 395 State Street, Ellsworth, ME 04605.

B. Government-wide and Fund Financial Statements

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund type:

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

1. Deposits and Investments

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

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

Investments are reported at fair value. Fair value is measured using a hierarchy established by generally accepted accounting principles. Level 1 investments are based on quoted prices in active markets for identical assets, Level 2 investments are based on significant other observable inputs and Level 3 investments are based on significant unobservable inputs. Income earned from the investment of pooled cash is allocated to various funds based upon the average cash balance allocated to the fund.

2. Interfund Receivables and Payables

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

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

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

5. Deferred Inflows/Outflows of Resources

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

6. Compensated Absences

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

7. Long-term Obligations

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

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

8. Fund Equity

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

9. Allowance for Uncollectible Accounts and Loans

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

10. Pensions

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

11. Use of Estimates

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

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

Maine Public Employees Retirement contributions are made by the State of Maine on behalf of the School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$2,974,057. These amounts have been included as intergovernmental revenue and education expenditures in the general fund on the Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit 4) and in the entity-wide Statement of Activities (Exhibit 2). There is no effect on fund balance or net position at the end of the year.

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

B. Reconciliation of Budgetary Basis Statements

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

Excess of revenues and other financing sources over expenditures and other financing uses (Budget)	\$ 1,506,712
Activity in assigned fund balance	1,192,998
2016 encumbrances	1,930,757
2015 encumbrances paid	(1,272,378)
2015 encumbrances lapsed	<u>(663)</u>
Excess of revenues and other financing sources over expenditures and other uses (GAAP)	<u>\$ 3,357,426</u>

C. Excess of Expenditures Over Appropriations

The following General Fund departments were over-expended by the indicated dollar amounts; Executive \$155,882, Assessing \$11,694, Legal \$2,276, Insurance \$1,215, Health and Community Services \$70,327, Parks and Recreation \$69,490, Other Agencies \$1,095 and Tax Increment Financing Payments \$4,984. These over-expenditures were funded by receipt of revenues in excess of appropriations and under-expenditures within other General Fund departments.

D. Deficit Fund Equity

The Community Development Block Grant Fund has a deficit fund equity of \$3,153 due to accrued expenses reimbursed in the subsequent year.

E. Restricted Assets

Donations received by the City whose use is limited are placed in the appropriate Special Revenue fund, depending upon whether or not the principal can be expended. All changes in market value are added to the earnings, which is allowable by State Statute. As these amounts are invested in a note receivable, there was no change in market value for fiscal year 2016.

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

DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City maintains a cash pool that is available for use by all funds. In addition, cash and investments are separately held by several of the funds.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a policy with respect to custodial credit risk for deposit accounts. The City maintained certain accounts whose balances were fully covered, for other accounts in which the balance exceeded the \$250,000 provided by the Federal Deposit Insurance Corporation (FDIC), pledged collateral securities were held in the City's name. As of June 30, 2016, \$0 of the City's bank balance of \$26,921,389 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Fair Value – Investments

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

At June 30, 2016, the City had the following investments and maturities:

Investment types	Rating	Fair Value	Not Applicable	Maturity (years)		
				<1	1-5	6-10
Mutual Funds		\$ 13,352,673	\$ 13,352,673	\$ -	\$ -	\$ -
Repurchase Agreements		7	7	-	-	-
US Treasuries	AA	4,107,715	-	-	3,045,910	1,061,805
Corporate Bonds	BBB	200,495	-	-	200,495	-
Common Stock		385,647	385,647	-	-	-
Certificate of Deposit		50,000	-	50,000	-	-
Totals		<u>\$ 18,096,537</u>	<u>\$ 13,738,327</u>	<u>\$ 50,000</u>	<u>\$ 3,246,405</u>	<u>\$ 1,061,805</u>

Investment types	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual Funds	\$ 13,352,673	\$ 13,352,673	\$ -	\$ -
US Treasuries	4,107,715	4,107,715	-	-
Corporate Bonds	200,495	200,495	-	-
Common Stock	385,647	385,647	-	-
Totals	<u>\$ 18,046,530</u>	<u>\$ 18,046,530</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

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

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Credit Risk

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

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. As of June 30, 2016, the City had no investments that were subject to custodial risk. The City's investment policy states that all security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a "delivery vs. payment" basis.

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

Concentration of Credit Risk

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

B. Property Tax

Property taxes for the current year were levied July 16, 2015, 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, 2015 and March 15, 2016. Interest was charged at 7.00% on all taxes unpaid as of the due date.

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

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

C. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,092,368	\$ -	\$ -	\$ 5,092,368
Construction in process	2,884,303	2,723,771	3,796,718	1,811,356
Total capital assets not being depreciated	<u>7,976,671</u>	<u>2,723,771</u>	<u>3,796,718</u>	<u>6,903,724</u>
Capital assets, being depreciated:				
Land improvements	11,309,931	626,411	-	11,936,342
Buildings and improvements	72,176,984	286,140	1,182,745	71,280,379
Machinery and equipment	11,851,522	357,534	-	12,209,056
Vehicles	18,838,005	828,794	1,735,870	17,930,929
Infrastructure	22,944,937	1,121,937	516	24,066,358
Total capital assets being depreciated	<u>137,121,379</u>	<u>3,220,816</u>	<u>2,919,131</u>	<u>137,423,064</u>
Less accumulated depreciation for:				
Land improvements	(4,777,278)	(509,266)	-	(5,286,544)
Buildings and improvements	(28,469,804)	(1,481,340)	(395,473)	(29,555,671)
Machinery and equipment	(10,166,041)	(453,387)	-	(10,619,428)
Vehicles	(11,473,915)	(1,152,903)	(1,424,660)	(11,202,158)
Infrastructure	(11,887,614)	(355,342)	(490)	(12,242,466)
Total accumulated depreciation	<u>(66,774,652)</u>	<u>(3,952,238)</u>	<u>(1,820,623)</u>	<u>(68,906,267)</u>
Total capital assets being depreciated, net	<u>70,346,727</u>	<u>(731,422)</u>	<u>1,098,508</u>	<u>68,516,797</u>
Governmental activities capital assets, net	<u>\$ 78,323,398</u>	<u>\$ 1,992,349</u>	<u>\$ 4,895,226</u>	<u>\$ 75,420,521</u>

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,615,996	\$ -	\$ 19,722	\$ 3,596,274
Construction in process	12,567,617	12,883,717	3,095,898	22,355,436
Total capital assets not being depreciated	<u>16,183,613</u>	<u>12,883,717</u>	<u>3,115,620</u>	<u>25,951,710</u>
Capital assets, being depreciated:				
Land improvements	2,876,243	-	-	2,876,243
Buildings and improvements	102,923,544	360,729	864,385	102,419,888
Machinery and equipment	8,620,529	532,233	29,509	9,123,253
Infrastructure	59,630,887	1,354,626	-	60,985,513
Airport operational assets	268,808,921	2,192,405	-	271,001,326
Parking structures	11,320,359	10,952	-	11,331,311
Total capital assets being depreciated	<u>454,180,483</u>	<u>4,450,945</u>	<u>893,894</u>	<u>457,737,534</u>
Less accumulated depreciation for:				
Land improvements	(1,689,419)	(59,337)	-	(1,748,756)
Buildings and improvements	(32,972,069)	(3,865,370)	(321,095)	(36,516,344)
Machinery and equipment	(5,567,839)	(483,541)	(29,509)	(6,021,871)
Infrastructure	(13,517,766)	(609,241)	-	(14,127,007)
Airport operational assets	(177,461,782)	(8,215,781)	-	(185,677,563)
Parking structures	(8,883,209)	(270,412)	-	(9,153,621)
Total accumulated depreciation	<u>(240,092,084)</u>	<u>(13,503,682)</u>	<u>(350,604)</u>	<u>(253,245,162)</u>
Total capital assets being depreciated, net	<u>214,088,399</u>	<u>(9,052,737)</u>	<u>543,290</u>	<u>204,492,372</u>
Business-type activities capital assets, net	<u>\$ 230,272,012</u>	<u>\$ 3,830,980</u>	<u>\$ 3,658,910</u>	<u>\$ 230,444,082</u>

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

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

Governmental Activities:	
General government	\$ 1,344,521
Public safety	788,523
Health, community services and recreation	95,663
Public services	523,277
Education	<u>1,200,254</u>
Total depreciation expense - governmental activities	<u>\$ 3,952,238</u>
Business-type activities:	
Sewer Utility Fund	\$ 1,816,315
Airport Fund	8,215,781
Bass Park Fund	2,954,048
Stormwater	8,246
Economic Development Fund	169,950
Parking Fund	270,412
Municipal Golf Course	<u>68,930</u>
Total depreciation expense - business-type activities	<u>\$ 13,503,682</u>

Construction commitments

The government has active construction projects as of June 30, 2016. The projects include traffic flow improvements of \$1.7 million, reconstruction of runways, terminal redesign and renovations amounting to \$2.1 million, and \$2.1 million of sewer combined overflow projects and plant upgrades.

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, 2016 the balances were as follows:

	Receivable	Payable
General Fund	\$ 8,251,179	\$ -
Grant Fund	-	227,830
Airport Fund	-	6,225,775
Bass Park Fund	-	1,797,574
	<u>\$ 8,251,179</u>	<u>\$ 8,251,179</u>

Individual fund transfers to and from other funds for the fiscal year ended June 30, 2016 are comprised primarily of transfers from fund balances to fund capital projects and to provide operating subsidies to certain proprietary funds.

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

	Transfers to	Transfers from
General Fund	\$ 1,527,822	\$ 121,822
Arena Fund	2,150,821	-
Other Nonmajor Special Revenue Funds	200,464	3,155
Capital Projects Fund	116,305	1,878,286
Other Nonmajor Permanent Funds	20,000	-
Bass Park Fund	-	2,150,821
Sewer Fund	-	177,998
Stormwater Utility Fund	270,000	77,398
Parking Fund	-	10,500
Municipal Golf Course Fund	26,570	-
Airport Fund	107,998	-
	\$ 4,419,980	\$ 4,419,980

E. Due From Other Governments

Due from other governments is comprised of the following amounts at June 30, 2016:

	Federal Government	State of Maine	Other	Total
General Fund	\$ 777,232	\$ 2,403,605	\$ 525,896	\$ 3,706,733
Community Development	93,672	-	-	93,672
Nonmajor Special Revenue Funds	165,263	26,564	-	191,827
Capital Projects Fund	11,034	502,091	-	513,125
Airport Fund	2,420,728	448,196	-	2,868,924

Amounts due from Federal Government are comprised of operating and capital grants for all fund types. Of the General Fund's \$2,403,605 due from State of Maine, \$1,463,339 represents school grant and State agency billings, and \$414,506 represents general assistance claims. Amounts owed to the Capital Projects and the Airport Funds by the State of Maine are for capital grant purposes. Amounts due from other communities for tuition reimbursement to Bangor account for \$189,535 of the Due from Other in the General Fund.

F. Leases

Operating Leases

The Airport and Economic Development Proprietary Funds are the lessors of various buildings and land parcels under operating leases expiring in various years through 2048 and 2036, respectively. Minimum future rentals to be received on noncancelable leases as of June 30, 2016 are:

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Fiscal year ending June 30,	Airport	Economic Development
2017	\$ 1,726,971	\$ 1,332,955
2018	1,078,323	1,273,621
2019	844,549	316,988
2020	642,848	276,040
2021	577,973	263,752
Subsequent to 2022	3,649,542	2,742,722
	<u>\$ 8,520,206</u>	<u>\$ 6,206,078</u>

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. The Airport received \$1,883,975 in contingent rentals in fiscal year 2016.

