

## **Restructuring Bangor's Budget: A Citizen's Approach**

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## I. Introduction

Bangor is the service center to a large geographic area, covering eastern Maine to the Canadian Provinces, with a population exceeding 3.1 million and supporting 9% of the State's retail sales and 76% of Penobscot County. (Bangor Comprehensive Financial Report, p. I-4, 06/30/11). "Over the last ten years, the average annual increase in assessed value is 6.2%." Id. @ p. I-4.<sup>1</sup>

The City of Bangor's organizational chart for 2011 is noted in Exhibit 1; Exhibit 1.A represents the chart for 2009. (Compare 2011 and 2009 charts for those (2) financial reports.)

The City's 2011 financial report listed the following "financial highlights":

- "The assets of the City of Bangor exceeded its liabilities at the close of the most recent fiscal year by \$212.4 million (net assets), up from \$203.7 million in 2009.
- As of the close of the current fiscal year, the City of Bangor's governmental funds reported combined ending fund balances that decreased \$4 million 2009 at \$31.5 million to 2011 with \$27.5 million. Approximately 73% of the total amount, or \$20 million, is available for spending at the City Counsel's discretion (unreserved fund balance).
- The City of Bangor has a fund balance policy. The City strives to maintain a general fund unreserved/undesignated fund balance of 5% to 10% of current expenditures less debt service. At the end of the current fiscal year, unreserved undesignated fund balance for the General Fund was \$8.0 million, or 9.11% of the general fund expenditure base, down from \$8.7 million or 10.36% in 2009. In 2009, the governmental fund decreased by \$300,000 (1.8%) and the enterprise fund was decreased by \$4.5 million or 9.2%.

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<sup>1</sup> Please note that the Bangor Comprehensive Financial Report for FY 2012 has not yet been published. Therefore, I will attempt to use more recent numbers by Referencing Bangor's Proposed Budget Documents for FY 2012-2013.

- The total liabilities of the City's governmental and enterprise funds increased by \$830 thousand (5.7%) and enterprise funds decreased by \$20 million (5.4%), respectively. This is due to principal payments exceeding net debt issued. Accounts payable can vary drastically from year to year depending upon the timing of invoices received and/or the projects being undertaken."

Bangor Financial Report, 2011, p. II-3; compare BFR, 2009, p II-2.

It should be noted that unreserved undesignated fund balances in 2009 were 10.36% of expenditures, net of debt service; by charter, the City was required to maintain a balance between 5% and 10% with a Council target of 7.5%. Id. @ p. I-6. See BFR 2009, p. I-6. It is this writer's opinion that these target numbers should not change! However, in 2011, the City Counsel changed the target number to 8.33% of operating expenditures, or \$7,331,562, or 9.11% of actual unassigned fund balances as a percentage of net expenditures and uses. (See, BFR 2011, sch. 7-2, P. II-3.) Who initiated this change and why? The actual over funded status totals \$686,378, with an unassigned total of \$8,017,901. Id.

The City manager proposed, increasing the reserve funding by \$500,000 to \$750,000 in the FY 2013 budget at, p. 10. This writer objects!

The City has unrestricted net assets with a balance of \$12 million. The governmental activity portion has a \$26.9 million deficit of which \$26.4 million was due to outstanding pension obligation bonds. See BFR 2009, at p II-5. In 2011, unrestricted net assets had a balance of \$15.8 million, but governmental activity went to \$262,000 due to \$25.4 million in outstanding pension obligation bonds. BFR 2011, p II-6.

Total governmental and business-type expenses increased for 2011 to \$143,647,685, resulting in an excess of resources over expenses of \$3,387,599. (City Financial Report, 2011, p. II-7; See also, p. III-2).

“The cost of all governmental activities was \$111.9 million. As shown on the Statement of Activities (Exhibit 2), the total amount financed by the City’s property taxpayers was \$48.0 million, or 42.9% of expenses, up from 2009 with \$47 million or 41%. Those who directly benefit from an activity provided \$19.1 million in payments. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$35.6 million. Capital grants and contributions accounted for \$4.9 million. The City also received \$10.6 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 decreased by \$5.0 million over the prior year. See, BFR 2011, p II-8; compare to BFR 2009 at p II-1, Exhibits 2, 3 and 4.