The carrying amounts of the leased assets are as follows:

	Airport	Economic Development
Land	\$ 565,532	\$ 2,717,047
Buildings	22,886,327	3,522,628
Less accumulated depreciation	(17,976,197)	(1,430,834)
Total	<u>\$ 5,475,662</u>	<u>\$ 4,808,841</u>

Capital Leases

The City entered into several leases for financing the acquisition of heavy equipment and office equipment. These lease agreements qualify as capital leases for accounting purposes whereas they contain a bargain purchase option. Leased equipment below the City's capitalization policy has not been capitalized. The following is an analysis of the carrying value of the leased capitalized equipment as of June 30, 2016:

	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 630,581	\$ 52,837
Less accumulated depreciation	(395,007)	(20,401)
Carrying value	<u>\$ 235,574</u>	<u>\$ 32,436</u>

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2016:

Fiscal Year ending June 30,	Governmental Activities	Business-type Activities
2017	237,574	10,074
2018	142,005	10,074
2019	47,130	7,929
2020	-	2,937
Total minimum lease payments	<u>426,709</u>	<u>31,014</u>
Less: amount representing interest	(18,022)	(1,804)
Present value of future minimum lease payments	<u>\$ 408,687</u>	<u>\$ 29,210</u>

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

G. Other Assets

Other assets are comprised of the following:

	Sewer Utility Fund
Due from bond trustee	\$ 681,946
Total	\$ 681,946

H. Unearned Revenue

Community Development Block Grant and Capital Projects Fund unearned revenues consist of \$49,764 and \$200,838 in advance deposits, respectively. Bass Park Fund unearned revenues consist of \$1,048,703 in advance sales.

I. Long-term Debt

General Obligation Bonds

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

The original amount of general obligation bonds issued is \$192,231,948. The following is a summary of general obligation bond and note transactions of the City for the fiscal year ended June 30, 2016:

Bonds and notes payable at June 30, 2015	\$ 145,681,059
Add: principal additions	4,214,000
Less: principal repayments	9,150,822
Bonds and notes payable at June 30, 2016	\$ 140,744,237

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Bonds and notes payable at June 30, 2016 are comprised of the following:

Long-term debt	Fiscal year of maturity	Interest rate	<u>Governmental Activities</u>		Business-type Activities	Total June 30, 2016
			City	School		
Combined sewer overflow	2017	3.52%	-	-	191,203	191,203
Combined sewer overflow	2018	3.03%	-	-	301,404	301,404
Tax increment financing note*	2018	4.50%	36,189	-	-	36,189
Maine Business Enterprise Park	2018	5.00%	-	-	38,770	38,770
Public improvements note*	2020	4.50%	293,115	-	-	293,115
Pension obligation bonds	2026	3.06% - 6.45%	19,770,707	1,267,365	4,250,211	25,288,283
Combined sewer overflow	2023	1.94%	-	-	1,150,461	1,150,461
Briggs building note	2023	4.50%	-	-	611,511	611,511
Combined sewer overflow	2025	1.41%	-	-	1,318,942	1,318,942
Chancellor's property note	2026	5.00%	-	-	1,394,126	1,394,126
Public improvements/refunding	2026	4.00% - 4.20%	279,657	-	30,343	310,000
Combined sewer overflow	2027	1.64%	-	-	1,179,911	1,179,911
Public improvements - 2007	2027	4.00%	1,755,000	-	-	1,755,000
Combined sewer overflow	2028	1.81%	-	-	1,284,856	1,284,856
Public improvements - 2009	2029	2.00% - 4.375%	2,015,000	-	-	2,015,000
ARRA - CWSRF	2029	0.00%	-	-	629,790	629,790
ARRA - CWSRF	2030	0.00%	-	-	359,632	359,632
Public improvements/refunding	2020	2.00% - 3.25%	1,644,702	3,120,000	415,298	5,180,000
Public improvements/refunding	2021	2.00% - 3.25%	1,000,192	-	2,284,808	3,285,000
Qualified school construction bond	2028	4.65%	-	5,605,861	-	5,605,861
Refunding/public improvements	2022	2.00% - 2.25%	1,479,792	1,329,950	870,258	3,680,000
Arena	2043	3.25% - 5.00%	-	-	51,795,000	51,795,000
Qualified school construction bond	2035	4.05%	-	2,800,000	-	2,800,000
Refunding/public improvements	2032	2.00% - 4.00%	6,341,945	-	1,313,055	7,655,000
Refunding/airport improvements	2033	.50% - 4.25%	-	-	3,890,000	3,890,000
Public improvements	2034	2.00% - 4.00%	6,340,000	1,080,000	270,000	7,690,000
Combined sewer overflow	2034	0.10%	-	-	2,376,183	2,376,183
Public improvements	2030	2.00% - 2.75%	2,535,000	360,000	-	2,895,000
Airport improvements	2035	3.00% - 3.65%	-	-	1,520,000	1,520,000
Refunding/public improvements	2030	2.00% - 3.00%	3,014,000	-	280,000	3,294,000
Airport improvements	2027	0.95% - 3.25%	-	-	920,000	920,000
Total bonds and notes payable			<u>\$ 46,505,299</u>	<u>\$ 15,563,176</u>	<u>\$ 78,675,762</u>	<u>\$ 140,744,237</u>

* Notes aggregating \$329,404 are held by the City's Airport Fund at fixed, taxable market rates of interest.

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

Fiscal year ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	Principal	Interest	Principal	Interest
2017	\$ 7,084,002	\$ 2,226,585	\$ 3,898,764	\$ 2,706,676
2018	5,469,808	2,005,662	3,835,937	2,592,153
2019	5,044,052	1,811,043	3,627,012	2,463,631
2020	5,116,641	1,614,642	3,735,504	2,335,343
2021	4,287,500	1,421,326	3,741,525	2,528,659
2022-2026	21,751,472	4,148,647	17,032,748	10,642,678
2027-2031	9,730,000	462,616	12,165,266	6,212,168
2032-2036	3,585,000	66,263	12,259,006	4,359,981
2037-2041	-	-	12,625,000	2,345,050
2042-2043	-	-	5,755,000	232,500
Total	<u>\$ 62,068,475</u>	<u>\$ 13,756,784</u>	<u>\$ 78,675,762</u>	<u>\$ 36,418,839</u>

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Legal Debt Margin

The City is subject to the laws of the State of Maine, which limits the amount of long-term debt to 15% of the state's assessed valuation of the City. At June 30, 2016, the statutory limit for the City was \$383,182,500. The City's outstanding long-term debt of \$140,744,237 at June 30, 2016 was within the statutory limit.

Refunding

The City issued \$1,555,000 in public improvement general obligation bonds with interest rates ranging from 2.00% - 3.00%. The proceeds were used subsequent to year end to redeem the 2007 general obligation bonds maturing on or after September 1, 2017. The 2007 general obligation bonds had an interest rate of 4.00%. This redemption did not extend the final maturity date of the debt and resulted in a reduction of total debt service payments over 10 years of \$226,839 and an economic gain of \$219,502 (difference between the present value of the debt service payments on the old and new debt).

Authorized and Unissued

On November 26, 2007, the City Council authorized the issuance of up to \$600,000 in general obligation bonds for the purpose of renovating and rehabilitating property located at 103 Texas Avenue. As of June 30, 2016, \$155,000 remains authorized and unissued. The City expects to issue the debt within the next twenty-four months.

On August 8, 2011, the City Council authorized the issuance of up to \$1,590,000 in general obligation bonds to provide funding for remediation of the Penobscot River. As of June 30, 2016, no debt for this purpose had been issued. The City will continue to monitor when and if the debt will be issued.

On August 10, 2015 and February 24, 2016, the City Council authorized the issuance of up to \$3,870,000 and \$2,145,000, respectively, in general obligation bonds through the Maine Municipal Bond Bank State Revolving Fund to finance sewer infrastructure improvements. The City issued a portion of this debt subsequent to year end (refer to Note F - Subsequent Events for additional information).

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due within one year
Governmental activities:					
General obligation debt	\$ 64,518,015	\$ 3,014,000	\$ 5,463,540	\$ 62,068,475	\$ 7,084,002
Accrued compensated absences*	2,625,542	1,556,610	2,047,138	2,135,014	1,313,422
Capital leases	549,636	61,151	202,100	408,687	227,164
Bond premium	629,383	-	62,101	567,282	53,728
Net OPEB obligation*	2,703,186	420,457	196,147	2,927,496	-
Net pension liability	3,836,882	2,400,428	-	6,237,310	-
Self insurance liability	2,021,088	632,736	393,875	2,259,949	670,433
Governmental activities long-term liabilities	<u>\$ 76,883,732</u>	<u>\$ 8,085,382</u>	<u>\$ 8,364,901</u>	<u>\$ 76,604,213</u>	<u>\$ 9,348,749</u>
Business-type activities:					
General obligation debt	\$ 81,163,044	\$ 1,200,000	\$ 3,687,282	\$ 78,675,762	\$ 3,898,764
Accrued compensated absences*	537,807	470,433	424,524	583,716	358,689
Capital leases	33,082	-	3,872	29,210	9,184
Bond premium	2,456,777	-	90,712	2,366,065	90,711
Net OPEB obligation*	800,689	121,879	56,857	865,711	-
Net pension liability	649,637	2,525,510	1,633,371	1,541,776	-
Self insurance liability	225,365	225,763	139,913	311,215	149,630
Other	156,498	-	-	156,498	-
Business-type activities long-term liabilities	<u>\$ 86,022,899</u>	<u>\$ 4,543,585</u>	<u>\$ 6,036,531</u>	<u>\$ 84,529,953</u>	<u>\$ 4,506,978</u>

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

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

J. Fund Balances

As of June 30, 2016, fund balances components consisted of the following:

	Nonspendable	Restricted	Committed	Assigned
General Fund:				
Advances to other funds	\$ 1,900,500	\$ -	\$ -	\$ -
Inventory and prepaid items	1,238,139	-	-	-
PEG capital support	-	19,830	-	-
School capital	-	356,039	-	-
School Department				
Regular	-	423,054	-	-
Adult education	-	29,185	-	-
General evening	-	101,428	-	-
Reading assessment	-	247	-	-
Special revenue	-	123,797	-	-
School lunch	-	8,423	-	-
Trust and agency	-	312,094	-	-
Cultural Commission/Public Safety	-	-	5,406	-
Subsequent year expenditures	-	-	-	244,899
Pooled equipment reserve	-	-	-	350,777
Bus equipment reserve	-	-	-	551,548
Fire equipment reserve	-	-	-	357,098
Self insurance reserve	-	-	-	2,259,948
Improvement reserve	-	-	-	1,162,726
Demolition reserve	-	-	-	52,630
Benefit reserve	-	-	-	733,457
Parks & Recreation reserve	-	-	-	41,763
Subtotal	<u>3,138,639</u>	<u>1,374,097</u>	<u>5,406</u>	<u>5,754,846</u>
Arena Fund				
	-	-	587,141	-
Capital Projects Fund				
	-	-	-	7,169,264
Other Governmental Funds:				
Nonexpendable trust principal	532,338	-	-	-
Nonmajor Special Revenue Funds				
Infrastructure	-	444,146	-	-
Public Safety	-	190,572	-	-
Transportation	-	82,952	-	-
Economic Develop	-	274,538	-	-
Parks	-	528,895	-	-
Health	-	47,547	-	-
Other Municipal	-	64,716	-	-
Nonmajor Permanent Funds				
Cemetery	-	107,219	-	-
Missionary	-	89,503	-	-
Education	-	111,592	-	-
Other Municipal	-	197,693	-	-
Subtotal	<u>532,338</u>	<u>2,139,373</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,670,977</u>	<u>\$ 3,513,470</u>	<u>\$ 592,547</u>	<u>\$ 12,924,110</u>

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Encumbrances at year end were \$1,930,757 for General Fund, \$2,586,804 for Capital Projects Fund, \$2,053,760 for Airport Fund, \$2,218,161 for Sewer Utility Fund and \$23,824 for the Stormwater Fund.

K. Net Position

Net position represents the difference between assets and deferred inflows and liabilities and deferred outflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City of through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City's net investment in capital assets was calculated as follows at June 30, 2016:

	Governmental	Business-type
Capital assets	\$ 144,326,788	\$ 483,689,244
Accumulated depreciation	(68,906,267)	(253,245,162)
Bonds payable	(62,068,475)	(78,675,762)
Capital leases	(408,687)	(29,210)
Non capital related bonds payable	32,405,843	8,509,731
Non capital related capital leases	244,465	-
Premium on long term debt	(567,282)	(2,366,065)
Unspent bond proceeds	2,765,868	1,655,017
Net investment in capital assets	\$ 47,792,253	\$ 159,537,793

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, 2016, 2015 and 2014.

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, 2016, the amount of self-insurance liabilities was \$2,571,164. This liability is the City's best estimate based on available information.

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

OTHER INFORMATION, CONTINUED

Changes in the reported liabilities since July 1, 2014 resulted from the following:

	Workers' Compensation	All other self- insured risks	Total
Unpaid claims as of July 1, 2014	\$ 1,899,395	\$ 313,357	\$ 2,212,752
Incurred claims	361,719	-	361,719
Payments	(552,255)	-	(552,255)
Changes in estimates and other adjustments	224,731	(494)	224,237
Unpaid claims as of July 1, 2015	1,933,590	312,863	2,246,453
Incurred claims	239,912	-	239,912
Payments	(533,741)	(46)	(533,787)
Changes in estimates and other adjustments	618,167	419	618,586
 Unpaid claims as of July 1, 2016	 \$ 2,257,928	 \$ 313,236	 \$ 2,571,164

B. Tax Increment Financing Districts

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

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

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

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

Hammond Street Courtyard Municipal Development District - Assisted Hammond Street Courtyard LP with the rehabilitation and reuse of the former Bangor Furniture store and office buildings.

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

Penjajawoc Marsh/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.

Maine Hall Affordable Housing Development District – To partially fund conversion of the former Bangor Seminary property into affordable housing units.

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

OTHER INFORMATION, CONTINUED

C. Contingent Liabilities

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

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

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

D. Retirement

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

Defined Contribution Plan

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

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

OTHER INFORMATION, CONTINUED

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 2016 covered payroll was \$18,971,630 and City contributions were \$1,640,040. For those plan members that have employment contracts, the City contributes at various rates from 10% - 15% of annual earnings. The covered payroll and City contributions for those employees with employment contracts were \$395,662 and \$47,278 respectively, in fiscal year 2016.

Defined Benefit Pension Plan

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

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

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

PLD Plan – Employees are required to contribute 7.5% of their annual pay. The City's contractually required contribution rate for the year June 30, 2016 ranged from 8.9% - 14% depending on the applicable benefit structure. The City's contributions to the pension plan were \$779,134 for the year ended June 30, 2016.

SET Plan – Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2016 was 13.38% of annual payroll of which 3.36% of payroll was required from the City and 10.02% was required from the State. Contributions to the pension plan from the City were \$843,679 for the year ended June 30, 2016.

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

OTHER INFORMATION, CONTINUED

Pension Liabilities, Expense and Deferred Outflows and Inflows of Resources – The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan – At June 30, 2016, the City's reported liability of its proportionate share of the net pension liability was \$6,299,478. At June 30, 2015, the City's proportion of the PLD plan was 1.9745%.

SET Plan – At June 30, 2016, the City's reported liability of its proportionate share of the net pension liability was reduced to reflect the State support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability associated with the City were as follows:

City's proportionate share of the net pension liability	\$1,479,608
<u>State's proportionate share of the net pension liability</u>	<u>\$28,378,344</u>
<u>Total</u>	<u>\$29,857,952</u>

At June 30, 2015, the City's proportion of the SET Plan was .1096%.

For the year ended June 30, 2016, the City recognized pension expense of \$4,832,999 for the PLD Plan and \$3,681,732 and revenue of \$2,561,417 for support provided by the State for the SET Plan. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 814,548
Changes of assumptions	556,705	-
Net Difference between projected and actual earnings on pension plan investments	2,257,333	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	173,720
City contributions subsequent to the measurement date	1,622,813	-
	\$ 4,436,851	\$ 988,268

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

OTHER INFORMATION, CONTINUED

\$1,622,813 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$451,285
2018	405,076
2019	405,076
2020	564,333

Actuarial assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	3.5%	3.5%
Salary Increases, per year	3.5% to 9.5%	3.5% to 13.5%
Investment return, per annum, compounded annually	7.125%	7.125%
Cost of living benefit increases, per annum	2.55%	2.55%

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%
<u>Total</u>	<u>100%</u>	

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

OTHER INFORMATION, CONTINUED

Discount rate - The discount rate used to measure the total pension liability was 7.125% for both the PLD and SET Plans. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the City's proportionate share of the net pension liabilities to changes in the discount rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.125%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.125% for PLD and SET Plans) or 1 percentage-point higher (8.125% for PLD and SET Plans) than the current rate:

	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
PLD Plan	\$ 12,550,427	\$ 6,299,478	\$373,193
	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
SET Plan	\$ 2,590,444	\$ 1,479,608	\$ 554,410

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

Payables to the pension plan - None as of June 30, 2016.

Deferred Compensation Plan

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

Social Security

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

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

OTHER INFORMATION, CONTINUED

E. Other Postemployment Benefits

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

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

Annual required contribution (ARC)	\$	604,811
Amortization adjustment to ARC		(202,630)
Interest on net OPEB obligation		140,155
Annual OPEB cost	<u>\$</u>	<u>542,336</u>

Funding Status and Funding Progress – The City's annual OPEB cost, the net OPEB obligation and the percentage of annual OPEB cost contributed to the plan for the years ending June 30, 2014, 2015 and 2016 are as follows:

	June 30, 2014	June 30, 2015	June 30, 2016
Annual OPEB cost	\$ 550,729	\$ 547,590	\$ 542,336
City contributions	(235,369)	(253,004)	(253,004)
Increase in net OPEB obligation	315,360	294,586	289,332
Net OPEB obligation, beginning of year	2,893,929	3,209,289	3,503,875
Net OPEB obligation, end of year	<u>\$ 3,209,289</u>	<u>\$ 3,503,875</u>	<u>\$ 3,793,207</u>
Percentage contributed	42.74%	46.20%	46.65%

The unfunded actuarial accrued liability as a percentage of covered payroll for June 30, 2016 is as follows:

	Governmental Activities	Business-type Activities	Total June 30, 2016
Actuarial accrued liability (AAL)	\$ 5,299,817	\$ 1,536,274	\$ 6,836,091
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 5,299,817</u>	<u>\$ 1,536,274</u>	<u>\$ 6,836,091</u>
Covered payroll	<u>\$ 17,142,698</u>	<u>\$ 4,969,206</u>	<u>\$ 22,111,904</u>
UAAL as a percentage of covered payroll			30.92%

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

OTHER INFORMATION, CONTINUED

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

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

Actuarial valuation date	06/30/15
Actuarial cost method	Projected unit credit cost method
Amortization method	Level dollar
Amortization period	30 years - open
Actuarial assumptions:	
Inflation rate	3.0%
Investment rate of return	4.0%
Payroll growth	3.0%
Healthcare cost trend rate	9.0% - 5.0%
Post retirement benefit increases	0.0% - retirees pay 100% of premium

F. Subsequent Events

On August 8, 2016 the City Council authorized the issuance of up to \$8,003,000 in general obligation bonds for the purpose of funding street and sidewalk work, bus replacement, the City's annual fleet/equipment replacement, WWTP infrastructure and school improvements.

On December 9, 2016, the City issued \$4,280,000 in general obligation bonds through the Maine Municipal Bond Bank State Revolving Fund, which were previously authorized, to finance sewer infrastructure improvements.

CITY OF BANGOR, MAINE
Required Supplementary Information
Schedule of Funding Progress - Retiree Healthcare Plan
For the Fiscal Year Ended June 30, 2016

	Fiscal Year							
	2009	2010	2011	2012	2013*	2014	2015	2016
Actuarial Valuation Date	7/1/2008	7/1/2008	1/1/2011	1/1/2011	6/30/2013	6/30/2013	6/30/2015	6/30/2015
Governmental activities:								
Actuarial value of assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	8,488,427	8,488,427	3,407,638	3,430,307	5,284,045	5,213,644	5,310,515	5,299,817
Unfunded actuarial accrued liability (UAAL)	\$ 8,488,427	\$ 8,488,427	\$ 3,407,638	\$ 3,430,307	\$ 5,284,045	\$ 5,213,644	\$ 5,310,515	\$ 5,299,817
Funded ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 16,257,319	\$ 17,224,485	\$ 17,369,969	\$ 17,175,024	\$ 16,901,784	\$ 16,098,456	\$ 16,550,206	\$ 17,142,698
Business-type activities:								
Actuarial value of assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	2,710,336	2,710,336	1,095,160	1,072,491	1,587,047	1,657,448	1,525,576	1,536,274
Unfunded actuarial accrued liability (UAAL)	\$ 2,710,336	\$ 2,710,336	\$ 1,095,160	\$ 1,072,491	\$ 1,587,047	\$ 1,657,448	\$ 1,525,576	\$ 1,536,274
Funded ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 5,190,927	\$ 5,439,647	\$ 5,582,428	\$ 5,369,798	\$ 5,053,806	\$ 5,117,794	\$ 4,754,453	\$ 4,969,206
Primary government:								
Actuarial value of assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	11,198,763	11,198,763	4,502,798	4,502,798	6,871,092	6,871,092	6,836,091	6,836,091
Unfunded actuarial accrued liability (UAAL)	\$ 11,198,763	\$ 11,198,763	\$ 4,502,798	\$ 4,502,798	\$ 6,871,092	\$ 6,871,092	\$ 6,836,091	\$ 6,836,091
Funded ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 21,448,246	\$ 22,664,132	\$ 22,952,397	\$ 22,544,822	\$ 21,955,590	\$ 21,216,250	\$ 21,304,659	\$ 22,111,904
UAAL as a percentage of covered payroll	52.21%	49.41%	19.62%	19.97%	31.30%	32.39%	32.09%	30.92%

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

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

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

	<u>2015</u>	<u>2016</u>
PLD Plan		
Proportion of the net pension liability	2.2584%	1.9745%
Proportionate share of the net pension liability	3,475,288	6,299,478
Covered-employee payroll	9,799,964	8,662,976
Proportion share of the net pension liability as a percentage of its covered-employee payroll	35.46%	72.72%
Plan fiduciary net position as a percentage of the total pension liability	94.10%	88.27%
SET Plan		
Proportion of the net pension liability	0.0936%	0.1096%
City's proportionate share of the net pension liability	\$1,011,232	\$1,479,608
State's proportionate share of the net pension liability	22,516,392	28,378,344
Total	<u>23,527,624</u>	<u>29,857,952</u>
Covered-employee payroll	25,212,217	25,111,931
Proportion share of the net pension liability as a percentage of its covered-employee payroll	4.01%	5.89%
Plan fiduciary net position as a percentage of the total pension liability	83.91%	81.18%

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PLD Plan										
Contractually required contributions	486,678	492,537	468,553	474,008	584,306	724,134	769,519	782,913	807,117	779,134
Contributions in relation to the contractually required contribution	486,678	492,537	468,553	474,008	584,306	724,134	769,519	782,913	807,117	779,134
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered-employee payroll	15,026,926	15,210,573	14,618,061	14,731,041	14,777,273	13,201,233	11,867,248	10,645,005	9,799,964	8,662,976
Contributions as a percentage of covered-employee payroll	3.24%	3.24%	3.21%	3.22%	3.95%	5.49%	6.48%	7.35%	8.24%	8.99%
SET Plan*										
Contractually required contributions	-	-	-	-	-	-	-	647,014	668,126	843,679
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	647,014	668,126	843,679
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered-employee payroll	-	-	-	-	-	-	-	24,415,639	25,212,217	25,111,931
Contributions as a percentage of covered-employee payroll	-	-	-	-	-	-	-	2.65%	2.65%	3.36%