When governmental business type activities are combined, the total primary governmental amounts to \$143,647,685 in expenses. (BFR, 2011, p.II-18, Exhibit 2). Net assets at the beginning of the year were \$208.9 million and at the end of the year, \$212.3 million. Id.

Property taxes remain the single largest source of revenue for the City, at 41% of total revenues, as they were in 2009, compared to 37% in 2008. BFR 2011, p II-9; BFR 2009 at p II-8.

The City of Bangor’s governmental funds reported an ending balance of \$27.5 million compared to \$31.5 million in 2009. Approximately 73% of the total, or \$21.9 million is unreserved fund balance that is available for spending with the City’s discretion. Compare BFR, 2011, p II-11, with BFR 2009, p. II-10.

The City has a total outstanding bonded debt of \$90.4 million. The City's debt limit is \$370.0 million (15% of Bangor's State assessed valuation). BFR, 2011, p II-13-14.

Tax revenues for governmental activities increased from \$48,718,026 in 2008 to \$52,910,954 in 2011. Id. @ p. III-5. "The City is subject to a state statutory system (known as LD 1). Generally, the growth of the tax levy is limited to an increase equal to the ten year average percentage change in real statewide personal income plus taxes from property value resulting from new construction, major renovations to existing properties, or the subdivision of property less any net new State funded. For Fiscal Year 2010, the City's LD 1 tax levy limit was as follows:

Prior Year Based Municipal Commitment	\$22,554,913
Growth Factor:	7.12%
Average Real Personal Income	1.78%
Property Growth Factor	5.34%
Net New State Funds	-
Increase in Levy Limit	484,791
Municipal Commitment Limit (BFR, 2011, PP II-15)	\$24,160,432

The City's property tax revenue totals increased from \$43,775,938 in 2008 to \$48,027,330 in 2011. Id. @ p. III-5; See BFR 2009, III-5. The Fund Balances of Governmental Funds reported a deficiency of expenditures over revenues of \$6,279,114 in 2009, \$17,326,502 in 2010, and \$2,092,246 in 2011. See, Id. Table 5; Id. @ p. III-7 (Exhibit 5).

Total taxable assessed value increased from 2009 at \$2,544,915,800 to \$2,571,695,000 in 2011, as noted in Table 6, Id. @ p. III-8 (Exhibit 5.A).

The City government total tax rate increased from 2009 at 19.05 to 19.20 in 2011, as noted in Table 7, Id. @ p. III-9. (See Exhibit 6). The City Tax rate for FY 2013 was projected at 19.35, an increase of .8% which is misleading since the county tax reduced by 1.7% due to a reduction in dispatching costs, which made the City/schools portion actually increased more than the stated number. Bangor Proposed Budget, FY 2013, p 4.

Yet, Bangor's population increased from 2009 at 31,324 to 2011 at 33,039, as noted in Table 11. Id. @ p. III-13. (See Exhibit 7). Compare the 2009 Table 11 and the changes in some numbers. (Exhibit 7.A).

Median household income increased from \$29,740 in 2010 to \$38,775 in 2011; per capita income from \$19,295 to \$25,344. See, Table 14. Id. @ p. III-16. (See Exhibit 8). Compare to 2009 Table 14. (Exhibit 8.A).

Total full-time City employees were at 1104 in 2011, down from 1,117 in 2010. See, BFR, 2011, P. III-18, Table 16. However, the City had 1,105 employees in 2000 as noted in BFR 2009, Exhibit 9, p III-18. (See Exhibit 9).

There were 618 employees in Education in 2009, with 621 in 2011. Total number of students were 3,878 in 2009 and 3830 in 2011. See BFR 2009, @ p. III-16 and III-18; BFR, 2011 p. III 16, 18. Student enrollment is down from 4,316 in 2001 to 3,830 in 2011; Education employees are up from 583 in 2001 to 621 in 2011. See BFR, 2009 pp. III-16,18; See, BFR, 2011, pp III 16, 18.

## **II. Background**

In 1996, Governor King initiated the Intergovernmental Task Force. In July 1997, the Task Force published a preliminary report entitled, "Proposal to Relieve

Property Taxes Through Reform of Governmental Operations.” The preliminary proposal listed several goals, as follows:

- relieving property taxes through more efficient delivery of local services;
- reducing duplication and fragmentation of services between levels and among units of government;
- matching the responsibility for providing governmental services with the responsibility for funding those services; and
- improving communications and consultations between levels of government.