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

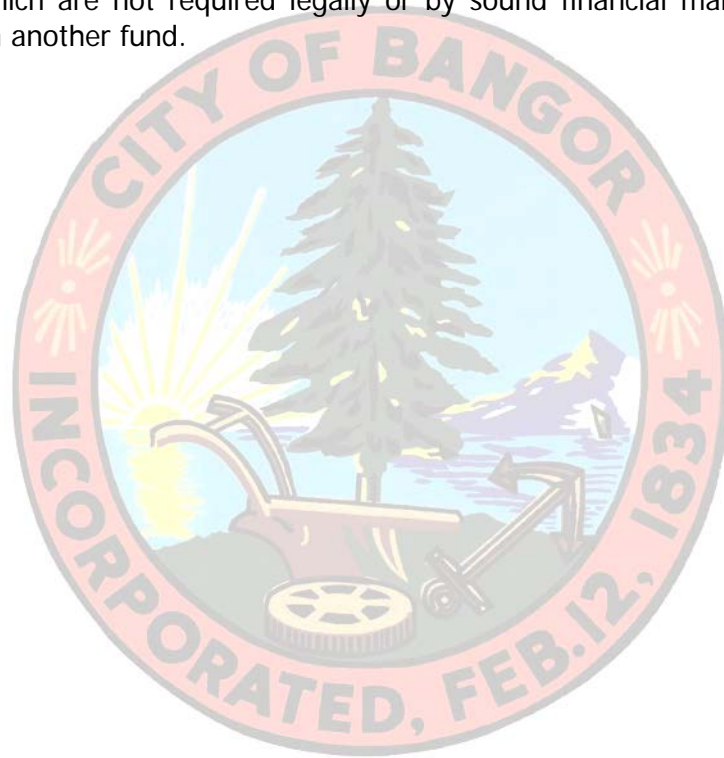
Notes to Required Supplementary Information

Change of benefit terms None

Changes of assumptions The PLD changed the discount rate from 7.25% in the 2014 valuation to 7.125% in the 2015 valuation.
The PLD changed the cost of living assumption to 2.55% in the 2015 valuation.

GENERAL FUND

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



CITY OF BANGOR, MAINE
Balance Sheet
General Fund
June 30, 2016

ASSETS	
Cash and cash equivalents	\$ 12,014,827
Investments	50,000
Receivables:	
Taxes	2,670,489
Accounts (net of allowance of \$465,108)	1,016,994
Interfund	8,251,179
Intergovernmental	3,706,733
Loans	611,511
Inventory, at cost	568,474
Prepaid items	669,665
Total assets	29,559,872
LIABILITIES	
Accounts payable	1,257,728
Accrued wages and benefits payable	4,271,124
Total liabilities	5,528,852
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues - property taxes	2,442,797
Total deferred inflows of resources	2,442,797
FUND BALANCES	
Nonspendable	3,138,639
Restricted	1,374,097
Committed	5,406
Assigned	5,754,846
Unassigned	11,315,235
Total fund balance	21,588,223
Total liabilities, deferred inflows of resources and fund balances	\$ 29,559,872

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Changes in Unassigned
Fund Balance - Budget and Actual - Budgetary Basis
General Fund
For the Fiscal Year Ended June 30, 2016

	Balances			Variance	
	Carried 7/1/2015	Budget	Actual	Surplus	Carried
Revenues					
Taxes					
Real and personal property	\$ (108,736)	\$ 56,821,074	\$ 56,678,680	\$ (33,658)	\$ -
Change in unavailable property tax	-	-	116,322	116,322	-
Tax increment financing district	-	(2,620,368)	(2,620,368)	-	-
Payment in lieu of taxes	-	169,088	193,599	24,511	-
Excise	-	4,871,000	6,272,270	1,401,270	-
Interest on delinquent taxes	-	200,000	254,207	54,207	-
Total taxes	(108,736)	59,440,794	60,894,710	1,562,652	-
Intergovernmental					
State revenue sharing	-	2,090,000	2,297,163	207,163	-
School subsidy	-	17,719,329	18,152,412	-	433,083
Other -					
municipal	-	3,422,128	3,580,796	158,668	-
school	-	3,381,385	3,559,434	-	178,049
Total intergovernmental	-	26,612,842	27,589,805	365,831	611,132
Other revenue					
Licenses and permits	-	707,466	755,273	47,807	-
Charges for service -					
municipal	-	8,367,109	9,207,028	839,919	-
school	-	4,630,636	4,465,299	-	(165,337)
Fines, forfeits and penalties	-	33,000	34,910	1,910	-
Revenue from use of money and property					
municipal	-	660,350	646,381	(13,969)	-
school	-	5,000	41,292	-	36,292
Total other	-	14,403,561	15,150,183	875,667	(129,045)
Total revenues	(108,736)	100,457,197	103,634,698	2,804,150	482,087

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Changes in Unassigned
Fund Balance - Budget and Actual - Budgetary Basis
General Fund
For the Fiscal Year Ended June 30, 2016

	Balances			Variance	
	Carried 7/1/2015	Budget	Actual	Surplus	Carried
Expenditures					
General government					
Council	-	30,593	30,076	517	-
Executive	-	816,067	971,949	(155,882)	-
Human resources	-	135,404	117,839	17,565	-
City clerk	-	385,694	349,412	36,282	-
Assessing	-	336,998	348,692	(11,694)	-
Legal	-	285,327	287,603	(2,276)	-
Finance	-	1,694,071	1,675,457	18,614	-
Insurance	-	180,200	181,415	(1,215)	-
Planning, econ dev, code enforcement	-	1,286,585	1,225,560	61,025	-
Total general government	-	5,150,939	5,188,003	(37,064)	-
Public safety					
Police	-	8,803,654	8,652,556	151,098	-
Fire	-	8,998,463	8,676,074	318,964	3,425
Total public safety	-	17,802,117	17,328,630	470,062	3,425
Health, community services and recreation					
Health and community services	-	3,056,921	3,127,248	(70,327)	-
Parks and recreation	-	1,920,567	1,990,057	(69,490)	-
Total health, commun. serv and rec.	-	4,977,488	5,117,305	(139,817)	-
Public buildings and services					
Public buildings and services	-	10,452,617	10,313,334	139,283	-

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Changes in Unassigned
Fund Balance - Budget and Actual - Budgetary Basis
General Fund
For the Fiscal Year Ended June 30, 2016

	Balances			Variance	
	Carried 7/1/2015	Budget	Actual	Surplus	Carried
Expenditures, continued					
Other agencies					
County tax	-	3,132,856	3,132,856	-	-
Downtown Development District	-	58,650	58,650	-	-
Public library	-	1,411,821	1,411,821	-	-
Other agencies	2,197	118,600	119,911	(1,095)	1,981
Total other agencies	2,197	4,721,927	4,723,238	(1,095)	1,981
Education					
Regular instruction	-	19,349,598	19,079,747	-	269,851
Special education	-	6,732,601	6,714,992	-	17,609
Instructional support	-	497,500	493,412	-	4,088
System administration	-	1,323,170	1,260,528	-	62,642
CTE instruction	-	3,855,064	3,797,533	-	57,531
School administration	-	1,086,632	1,047,971	-	38,661
Facilities maintenance	-	2,413,733	2,316,434	-	97,299
Transportation	-	1,835,000	1,831,865	-	3,135
Other instruction	-	5,114,370	5,093,172	-	21,198
Debt service	-	1,553,538	1,538,745	-	14,793
Contingency & other	-	126,139	103,542	-	22,597
Regular	2,392,222	43,887,345	43,277,941	-	3,001,626
Adult education	97,148	649,151	630,840	-	115,459
School lunch	3,753	1,450,247	1,453,246	-	754
Special revenue	66,534	3,135,385	2,995,085	-	206,834
Trust and agency	253,425	2,433,736	2,286,581	-	400,580
Total education	2,813,082	51,555,864	50,643,693	-	3,725,253
Other appropriations					
Pensions and other fringe benefits	-	2,264,439	2,222,217	42,222	-
Debt service	-	3,277,694	3,277,647	47	-
Tax increment financing payments	-	990,920	995,904	(4,984)	-
Total other appropriations	-	6,533,053	6,495,768	37,285	-
Total expenditures	2,815,279	101,194,005	99,809,971	468,654	3,730,659
Excess (deficiency) of revenues over/under expenditures	(2,924,015)	(736,808)	3,824,727	3,272,804	4,212,746

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Changes in Unassigned
Fund Balance - Budget and Actual - Budgetary Basis
General Fund
For the Fiscal Year Ended June 30, 2016

	Balances			Variance	
	Carried 7/1/2015	Budget	Actual	Surplus	Carried
Other financing sources (uses)					
Appropriation from restricted, committed and assigned fund balances	-	1,385,802	73,801	-	(1,312,001)
Appropriation from unassigned fund balance	-	14,851	-	(14,851)	-
Appropriation to assigned fund balances	-	-	(1,731,039)	(1,375,000)	(356,039)
Sale of assets	-	9,000	16,841	7,841	-
Contributions	-	-	400	400	-
Insurance Settlements	-	40,155	41,982	1,827	-
Transfers to other funds	-	(740,000)	(740,000)	-	-
Transfers from other funds	-	27,000	20,000	(7,000)	-
Total other financing sources (uses)	-	736,808	(2,318,015)	(1,386,783)	(1,668,040)
Net change in unassigned fund balance	\$ (2,924,015)	\$ -	\$ 1,506,712	\$ 1,886,021	\$ 2,544,706
Unassigned fund balance, beginning of year				9,995,105	
Changes in amounts required to be shown as nonspendable fund balance					
Inventory and prepaids				(565,891)	
Unassigned fund balance, end of year				\$ 11,315,235	

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, 2016

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 991,768	\$ -	\$ 991,768
Investments	-	124,572	124,572
Receivables:			
Accounts	111,517	-	111,517
Loans and notes	775,347	913,773	1,689,120
Intergovernmental	191,827	-	191,827
Total assets	2,070,459	1,038,345	3,108,804
LIABILITIES			
Accounts payable	49,263	-	49,263
Interfund loans payable	227,830	-	227,830
Total liabilities	277,093	-	277,093
DEFERRED INFLOWS OF RESOURCES			
Unavailable resources - loans	160,000	-	160,000
Total deferred inflows of resources	160,000	-	160,000
FUND BALANCES			
Nonspendable	-	532,338	532,338
Restricted	1,633,366	506,007	2,139,373
Total fund balances	1,633,366	1,038,345	2,671,711
Total liabilities, deferred inflows of resources and fund balances	\$ 2,070,459	\$ 1,038,345	\$ 3,108,804

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues			
Intergovernmental	\$ 7,355,178	\$ -	7,355,178
Charges for services	822,164	-	822,164
Revenue from use of money and property	44,688	-	44,688
Other revenue	76,537	2,875	79,412
Interest revenue	-	31,694	31,694
Total revenues	8,298,567	34,569	8,333,136
Expenditures			
Current:			
Personnel	1,201,073	-	1,201,073
Payments to beneficiaries	239,951	4,605	244,556
Other	4,118,761	-	4,118,761
Bus operations	2,968,840	-	2,968,840
Total expenditures	8,528,625	4,605	8,533,230
Excess (deficiency) of revenues over (under) expenditures	(230,058)	29,964	(200,094)
Other financing uses			
Transfers to other funds	(200,464)	(20,000)	(220,464)
Transfers from other funds	3,155	-	3,155
Total other financing uses	(197,309)	(20,000)	(217,309)
Net change in fund balances	(427,367)	9,964	(417,403)
Fund balances, beginning of year	2,060,733	1,028,381	3,089,114
Fund balances, end of year	\$ 1,633,366	\$ 1,038,345	\$ 2,671,711

CITY OF BANGOR, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals
ASSETS					
Cash and cash equivalents	\$ 274,538	\$ 335	150,301	\$ 566,594	\$ 991,768
Receivables:					
Accounts	-	111,517	-	-	111,517
Loans and notes	160,000	-	615,347	-	775,347
Intergovernmental	-	191,827	-	-	191,827
Total assets	434,538	303,679	765,648	566,594	2,070,459
LIABILITIES					
Accounts payable	-	31,556	-	17,707	49,263
Interfund loans payable	-	227,830	-	-	227,830
Total liabilities	-	259,386	-	17,707	277,093
DEFERRED INFLOWS OF RESOURCES					
Unavailable resources - loans	160,000	-	-	-	160,000
Total deferred inflows of resources	160,000	-	-	-	160,000
FUND BALANCES					
Restricted	274,538	44,293	765,648	548,887	1,633,366
Total fund balances	274,538	44,293	765,648	548,887	1,633,366
Total liabilities, deferred inflows of resources and fund balances	\$ 434,538	\$ 303,679	\$ 765,648	\$ 566,594	\$ 2,070,459

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, 2016

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals
Revenues					
Intergovernmental	\$ -	\$ 7,355,178	\$ -	\$ -	7,355,178
Charges for services	-	822,164	-	-	822,164
Revenue from use of money and property	-	-	24,979	19,709	44,688
Contributions	-	250	940	75,347	76,537
Total revenues	-	8,177,592	25,919	95,056	8,298,567
Expenditures					
Current:					
Personnel	-	1,201,073	-	-	1,201,073
Payments to beneficiaries	-	-	1,609	238,342	239,951
Other	98,445	4,020,316	-	-	4,118,761
Bus operations	-	2,968,840	-	-	2,968,840
Total expenditures	98,445	8,190,229	1,609	238,342	8,528,625
Excess (deficiency) of revenues over (under) expenditures	(98,445)	(12,637)	24,310	(143,286)	(230,058)
Other financing uses					
Transfers to other funds	-	(50,000)	-	(150,464)	(200,464)
Transfers from other funds	-	-	-	3,155	3,155
Total other financing uses	-	(50,000)	-	(147,309)	(197,309)
Net change in fund balances	(98,445)	(62,637)	24,310	(290,595)	(427,367)
Fund balances, beginning of year	372,983	106,930	741,338	839,482	2,060,733
Fund balances, end of year	\$ 274,538	\$ 44,293	\$ 765,648	\$ 548,887	\$ 1,633,366

CITY OF BANGOR, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2016

	Other Funds	Revolving Loan Funds	Totals
ASSETS			
Investments	\$ -	\$ 124,572	\$ 124,572
Loans receivable	913,773	-	913,773
Total assets	913,773	124,572	1,038,345
LIABILITIES AND FUND BALANCES			
Liabilities	-	-	-
Total liabilities	-	-	-
Fund balances			
Nonspendable	407,766	124,572	532,338
Restricted	506,007	-	506,007
Total fund balances	913,773	124,572	1,038,345
Total liabilities and and fund balances	\$ 913,773	\$ 124,572	\$ 1,038,345

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the Fiscal Year Ended June 30, 2016

	Other Funds	Revolving Loan Funds	Totals
Revenues			
Investment income	\$ 30,500	\$ 1,194	\$ 31,694
Lot sales	2,875	-	2,875
Total revenues	33,375	1,194	34,569
Expenditures			
Current:			
Payments to beneficiaries	128	4,477	4,605
Total expenditures	128	4,477	4,605
Excess (deficiency) of revenues over (under) expenditures	33,247	(3,283)	29,964
Other financing uses			
Transfer to other funds	(20,000)	-	(20,000)
Total other financing uses	(20,000)	-	(20,000)
Net change in fund balances	13,247	(3,283)	9,964
Fund balances, beginning of year	900,526	127,855	1,028,381
Fund balances, end of year	\$ 913,773	\$ 124,572	\$ 1,038,345

ENTERPRISE FUNDS

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

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

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

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

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

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

CITY OF BANGOR, MAINE
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2016

Business-type Activities - Enterprise Funds					
	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 615,840	\$ 148,445	\$ 572,844	\$ 387,666	\$ 1,724,795
Accounts receivable	417,075	74,532	300	-	491,907
Net accounts receivable	417,075	74,532	300	-	491,907
Prepaid items	2,615	69,908	61,228	7,396	141,147
Total current assets	1,035,530	292,885	634,372	395,062	2,357,849
Noncurrent assets					
Capital Assets:					
Land and improvements	-	3,614,763	-	1,594,732	5,209,495
Buildings and improvements	-	3,522,628	-	912,607	4,435,235
Machinery and equipment	247,398	-	-	305,859	553,257
Infrastructure	-	683,189	-	-	683,189
Parking structures	-	-	11,331,311	-	11,331,311
Total capital assets	247,398	7,820,580	11,331,311	2,813,198	22,212,487
Less accumulated depreciation	(8,246)	(1,901,286)	(9,153,621)	(1,975,485)	(13,038,638)
Net capital assets	239,152	5,919,294	2,177,690	837,713	9,173,849
Loans receivable	-	1,428,814	-	-	1,428,814
Total noncurrent assets	239,152	7,348,108	2,177,690	837,713	10,602,663
Total assets	1,274,682	7,640,993	2,812,062	1,232,775	12,960,512
DEFERRED OUTFLOWS OF RESOURCES					
Net pension	-	-	14,577	-	14,577
Total deferred outflows of resources	-	-	14,577	-	14,577

Continued on next page

CITY OF BANGOR, MAINE
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2016

Business-type Activities - Enterprise Funds					
	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
LIABILITIES					
Current liabilities					
Accounts payable	11,923	9,164	1,236	13,776	36,099
Accrued wages and benefits payable	3,216	-	2,936	8,787	14,939
Accrued interest	-	51,992	9,345	2,220	63,557
Workers' compensation	-	-	2,111	-	2,111
General obligation debt payable	74,133	255,890	225,508	35,237	590,768
Accrued compensated absences	-	-	8,881	7,999	16,880
Total current liabilities	89,272	317,046	250,017	68,019	724,354
Long-term liabilities					
Workers' compensation	-	-	7,889	-	7,889
General obligation debt payable	915,289	2,218,519	1,055,305	329,251	4,518,364
Accrued compensated absences	-	-	8,624	7,481	16,105
Net OPEB obligation	1,189	-	12,746	25,947	39,882
Net pension liability	-	-	27,991	-	27,991
Total long-term liabilities	916,478	2,218,519	1,112,555	362,679	4,610,231
Total liabilities	1,005,750	2,535,565	1,362,572	430,698	5,334,585
DEFERRED INFLOWS OF RESOURCES					
Net pension	-	-	4,597	-	4,597
Total deferred inflows of resources	-	-	4,597	-	4,597
NET POSITION					
Net investment in capital assets	239,152	3,444,885	1,030,747	544,314	5,259,098
Unrestricted	29,780	1,660,543	428,723	257,763	2,376,809
Total net position	\$ 268,932	\$ 5,105,428	\$ 1,459,470	\$ 802,077	\$ 7,635,907

Continued from previous page

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds				
	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Operating revenues					
Charges for services	\$ 1,000,864	\$ 674,066	\$ 1,030,872	\$ 732,016	\$ 3,437,818
Operating expenses					
Operating expenses other than depreciation and amortization	392,678	217,048	615,339	528,544	1,753,609
Depreciation and amortization	8,246	169,950	270,412	68,930	517,538
Total operating expenses	400,924	386,998	885,751	597,474	2,271,147
Operating income	599,940	287,068	145,121	134,542	1,166,671
Nonoperating revenue (expenses)					
Interest income	24,940	60,464	223	171	85,798
Interest expense	-	(121,236)	(45,925)	(16,456)	(183,617)
Gain on sale of assets	-	422,984	-	-	422,984
Total nonoperating revenue (expenses)	24,940	362,212	(45,702)	(16,285)	325,165
Net income before transfers	624,880	649,280	99,419	118,257	1,491,836
Transfers to other funds	(270,000)	-	-	(26,570)	(296,570)
Transfers from other funds	77,398	-	10,500	-	87,898
Change in net position	432,278	649,280	109,919	91,687	1,283,164
Net position, beginning of year	(163,346)	4,456,148	1,349,551	710,390	6,352,743
Net position, end of year	\$ 268,932	\$ 5,105,428	\$ 1,459,470	\$ 802,077	\$ 7,635,907

CITY OF BANGOR, MAINE
Combining Statement of Cash Flows - Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2016
Business-type Activities - Enterprise Funds

	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Cash flows from operating activities					
Cash received from customers	\$ 960,515	\$ 548,691	\$ 1,032,111	\$ 732,016	\$ 3,273,333
Cash paid to suppliers for goods and services	(258,923)	(250,934)	(324,585)	(243,269)	(1,077,711)
Cash paid to employees for services	(131,286)	-	(330,747)	(337,464)	(799,497)
Net cash provided by operating activities	570,306	297,757	376,779	151,283	1,396,125
Cash flows from noncapital financing activities					
Interfund loans (repayments)	-	(857,900)	-	-	(857,900)
Transfers in	77,398	-	10,500	-	87,898
Transfers out	(270,000)	-	-	(26,570)	(296,570)
Net cash provided by (used in) noncapital financing activities	(192,602)	(857,900)	10,500	(26,570)	(1,066,572)
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(247,398)	-	(10,952)	-	(258,350)
Principal paid on general obligation bonds	(74,134)	(247,648)	(218,878)	(34,755)	(575,415)
Interest paid on general obligation bonds	-	(123,411)	(47,083)	(16,060)	(186,554)
Proceeds from sale of property	-	985,996	-	-	985,996
Net cash provided by (used in) capital and related financing activities	(321,532)	614,937	(276,913)	(50,815)	(34,323)
Cash flows from investing activities					
Interest on investments	24,940	91,283	223	171	116,617
Net cash provided by investing activities	24,940	91,283	223	171	116,617
Net increase in cash	81,112	146,077	110,589	74,069	411,847
Cash, beginning of year	534,728	2,368	462,255	313,597	1,312,948
Cash, end of year	\$ 615,840	\$ 148,445	\$ 572,844	\$ 387,666	\$ 1,724,795

Continued on next page

CITY OF BANGOR, MAINE
Combining Statement of Cash Flows - Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2016
Business-type Activities - Enterprise Funds

	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income	\$ 599,940	\$ 287,068	\$ 145,121	\$ 134,542	\$ 1,166,671
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	8,246	169,950	270,412	68,930	517,538
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(40,349)	(55,467)	1,239	-	(94,577)
(Increase) decrease in prepaid items	(2,615)	(63,669)	(3,506)	(7,396)	(77,186)
Increase (decrease) in accounts payable	4,360	(40,125)	(42,541)	(10,568)	(88,874)
Increase (decrease) in other liabilities	724	-	6,054	(34,225)	(27,447)
Total adjustments	(29,634)	10,689	231,658	16,741	229,454
Net cash provided by operating activities	\$ 570,306	\$ 297,757	\$ 376,779	\$ 151,283	\$ 1,396,125

Continued from previous page

FIDUCIARY FUNDS

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

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



CITY OF BANGOR, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS				
Cash:				
School Activity Funds	\$ 139,525	\$ 191,784	\$ 201,853	\$ 129,456
Total assets	139,525	191,784	201,853	129,456
LIABILITIES				
Funds held for others:				
School Activity Funds	139,525	191,784	201,853	129,456
Total liabilities	\$ 139,525	\$ 191,784	\$ 201,853	\$ 129,456