Id. @ p. 1, Preliminary Report of Task Force (7/97).

The “Core Concepts” of the report stated as follows:

“Core Concepts For Restructuring Intergovernmental Relations

A. CORE CONCEPTS

- *State should assume financial responsibility for those services it has traditionally demanded of county government.* These services are: jails, support for courts and the district attorney, a share of law enforcement activities, Registry of Deeds, Register of Probate, and a share of the maintenance of facilities housing these functions. The state’s financial support of these functions should be contingent on: (a) a guarantee of revenue neutrality, including a rollback by municipalities of local property taxes, and (b) a restructuring of county government.
- *State, county and local governments should have a formal system for collaborating on policy relating to these and other services.* Not only should such a system improve state-county relationships, but also should be used to improve efficiencies. Examples are jails and law enforcement. Can build on efforts already underway between state police and some counties.
- *County government should be repositioned so that municipalities are their primary customers.* This will require counties to restructure themselves to gain municipal trust. Management must become more professional and entrepreneurial. Counties should gain broad authority to offer municipal services on a fee-for-service basis. Municipal participation in the services would be voluntary.

- *Municipal government should aggressively seek opportunities to avail themselves of joint services, both through a stronger county mechanism and through existing authority to enter into interlocal agreements. A system of incentives may be needed.”*

Id. @ p. 5, Preliminary Report of Task Force (7/97).

During that general time frame, Governor McKernan in 1991, initiated for the State of Maine, “The Special Commission on Governmental Restructuring,” which issued its report on 12/15/91. The report offers extensive structural changes to State government, many of which could be transformed for changes at the municipal level.

In Bangor, a number of citizens, some former City Councilors and at least one former mayor, studied, examined, questioned and dialogued with the Bangor City Manager and Bangor City Council on the City Budget, City operations, and the City’s tax structure. For example, Former City Councilor Arthur Tilley wrote several in-depth letters to City officials on behalf of “Bangor Citizens for Responsible Municipal Government.” In one letter dated 06/17/97, Mr. Tilley, himself a retired financial executive with a large corporation, reminded City Councilors that between 1990 and 1997, City operations and school department general fund budgets had increased a combined 36%. The City’s population was stagnant, school enrollment was projected to decrease, yet budgets were mushrooming.

Former Bangor Mayor, Larry Willey, communicated with then City Manager Ed Barrett in a letter dated 03/21/91 wherein he stated as follows:

“Nearly two years ago, I served on the Administrative Review Commission to review the Bangor City Administration and the overall effect on the Budget. At that time, you promised me and other committee members that you would vigorously pursue privatization of city services and a streamlining of the bureaucracy to reduce spending. To date, I have seen or heard of virtually no action in that regard. What is happening. Please advise.”



Willey, a local attorney, was also then serving as a member of the State Restructuring Commission as a McKernan appointee.

The City of Bangor has not completed an operations review. The City has not enacted significant changes to service delivery. A shift from tradition must be explored.

### **III. Recommendations**

1. Consider Bangor's organizational chart and an operations review for structural changes. See, p. I-8 (chart), Financial Report, 2011.
2. Eliminate local government subsidies. In the event a special project is deemed crucial to the City, a 2/3 vote of the Council for support would be needed.
3. Civic Center – private contracting and review Racino Fund (Arena Fund) use, payback deficit owed to City from Bass Park via Arena Fund.
4. Economic/Community Development – private partnerships and contracting. Review and streamline functions, internally and externally.
5. Health & Counseling Services – regional/private.
6. Public Assistance – residency requirements, workfare, educational mandates and term limits.
7. Eliminate State mandated programs with no funding. Work with legislative delegation on legislation.
8. Eliminate Federal mandated programs without funding. (e.g. Water District with EPA mandates without full funding). Work with congressional delegation on legislation. Question whether Water District should be part of the City's "Interior Department" operations.
9. Return to citizens a percentage of fund balances, otherwise available for spending (FY 2009 -- \$21.9 million – See, p. II-2, II-10, City of Bangor Comprehensive Annual Financial Report for Fiscal Year 06/30/09; FY 2011- \$20 million, See BFR, 2011 p II-3, II-11.)
10. Return the City's unreserved/undesignated fund balance to 7.5% (\$2.4 million available). Presently, the unreserved undesignated fund balance is \$8 million or 9.11% down from \$8.7 million (10.36%) in 2009, of the general fund expenditure base. The City strives for a 5% to 10% balance. See, p. II-2, II-21, II-53 of the City of Bangor Comprehensive Annual Financial Report, 06/30/09; See BFR, 2011, p II-3.