**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, 2016

Function and Activity	Balance 2015	Additions	Deletions	Balance 2016
General government				
BAT community connector	\$ 1,774,501	\$ 147,422	\$ 431,961	\$ 1,489,962
Central service	19,754	-	2,421	17,333
City hall	547,558	159,645	66,277	640,926
Community and economic development	9,462,354	-	441,488	9,020,866
Engineering	11,199	-	6,921	4,278
Information services	153,200	-	32,317	120,883
Motor pool	3,486,540	1,172,245	1,245,623	3,413,162
Other - unclassified	50,462	-	41,682	8,780
Total general government	15,505,568	1,479,312	2,268,690	14,716,190
Public safety				
Fire	5,077,352	-	459,647	4,617,705
Police	9,516,410	147,592	1,189,644	8,474,358
Total public safety	14,593,762	147,592	1,649,291	13,092,063
Health, community services and recreation				
Parks and recreation	3,241,041	152,931	172,128	3,221,844
Total health, community services and recreation	3,241,041	152,931	172,128	3,221,844
Public building and services				
Public works	14,627,949	3,585,518	3,557,103	14,656,364
Total public buildings and services	14,627,949	3,585,518	3,557,103	14,656,364
Education				
Education	30,355,078	579,234	1,200,252	29,734,060
Total governmental fund capital assets	\$ 78,323,398	\$ 5,944,587	\$ 8,847,464	\$ 75,420,521

OTHER INFORMATION



CITY OF BANGOR, MAINE
Assessed Valuation, Commitment and Collections
For the Fiscal Year Ended June 30, 2016

VALUATION

Land and buildings	\$ 2,370,220,600
Land and buildings - Homestead exemption	50,758,900
Personal property	229,981,900
Personal property - BETE exemption	<u>101,258,300</u>
Total valuation	<u><u>\$ 2,752,219,700</u></u>

COMMITMENT

Real estate, personal property (excludes Homestead and BETE exemptions)	\$ 2,600,202,500
Tax rate	<u>0.02195</u>
Total commitment	57,074,445

ADD

Supplemental taxes committed	<u>15,646</u>
	57,090,091

LESS

Collections 2016	55,557,652
Abatements	<u>445,799</u>
2016 taxes receivable at June 30, 2016	<u><u>\$ 1,086,640</u></u>

CITY OF BANGOR, MAINE
General Fund Unassigned Fund Balance Sufficiency Calculation
For the Fiscal Year Ended June 30, 2016

The City Charter states that the City Council shall target an a General Fund unassigned fund balance of no more than 16.66% of operating expenditures. The target balance is established at 8.33% of the last year's General Fund operating expenditures. The following table sets forth the calculation as of June 30, 2016.

General Fund expenditures/uses (Schedule A-2)

General government	\$ 5,188,003
Public safety	17,328,630
Health, community services and recreation	5,117,305
Public buildings and services	10,313,334
Other agencies	4,723,238
Education	50,643,693
Other appropriations	6,495,768
Other uses, gross*	740,000
Gross expenditures and uses	100,549,971
General Fund debt service	<u>7,593,169</u>
Net expenditures and uses	<u><u>\$ 92,956,802</u></u>
Indicated unassigned fund balance @ 8.33%	\$ 7,743,302
Actual unassigned fund balance (Schedule A-2)	\$ 11,315,235
Actual unassigned fund balance as a percentage of net expenditures and uses	12.17%

* excludes amounts appropriated from unassigned and assigned fund balance

STATISTICAL SECTION

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

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

Table 1

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

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

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

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

Table 2

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 7,052,860	\$ 8,744,549	\$ 7,868,247	\$ 8,279,943	\$ 9,223,718	\$ 4,490,599	\$ 4,733,021	\$ 7,110,075	\$ 6,871,396	\$ 6,588,238
Public safety	13,756,962	14,945,855	15,671,645	16,898,374	17,018,427	18,016,430	17,864,294	18,050,107	17,933,525	18,107,357
Health, community services and recreation	7,348,875	8,413,205	9,168,870	9,331,784	9,523,225	8,455,977	9,298,196	9,586,571	9,692,379	10,112,526
Public services*	11,544,128	10,501,253	11,812,548	16,380,337	12,413,601	15,399,933	14,408,500	14,249,015	12,956,599	15,409,518
Other agencies	3,787,970	4,829,547	4,580,661	4,658,904	4,479,888	4,209,428	4,630,915	6,799,934	4,638,805	4,528,591
Education	46,106,647	47,537,197	54,294,824	52,763,860	50,986,350	51,223,806	50,145,937	50,594,050	52,297,774	51,901,230
Unclassified	1,136	-	-	-	-	-	-	-	-	-
Arena development	417,030	41,091	51,332	39,075	61,334	536,251	2,201,200	500,566	-	136
Community development	1,865,026	2,156,241	912,992	1,506,038	1,542,975	1,152,289	1,356,184	2,178,972	1,316,591	1,592,047
Waterfront	399,015	1,754,281	9,252,263	79,911	1,439,065	606,249	381,437	272,857	360,004	331,622
Public transportation	1,841,516	2,118,374	3,042,434	2,792,904	1,701,112	3,276,780	3,250,752	2,782,968	2,784,081	3,166,692
Economic development (tif)	1,101,078	1,066,192	1,114,112	1,630,081	1,383,662	1,502,503	1,334,470	1,440,452	1,568,811	929,322
Interest on debt	1,952,612	3,206,764	2,651,599	2,555,839	2,151,172	2,710,135	3,343,590	2,464,804	2,604,030	2,362,899
Total governmental activities expenses	97,174,855	105,314,549	120,421,527	116,917,050	111,924,529	111,580,380	112,948,496	116,030,371	113,023,995	115,030,178
Business-type activities:										
Sewer Utility	6,052,420	6,052,419	6,197,277	6,253,436	6,202,202	6,758,495	6,827,790	6,843,975	6,603,195	7,210,861
Airport	18,645,140	19,641,953	19,934,243	20,532,553	20,458,552	20,752,350	20,722,960	20,855,066	20,893,894	20,266,935
Park Woods	678,867	678,867	590,250	529,610	496,478	533,671	473,289	497,833	507,210	-
Stormwater Utility	-	-	-	-	-	-	-	149,590	241,082	400,924
Parking	1,438,125	1,438,125	1,374,909	1,402,922	1,206,989	995,631	972,327	925,595	978,658	931,676
Bass Park	1,993,205	1,993,205	1,851,914	1,923,073	2,075,644	1,919,301	3,314,865	6,317,039	7,855,957	7,735,775
Municipal Golf Course	695,969	695,969	745,339	733,380	664,311	671,113	687,317	643,323	849,164	613,930
Economic Development	695,851	695,851	712,195	634,764	618,980	615,816	586,140	628,252	698,294	508,234
Total business-type activities expenses	30,199,577	31,196,389	31,406,127	32,009,738	31,723,156	32,246,377	33,584,688	36,860,673	38,627,454	37,668,335
Total primary government expenses	\$ 127,374,432	\$ 136,510,938	\$ 151,827,654	\$ 148,926,788	\$ 143,647,685	\$ 143,826,757	\$ 146,533,184	\$ 152,891,044	\$ 151,651,449	\$ 152,698,513

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

Continued on next page

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 2,334,040	\$ 2,282,374	\$ 1,869,711	\$ 2,386,637	\$ 2,070,189	\$ 2,501,326	\$ 2,214,675	\$ 2,764,659	\$ 2,493,428	\$ 2,196,463
Public safety	2,182,680	2,439,831	3,010,167	2,401,930	3,289,153	2,681,152	3,418,686	2,682,248	3,193,528	3,383,956
Health, community services and recreation	681,583	771,254	768,450	836,689	928,307	1,048,707	1,139,382	1,164,090	1,118,582	1,193,185
Public services	3,871,412	4,127,341	3,807,886	3,954,116	3,922,847	4,002,973	3,520,517	3,758,666	3,904,548	3,618,373
Other agencies	-	22,243	22,068	-	20,248	103,560	-	46,882	-	-
Education	4,408,431	4,539,787	4,386,457	4,533,041	5,165,261	3,806,614	3,835,409	3,446,006	4,699,101	4,506,591
Unclassified	61,128	-	-	-	-	-	-	-	-	-
Arena development	1,630,360	1,689,657	2,205,771	2,380,158	2,331,584	2,434,915	2,079,869	1,960,876	1,952,929	1,896,633
Community development	658,141	297,394	301,019	332,295	323,494	588,587	474,013	994,546	273,269	313,396
Public transportation	659,960	809,531	944,804	923,433	1,025,080	1,023,717	1,045,793	816,819	857,013	1,048,974
Tax increment financing	-	-	1,711	-	-	-	-	-	-	-
Operating grants and contributions	30,534,706	41,370,518	34,155,649	35,683,710	35,604,940	33,137,275	31,901,386	34,600,320	33,541,085	34,838,496
Capital grants and contributions	2,604,652	2,119,150	2,068,478	6,578,917	4,935,614	3,725,432	2,345,794	1,720,879	1,540,614	3,064,312
Total governmental activities program revenues	49,627,093	60,469,080	53,542,171	60,010,926	59,616,717	55,054,258	51,975,524	53,955,991	53,574,097	56,060,379
Business-type activities:										
Charges for services										
Sewer Utility	6,663,408	6,745,112	7,537,879	7,288,499	7,340,935	7,320,469	7,708,101	8,426,054	8,189,623	7,975,639
Airport	13,555,003	14,475,879	13,953,287	13,767,394	13,080,217	12,540,347	12,069,935	12,220,328	12,036,215	13,576,325
Park Woods	340,494	340,494	369,478	371,832	372,715	397,426	417,407	440,295	459,905	-
Stormwater Utility	-	-	-	-	-	-	-	359,029	1,088,119	1,000,864
Parking	1,001,697	1,001,697	997,111	1,050,579	1,057,710	1,012,109	960,947	1,002,164	1,022,305	1,030,872
Bass Park	1,426,599	1,426,599	1,253,236	1,382,947	1,276,869	1,304,384	1,249,595	2,683,094	3,239,457	3,346,951
Municipal Golf Course	655,834	655,834	608,930	658,053	643,501	628,869	592,825	575,020	611,132	732,016
Economic Development	422,716	422,716	569,549	507,867	585,785	409,486	462,033	515,339	589,383	674,066
Operating grants and contributions	-	-	-	-	-	-	-	-	193,061	-
Capital grants and contributions	4,377,242	3,426,732	4,113,557	8,684,860	3,717,755	2,351,779	6,121,523	4,039,968	6,947,799	8,776,331
Total business-type activities program revenues	28,442,993	28,495,063	29,403,027	33,712,031	28,075,487	25,964,869	29,582,366	30,261,291	34,376,999	37,113,064
Total primary government program revenues	\$ 78,070,086	\$ 88,964,143	\$ 82,945,198	\$ 93,722,957	\$ 87,692,204	\$ 81,019,127	\$ 81,557,890	\$ 84,217,282	\$ 87,951,096	\$ 93,173,443