11. The City's assets exceeded liabilities by \$212.3 million (net assets). The City should "shed" or sell some buildings or equipment that are not used. See, p. II-17, City of Bangor Comprehensive Annual Financial Report, 06/30/11, Exhibit 1.
12. Continue the review of all government buildings, similar to school department, for energy savings/conversion.
13. Review City retirement system to consider future use of Social Security system. This is similar to a proposal being discussed at the State level. Review defined contribution plan, defined benefit pension plan system. See, p. II-49 – II-52; Pension Bonds Review @ p. II-43 of City of Bangor Comprehensive Annual Financial Report, 06/30/11. Total pension obligation bonds are \$30,490,000.00 of the City's bonds and notes payable of \$90,441,003, Id. at II-43.
14. Consider levels/costs of all services in a declining stagnant population – shift environment.
15. Consider a four-day workweek with hours on Thursdays until 7:00 p.m.; essential/emergency services only on 24-7.
16. Hiring freeze with exceptions by management petition and 2/3 council vote to approve.
17. Consider fees based on cost for BAT services; consider private contracting and coordination with some school department routes. Consider smaller buses/vehicles after utilization review study.
18. Consider the long-term sustainability of a new Bangor Arena in light of feasibility study, and decreased casino revenue due to new competition. (See BDN, 08/31/12, p.1, Clarke Canfield, "Oxford Casino net nearly \$10 mil. in the First Two Months.")
19. Consider Bangor Public Library and Bangor School Department interface, including public computer workshops, eliminate public student computer giveaway program.
20. Re-negotiate employee contracts with cost-of-living and medical insurance increases to save those jobs, consider retirement account review.
21. Review City Charter to determine propriety of City funding private functions such as SeaDog, Pine Meadows, Husson College Baseball stadium, Freezes Building, old Merchants Bank Building, Folk Festival, Museum, Space School, new arena/Bass Park Historic Track, Park Woods.
22. With regional public safety, review cross-training to better utilize off-street time; use regional dispatching.

23. Review Bass Park and funding. As of 06/30/11, the interfund receivable was at \$2,159,755 up from \$1,899,255 in 2009. See, p. II-3, City of Bangor Comprehensive Annual Financial Report, 06/30/09; p II-40, BFR, 2011. The question of utilization/privatization needs to be explored, as well as repayment from the Arena Fund. The FY 2013 Budget Projects an additional \$252,098 deficit; (p. 5 FY 2013 Budget).
24. Conduct operations review city-wide to determine work loads, combinations, reductions, increases, site location and equipment sharing by "functions".
25. Eliminate duplication between City Garage and private sector for repairs.
26. Eliminate duplication between City, Schools, consider county-regional cooperation by merging financial, accounting, computers, purchasing, human resources, supplies, personal property purchases.
27. Consider eliminating or altering redundancies between quasi-governmental agencies such as regional waste systems, Penobscot County duplication (e.g. dispatch) where management and administrative costs can be saved.
28. Consider BIA as a regional facility under a Metropolitan District Commission. Improve domestic flight availability from BIA as a priority.
29. Consider City-school cooperation:
  - a. City-school computer technology, printing, information services
  - b. City-school bussing
  - c. City-school personnel
  - d. City-school finance
  - e. City-school public buildings/public use
  - f. City-school grounds/building upkeep and maintenance
  - g. City-school administrative sharing
  - h. City-school education programs
30. Consider private contracting:
  - a. Finance
    1. risk and environmental management
    2. information services
    3. purchasing
  - b. Infrastructure and Development Support
    1. planning

2. engineering
3. public works
4. Harbor

c. Parks and Recreation

1. parks maintenance
2. recreation
3. golf course

31. Consider regional/metropolitan districts

- a. Wastewater Treatment
- b. Sewer Maintenance
- c. Water
- d. Public Safety
- e. Harbor
- f. Economic Development and Planning
- g. Public Health (Health and Community Services)
- h. Public Housing
- i. Civic Center
- j. BIA
- k. Dispatching/E-911 Communications
- l. Payroll Services
- m. General Assistance
- n. Joint Purchases – consider prior work of Penobscot Valley Council of Governments (PVCOG).
- o. Shared use of Equipment
- p. Code Enforcement
- q. Tax Assessment

- r. Tax Mapping
- s. Utilities
- t. Economic Development/Planning
- u. Information Management

See, "Preliminary Proposal to Relieve Property Taxes Through Reform of Government Operations", Task Force on Intergovernmental Structure, (Me. 7/97).

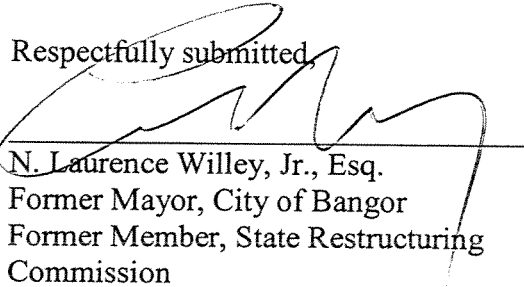
32. Enact a standing Penobscot County or Penobscot Valley Regional OPEGA or other task force on Intergovernmental Structure and Functioning. See, "Preliminary Proposal to Relieve Property Taxes Through Reform of Government Operations", Task Force on Intergovernmental Structure, (Me. 7/97); and use of Interlocal Cooperation Act.
33. Consider using some of the Arena Fund proceeds to repay the deficit owed by Bass Park to the City; reconsider whether the Arena Fund needs greater flexibility for uses at Bass Park Complex and the degree/level of new arena building.
34. Bring student/teacher ratio in line with national norms. Id. @ p. III-16, III-18.
35. The City of Bangor must look at privatization of all transportation, public works, garage/mechanical and related services. The City Bus system receives about 35% of its cost through rider revenue. That means taxpayers are paying a huge cost. While there are federal regulatory strings attached, creative solutions and legislation are available to quell those expenses on taxpayers. A basic cost/benefit analysis by the City Council or staff should reveal the glaring problem from this area of City expenses/costs. It should be noted that these services are well managed by very good people and transitioning to a private sector entity should be explored.
36. Continue with user fees such as "pay as you throw (PAYT)" for single stream recycling of waste collection. User fees are a reasonable approach to governance.
37. There was no need to increase the municipal tax rate for FY 2013. While long-term and structural changes need to be discussed, there are adequate reserves and funds available to maintain the \$19.20 million rate without impacting services. Discussions for real structural changes for FY 2014 should begin immediately.

#### IV. Conclusion

This report is intended to offer one citizen's approach to deal with long-term structural issues facing the City of Bangor. Most of the suggestions will require council-staff work in the coming months if we are to confront the anticipated FY 2014 budget headwall with full force. While some changes may require adjusting the long-established and traditional programs, that paradigm shift is imminent. I believe that inter-governmental cooperation offers many opportunities for cost savings and efficiencies. However, because of Bangor's unique role in the region, much of the hard work will inevitably remain as Bangor's task.