Continued on next page

Table 2 (con't)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (expense)/revenue										
Governmental activities	\$ (47,547,762)	\$ (44,845,469)	\$ (66,879,356)	\$ (56,906,124)	\$ (52,307,812)	\$ (56,526,122)	\$ (60,972,972)	\$ (62,074,380)	\$ (59,449,898)	\$ (58,969,799)
Business-type activities	(1,756,584)	(2,701,326)	(2,003,100)	1,702,293	(3,647,669)	(6,281,508)	(4,002,322)	(6,599,382)	(4,250,455)	(555,271)
Total primary government expense	(49,304,346)	(47,546,795)	(68,882,456)	(55,203,831)	(55,955,481)	(62,807,630)	(64,975,294)	(68,673,762)	(63,700,353)	(59,525,070)
General revenues and other changes in net position										
Governmental activities:										
Property taxes	41,702,775	43,775,938	46,977,792	48,182,455	48,027,330	48,520,390	49,930,989	52,243,583	55,303,613	56,062,583
Payment in lieu of taxes	145,000	122,510	141,595	117,770	161,879	156,629	95,620	161,438	156,417	193,599
Excise taxes	4,668,614	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947	4,594,821	5,400,100	5,844,800	6,272,270
Franchise taxes	296,566	300,768	322,526	348,163	367,672	372,542	362,088	350,014	341,605	336,979
Unrestricted grants and contributions	4,968,217	5,520,774	5,260,439	4,999,567	4,859,811	4,963,161	4,857,030	3,787,128	3,794,664	4,173,167
Unrestricted investment earnings	1,183,796	1,274,939	874,824	673,295	565,326	530,631	57,620	510,429	413,923	488,936
Miscellaneous	260,733	161,439	93,967	135,849	92,379	16,698	112,060	1,863	410,991	179,163
Transfers	(871,864)	(539,088)	(739,179)	761,103	(637,898)	(417,042)	(8,772,781)	(3,170,717)	(2,469,650)	(2,012,149)
Total governmental activities	52,353,837	55,258,600	57,683,969	59,913,138	57,952,251	58,739,956	51,237,447	59,283,838	63,796,363	65,694,548
Business-type activities:										
Property taxes	-	-	-	-	-	-	-	750,000	800,000	1,000,000
Unrestricted investment earnings	1,346,799	1,326,787	1,025,098	1,035,753	752,891	543,493	345,932	504,584	462,069	420,951
Gain (loss) on sale of asset	-	-	-	-	-	-	(260,857)	-	-	452,331
Special Item	-	-	-	-	-	-	-	-	(484,664)	-
Transfers	539,088	539,088	739,179	(761,103)	637,898	417,042	8,772,781	3,170,717	2,469,650	2,012,149
Total business-type activities	1,885,887	1,865,875	1,764,277	274,650	1,390,789	960,535	8,857,856	4,425,301	3,247,055	3,885,431
Total primary government	54,239,724	57,124,475	59,448,246	60,187,788	59,343,040	59,700,491	60,095,303	63,709,139	67,043,418	69,579,979
Change in net position										
Governmental activities	4,806,075	10,413,131	(9,195,387)	3,007,014	5,644,439	2,213,834	(9,735,525)	(2,790,542)	4,346,465	6,724,749
Business-type activities	129,303	(835,451)	(238,823)	1,976,943	(2,256,880)	(5,320,973)	4,855,534	(2,174,081)	(1,003,400)	3,330,160
Total primary government	\$ 4,935,378	\$ 9,577,680	\$ (9,434,210)	\$ 4,983,957	\$ 3,387,559	\$ (3,107,139)	\$ (4,879,991)	\$ (4,964,623)	\$ 3,343,065	\$ 10,054,909

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Tax Revenues										
Property taxes	\$ 41,702,775	\$ 43,775,938	\$ 46,977,792	\$ 48,182,455	\$ 48,027,330	\$ 48,520,390	\$ 49,930,989	\$ 52,243,583	\$ 55,303,613	\$ 56,062,583
Excise taxes	4,668,614	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947	4,594,821	5,400,100	5,844,800	6,272,270
Franchise taxes	296,566	300,768	322,526	348,163	367,672	372,542	362,088	350,014	341,605	336,979
Total tax revenues	\$ 46,667,955	\$ 48,718,026	\$ 52,052,323	\$ 53,225,554	\$ 52,910,754	\$ 53,489,879	\$ 54,887,898	\$ 57,993,697	\$ 61,490,018	\$ 62,671,832

Table 4

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

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

Only six years have been reported because 2011 was the year GASB 54 was implemented.

Table 5

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Taxes:										
Property taxes	\$ 42,145,912	\$ 43,767,914	\$ 47,113,576	\$ 48,284,733	\$ 48,371,202	\$ 48,688,270	\$ 50,004,619	\$ 52,748,153	\$ 55,650,209	\$ 56,626,711
Excise taxes	4,668,614	4,641,320	4,752,005	4,694,936	4,515,752	4,596,947	4,594,821	5,400,100	5,844,800	6,272,270
Total tax revenues	46,814,526	48,409,234	51,865,581	52,979,669	52,886,954	53,285,217	54,599,440	58,148,253	61,495,009	62,898,981
Intergovernmental	37,774,922	41,345,956	41,123,520	46,211,718	45,304,160	40,536,525	39,029,824	40,025,974	38,563,450	41,912,419
Licenses and permits	982,879	956,965	644,621	633,339	601,202	948,267	576,559	1,389,717	831,968	755,273
Charges for services	12,598,776	13,283,275	13,449,587	13,655,764	15,226,575	13,594,482	14,079,514	12,782,036	14,889,219	14,802,549
Program income	657,987	296,325	288,677	329,800	314,203	575,460	462,380	765,142	247,549	284,619
Revenue from use of money and property	3,621,988	3,812,356	3,836,654	3,864,984	3,473,975	4,042,881	3,067,949	3,114,817	2,883,535	2,823,151
Other	279,261	7,691,463	428,220	1,108,213	279,426	561,118	165,686	156,659	516,714	227,243
Total revenues	102,730,339	115,795,574	111,636,860	118,783,487	118,086,495	113,543,950	111,981,352	116,382,598	119,427,444	123,704,235
Expenditures:										
General government**	4,736,885	5,122,152	5,103,378	5,422,805	4,858,721	5,390,049	5,612,408	5,172,972	5,391,279	5,172,435
Public safety	13,476,656	14,162,638	14,400,420	15,287,575	15,800,938	16,028,180	16,209,402	16,409,651	16,994,567	17,146,674
Health, community services and recreation	4,086,513	4,305,709	4,414,673	4,720,477	5,584,184	5,383,295	4,945,994	4,826,149	5,041,486	5,117,412
Public services	9,363,365	9,906,759	10,048,539	10,055,161	10,196,576	9,842,829	9,835,549	10,052,683	10,704,017	10,387,416
Other agencies	3,783,720	4,227,552	4,294,283	4,291,329	4,747,617	4,409,545	4,382,776	4,566,380	4,684,697	4,723,022
Education	45,224,974	48,293,846	50,380,309	51,590,324	51,391,657	50,159,407	49,880,770	50,771,925	53,037,177	52,655,986
Tax increment financing	-	-	215,483	432,033	165,133	524,013	550,308	632,364	724,347	717,260
Unclassified	597,262	166,994	63,115	54,451	118,216	260,685	2,323,972	590,627	74,128	104,422
Restricted grants	7,787,297	9,098,706	8,360,660	8,479,740	8,232,148	7,414,001	9,202,815	10,729,492	9,691,489	9,852,311
Capital outlay*	9,100,357	8,038,242	16,118,777	20,818,168	12,799,978	45,478,235	10,213,552	12,534,783	8,158,063	7,940,743
Debt service										
Principal	4,237,096	2,044,428	2,136,415	12,423,331	3,862,188	6,996,892	22,907,595	3,222,253	3,685,728	3,970,474
Interest	3,095,434	2,436,120	2,373,922	2,472,643	2,375,397	2,180,013	2,923,060	1,957,347	2,050,633	1,983,468
Other charges	4,850	299	6,000	61,952	45,988	-	-	-	-	-
Total expenditures	105,494,409	107,803,445	117,915,974	136,109,989	120,178,741	154,067,144	138,988,201	121,466,626	120,237,611	119,771,623
Excess (deficiency) of revenues over (under) expenditures	(2,764,070)	7,992,129	(6,279,114)	(17,326,502)	(2,092,246)	(40,523,194)	(27,006,849)	(5,084,028)	(810,167)	3,932,612
Other financing sources/(uses)										
Issuance of debt	3,555,000	-	3,100,000	3,100,000	2,086,100	30,659,143	10,378,985	8,369,000	3,602,000	3,014,000
Capital leases	-	-	-	-	-	-	456,581	-	-	61,152
Payment to escrow agent	-	-	-	-	-	-	(4,233,486)	-	-	-
Premium on debt issuance	-	-	-	-	-	-	748,121	133,552	-	-
Financing proceeds	-	-	7,091,928	9,596,640	-	-	-	-	-	-
Sale of assets	320,034	161,439	104,620	135,849	117,558	84,507	186,709	187,760	565,717	179,163
Transfers to other funds	(3,300,247)	(2,690,305)	(2,865,418)	(1,789,024)	(2,015,003)	(1,861,301)	(9,783,007)	(4,406,771)	(3,698,558)	(4,015,412)
Transfers from other funds	2,428,383	2,151,217	2,126,239	2,550,127	1,377,105	1,444,259	1,010,226	1,236,054	1,228,908	2,003,263
Total other financing sources	3,003,170	(377,649)	9,557,369	13,593,592	1,565,760	30,326,608	(1,235,871)	5,519,595	1,698,067	1,242,166
Net change in fund balances	\$ 239,100	\$ 7,614,480	\$ 3,278,255	\$ (3,732,910)	\$ (526,486)	\$ (10,196,586)	\$ (28,242,720)	\$ 435,567	\$ 887,900	\$ 5,174,778
Debt service as a percentage of noncapital expenditures	7.74%	4.26%	4.00%	11.14%	5.52%	7.97%	19.35%	4.46%	4.95%	5.12%

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

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

Table 6

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

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Homestead Exemption¹	Business Equipment Tax Exemption²	Other Exemptions³
2007	\$ 1,896,440,700	259,703,500	2,156,144,200	18.33	\$ 67,904,400	-	712,610,400
2008	\$ 2,082,355,000	254,991,600	2,337,346,600	17.74	\$ 68,742,200	-	754,362,000
2009	\$ 2,230,645,100	244,740,100	2,475,385,200	17.99	\$ 70,408,200	8,523,800	793,480,900
2010	\$ 2,299,385,800	257,018,100	2,556,403,900	17.98	\$ 70,357,600	24,801,200	780,391,900
2011	\$ 2,261,383,800	256,321,000	2,517,704,800	18.09	\$ 53,990,200	41,980,400	788,121,900
2012	\$ 2,274,528,200	248,183,200	2,522,711,400	18.00	\$ 54,283,600	57,635,300	795,735,300
2013	\$ 2,282,480,900	245,768,300	2,528,249,200	18.47	\$ 53,981,600	66,043,600	801,351,000
2014	\$ 2,306,517,400	244,302,800	2,550,820,200	19.56	\$ 52,765,500	72,600,700	894,525,200
2015	\$ 2,322,253,300	239,021,300	2,561,274,600	20.54	\$ 51,753,000	86,984,900	914,815,400
2016	\$ 2,370,220,600	229,981,900	2,600,202,500	20.69	\$ 50,758,900	101,258,300	918,968,900

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

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

² The Business Equipment Tax Exemption began in 2009. Upon implementation the City received reimbursement from the State of Maine for 100% of the tax loss, that reimbursement has declined to 58.2% for 2016.