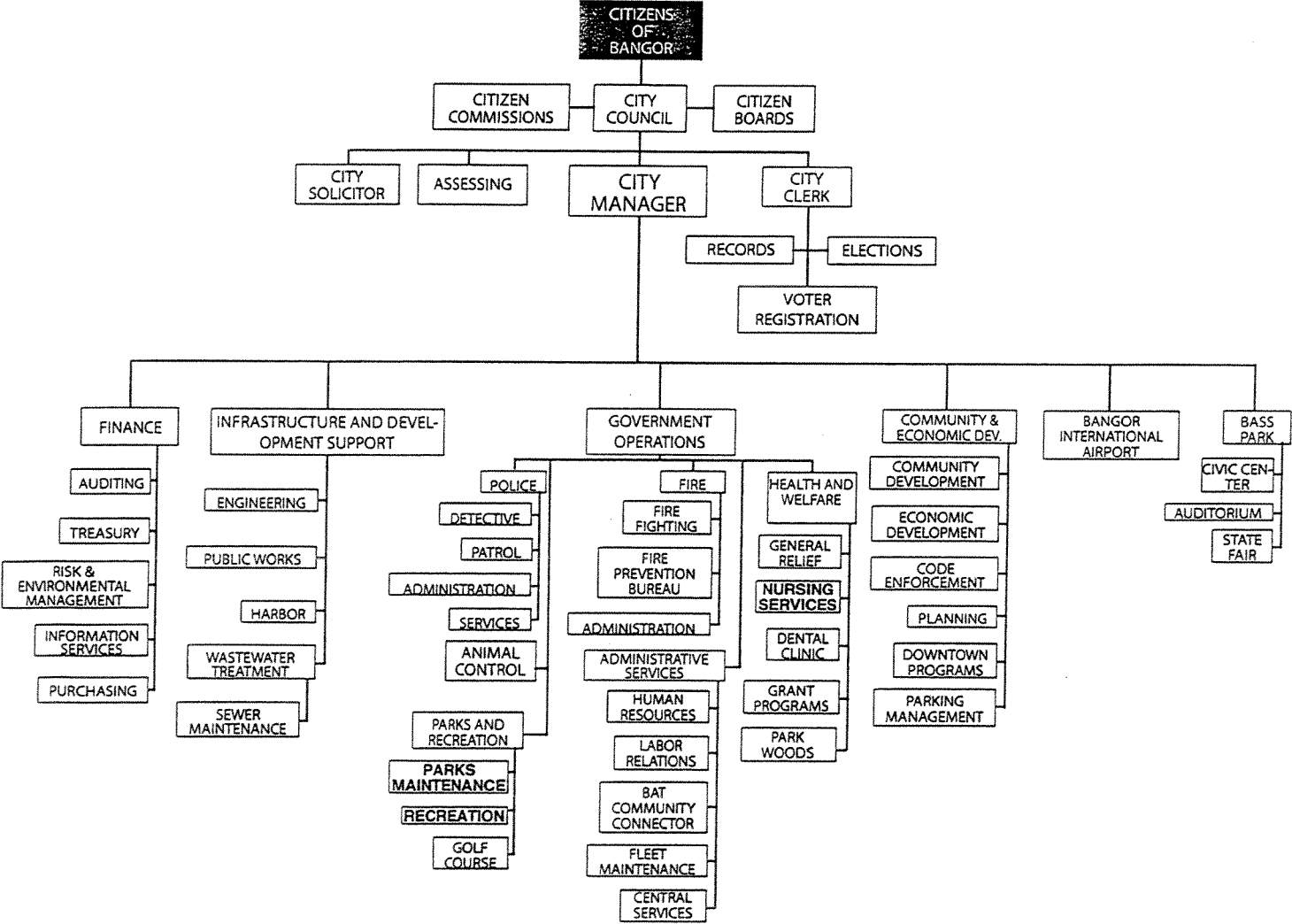
It is my hope that this paper will assist the process and generate other proposals for the best interests of the Queen City.

Respectfully submitted,



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**CITY OF BANGOR ORGANIZATIONAL CHART Revised (05/11)**



CITY OF BANGOR ORGANIZATIONAL CHART Revised (06-08)