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

Table 7

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

Fiscal Year	General City Government	General Fund Debt Service	Education	Total Direct Tax Rate	Penobscot County	Total Tax/ (Mill) Rate
2007	7.79	1.18	9.36	18.33	1.07	19.40
2008	7.69	1.18	8.87	17.74	1.06	18.80
2009	8.12	1.16	8.71	17.99	1.06	19.05
2010	8.01	1.27	8.70	17.98	1.07	19.05
2011	7.94	1.40	8.75	18.09	1.11	19.20
2012	7.75	1.42	8.83	18.00	1.20	19.20
2013	8.08	1.41	8.98	18.47	1.18	19.65
2014	8.67	1.48	9.41	19.56	1.24	20.80
2015	8.89	1.65	10.00	20.54	1.26	21.80
2016	8.20	2.61	9.88	20.69	1.26	21.95

Table 8

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

Taxpayer	Business	2016			2007		
		Assessed Value	Rank	% of Total Tax Base	Assessed Value	Rank	% of Total Tax Base
GLP Capital L.P.	Gaming	\$ 75,565,400	1	2.91%	-	-	-
Bangor Mall LLC	Shopping mall	61,978,900	2	2.38%	-	-	-
Emera Maine	Utility	38,632,600	3	1.49%	-	-	-
General Electric	Manufacturer	36,681,400	4	1.41%	\$ 92,999,700	1	4.18%
Walmart Stores	Retailer	22,282,000	5	0.86%	-	-	-
Bangor Gas Company LLC	Utility	19,734,200	6	0.76%	-	-	-
HC Bangor LLC	Gaming	19,283,500	7	0.74%	-	-	-
GM Realty of Bangor LLC	Real estate interests	16,937,700	8	0.65%	-	-	-
QV Realty Trust	Real estate interests	16,713,100	9	0.64%	13,348,500	7	0.60%
Banres, LLC	Hotel	16,459,600	10	0.63%	-	-	-
BANMAK Associates	Shopping mall	-	-	-	53,870,800	2	2.42%
Paradigm Development LLC	Utility	-	-	-	30,822,300	3	1.39%
Eastern Maine Healthcare	Medical institution	-	-	-	17,772,600	4	0.80%
Bangor Savings Bank	Commercial bank	-	-	-	17,344,400	5	0.78%
Inland Western Parkade	Shopping mall	-	-	-	15,297,400	6	0.69%
May Department Stores	Retailer	-	-	-	12,166,000	8	0.55%
Cabrel Company	Real estate interests	-	-	-	11,814,700	9	0.53%
Airport Mall Associates	Shopping mall	-	-	-	11,534,900	10	0.52%
Totals		<u>\$ 324,268,400</u>		<u>12.47%</u>	<u>\$ 276,971,300</u>		<u>12.46%</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			
2007	\$ 41,990,985	269,636	41,721,349	40,819,923	97.84%	\$ 851,324	41,671,247	99.88%
2008	\$ 44,082,476	341,521	43,740,955	42,847,656	97.96%	\$ 831,159	43,678,815	99.86%
2009	\$ 47,235,370	275,489	46,959,881	45,688,356	97.29%	\$ 1,179,997	46,868,353	99.81%
2010	\$ 48,719,847	588,817	48,131,030	46,205,428	96.00%	\$ 1,764,765	47,970,193	99.67%
2011	\$ 48,362,646	168,932	48,193,714	46,857,606	97.23%	\$ 1,170,863	48,028,469	99.66%
2012	\$ 48,529,834	175,844	48,353,990	47,025,587	97.25%	\$ 1,155,490	48,181,077	99.64%
2013	\$ 49,713,855	134,598	49,579,257	48,276,445	97.37%	\$ 1,126,569	49,403,014	99.64%
2014	\$ 53,077,993	43,339	53,034,654	51,692,178	97.47%	\$ 1,115,487	52,807,665	99.57%
2015	\$ 55,903,061	282,782	55,620,279	53,708,753	96.56%	\$ 1,364,513	55,073,266	99.02%
2016	\$ 57,090,091	445,799	56,644,292	55,557,652	98.08%	\$ -	55,557,652	98.08%

Table 10

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

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Ratio of Net Bonded Debt		
	General Obligation Bonds/Notes	Capital Leases	General Obligation Bonds	Capital Leases		Per Capita*	Assessed Value	Per Personal Income*
2007	\$ 60,321,264	-	43,809,953	-	104,131,217	3,279.83	4.83%	11.03%
2008	\$ 56,998,022	-	41,722,545	-	98,720,567	3,157.85	4.22%	10.62%
2009	\$ 56,687,684	7,091,928	37,623,522	-	101,403,134	3,236.72	4.10%	10.88%
2010	\$ 61,689,447	-	34,956,548	-	96,645,995	3,073.00	3.78%	10.33%
2011	\$ 58,455,666	-	31,985,337	-	90,441,003	2,737.40	3.59%	7.06%
2012	\$ 80,674,158	-	28,707,990	-	109,382,148	3,314.61	4.34%	9.47%
2013	\$ 62,727,567	361,009	82,492,223	-	145,580,799	4,416.49	5.76%	11.71%
2014	\$ 67,154,638	277,728	82,983,011	41,699	150,457,076	4,604.94	5.90%	13.12%
2015	\$ 65,147,398	549,636	83,619,820	33,082	149,349,936	4,585.79	5.83%	12.64%
2016	\$ 62,635,756	408,687	81,041,828	29,210	144,115,481	4,449.24	5.54%	12.27%

* 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
2007	31,749	\$ 2,156,144,200	104,131,217	4.83%	3,279.83
2008	31,262	\$ 2,337,346,600	98,720,567	4.22%	3,157.85
2009	31,329	\$ 2,475,385,200	94,311,206	3.81%	3,010.35
2010	31,450	\$ 2,556,403,900	96,645,995	3.78%	3,073.00
2011	33,039	\$ 2,517,704,800	90,441,003	3.59%	2,737.40
2012	33,000	\$ 2,522,711,400	109,382,148	4.34%	3,314.61
2013	32,963	\$ 2,528,249,200	145,219,790	5.74%	4,405.54
2014	32,673	\$ 2,550,820,200	150,137,649	5.89%	4,595.16
2015	32,568	\$ 2,561,274,600	148,767,218	5.81%	4,567.90
2016	32,391	\$ 2,600,202,500	143,677,584	5.53%	4,435.73

* Source: U.S. Census Bureau.

CITY OF BANGOR, MAINE
Computation of Direct and Overlapping Debt
June 30, 2016

	Total Debt Outstanding	Percentage Applicable to Bangor	Amount Applicable to Bangor
Direct Debt			
City of Bangor			
General Obligation Bonds	\$ 143,677,584	100.00%	\$ 143,677,584
Capital Leases	437,897	100.00%	437,897
Overlapping Debt			
Penobscot County*	\$ -		\$ -
Total Debt	<u>\$ 144,115,481</u>		<u>\$ 144,115,481</u>

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

Table 13

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

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Net Debt to Debt Limit
2007	\$ 332,092,500	104,131,217	227,961,283	31.36%
2008	\$ 353,737,500	98,720,567	255,016,933	27.91%
2009	\$ 356,670,000	94,311,206	262,358,794	26.44%
2010	\$ 365,400,000	96,645,995	268,754,005	26.45%
2011	\$ 369,997,500	90,441,003	279,556,497	24.44%
2012	\$ 368,467,500	109,382,148	259,085,352	29.69%
2013	\$ 369,300,000	145,219,790	224,080,210	39.32%
2014	\$ 369,637,500	146,954,498	222,683,002	39.76%
2015	\$ 381,555,000	145,681,059	235,873,941	38.18%
2016	\$ 383,182,500	140,744,237	242,438,263	36.73%

Legal Debt Margin Calculation for Fiscal Year 2016

Total State Valuation	\$ 2,554,550,000
Debt Limitation: 15 % of State Valuation	383,182,500
Debt Applicable to Debt Limitation:	
General Obligation Bonds:	
Municipal	113,089,014
School	15,563,172
Sewer	12,092,051
Total debt applicable to limit	<u>140,744,237</u>
Legal Debt margin	<u>\$ 242,438,263</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 ***
2007	31,749	29,740	19,295	36.1	3,913	4.40%
2008	31,262	29,740	19,295	36.1	3,886	5.10%
2009	31,329	29,740	19,295	36.1	3,878	7.80%
2010	31,450	29,740	19,295	36.1	3,821	8.10%
2011	33,039	38,775	25,344	36.7	3,830	7.50%
2012	33,000	34,993	25,344	37.5	3,819	7.10%
2013	32,963	37,707	24,945	36.8	3,875	6.70%
2014	32,673	35,107	23,791	36.5	3,810	5.40%
2015	32,568	36,272	23,977	35.9	3,765	4.60%
2016	32,391	36,272	23,977	35.9	3,780	3.80%

* Source: U.S. Census.

** Source: Bangor School Department.

*** Source: Maine Bureau of Labor Statistics.

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

2012			2006		
Employees	Employer	Location	Employees	Employer	Location
1000-4000	Eastern Maine Medical Center	Bangor	1000-4000	Eastern Maine Medical Center	Bangor
	Bangor Mall	Bangor		Bangor Mall	Bangor
	University of Maine	Orono		University of Maine	Orono
	City of Bangor	Bangor		City of Bangor	Bangor
	Hannaford Supermarkets	Throughout		Shop & Save Supermarkets	Throughout
	Cianbro Corporation	Throughout			
	WalMart	Throughout			
500-999	Bangor Savings Bank	Bangor	500-999	Bangor Savings Bank	Bangor
	LL Bean	Bangor		General Electric Corp	Bangor
	Microdyne	Orono		Microdyne	Orono
	Acadia Hospital	Bangor		Acadia Hospital	Bangor
	Verso Corp Paper Mill	Bucksport		St. Joseph Hospital	Bangor
	St. Joseph Hospital	Bangor			
	Community Health & Counseling	Bangor			

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

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

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	100	100	100	100	100	99	97	92	103	74
Public safety										
Police	93	93	93	97	97	96	96	96	93	91
Fire	91	91	91	95	95	95	95	91	87	90
Health, community services and recreation	49	49	49	49	47	49	48	46	41	34
Public building and services	81	81	82	82	81	78	78	76	63	62
Education	562	618	618	621	610	580	580	568	578	570
Sewer Utility	21	21	21	21	21	24	24	24	24	27
Airport	83	89	90	86	87	88	93	77	85	69
Park Woods	2	2	2	2	2	2	2	1	-	-
Parking	3	3	3	3	3	3	3	3	3	2
Bass Park	9	7	8	8	7	6	5	-	-	-
Municipal Golf Course	3	9	3	3	3	3	3	3	3	3
Totals	1,097	1,163	1,160	1,167	1,153	1,123	1,124	1,077	1,080	1,022

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

Table 17

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Code enforcement										
Building permits	550	485	501	427	518	405	453	433	454	517
Certificates of occupancy	446	430	440	341	448	350	361	395	452	630
Sign permits	116	118	103	90	96	70	69	82	83	86
Police										
Calls for service	28,157	32,392	34,329	32,351	30,167	31,640	33,740	36,153	36,967	38,347
Fire										
Calls for service	7,992	7,477	7,990	7,357	8,000	9,020	9,044	9,031	9,292	10,048
Sewer										
Treated flow (billions of gallons)	3.62	3.21	3.89	3.55	2.81	3.10	2.68	2.69	3.20	2.57
Biosolids (tons)	7,043	7,236	7,609	7,572	6,518	6,789	5,832	6,309	5,821	6,230

* Source - City of Bangor Departmental records.

Table 18

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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	52	47	50	54	54	50	48	43	50	57
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	27	28	27	25	25	26	26	26	26	24
Public works										
Streets (miles)	422	427	429	429	429	431	431	431	431	432
Sidewalks (miles)	99.6	99.6	99.6	99.6	101.4	101.4	101.4	101.4	101.4	101.4
Parks and recreation										
Parks	29	29	29	29	29	29	29	29	29	29
Parks acreage	950	950	950	950	950	950	950	950	950	950
Public swimming pools	2	2	2	2	2	2	2	2	2	2
Public golf courses	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Indoor ice arena	1	1	1	1	1	1	1	1	1	1
Semi-pro baseball stadium	1	1	1	1	1	1	1	1	1	1
Sewer										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Pump stations	5	5	5	5	5	5	5	5	5	5
Miles of sanitary sewers	103	103	103	103	103	103	103	103	103	103
Miles of combined sewers	44	44	44	44	44	44	47	49	49	49

* Source - City of Bangor Departmental records.