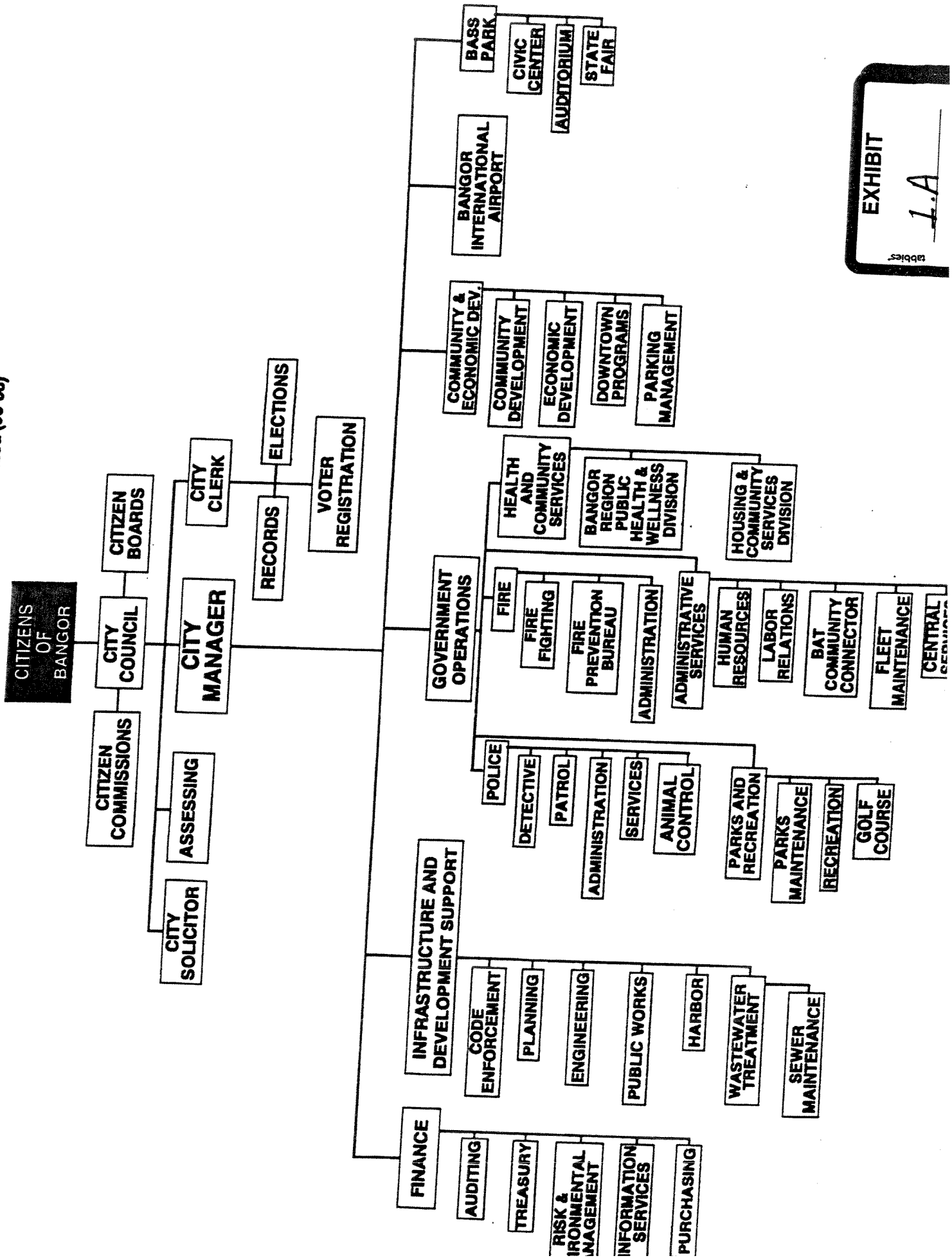


EXHIBIT  
1.A  
Robbie's





## Changes in Net Assets

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program Revenues						
Charges for services	19,076,163	17,748,299	24,357,732	25,027,171	43,433,895	42,775,470
Operating grants & contributions	35,604,940	35,683,710	-	-	35,604,940	35,683,710
Capital grants & contributions	4,935,614	6,578,917	3,717,755	8,684,860	8,653,369	15,263,777
General Revenues						
Property and other taxes	53,072,633	53,343,324	-	-	53,072,633	53,343,324
Grants and contributions not restricted to specific programs	4,859,811	4,999,567	-	-	4,859,811	4,999,567
Other	657,705	809,144	752,891	1,035,753	1,410,596	1,844,897
<b>Total Revenues</b>	<b>118,206,866</b>	<b>119,162,961</b>	<b>28,828,378</b>	<b>34,747,784</b>	<b>147,035,244</b>	<b>153,910,745</b>
<b>Expenses</b>						
General government	9,223,718	8,279,943	-	-	9,223,718	8,279,943
Public safety	17,018,427	16,898,374	-	-	17,018,427	16,898,374
Health, community and recreation	9,523,225	9,331,784	-	-	9,523,225	9,331,784
Public buildings and services	12,413,601	16,380,337	-	-	12,413,601	16,380,337
Other agencies	4,479,888	4,658,904	-	-	4,479,888	4,658,904
Education	50,986,350	52,763,860	-	-	50,986,350	52,763,860
Arena development	61,334	39,075	-	-	61,334	39,075
Community development	1,542,975	1,506,038	-	-	1,542,975	1,506,038
Waterfront	1,439,065	79,911	-	-	1,439,065	79,911
Public transportation	1,701,112	2,792,904	-	-	1,701,112	2,792,904
Interest on debt	2,151,172	2,555,839	-	-	2,151,172	2,555,839
Economic development (tif)	1,383,662	1,630,081	-	-	1,383,662	1,630,081
Sewer Utility	-	-	6,202,202	6,253,436	6,202,202	6,253,436
Airport	-	-	20,458,552	20,532,553	20,458,552	20,532,553
Economic Development	-	-	618,980	634,764	618,980	634,764
Park Woods	-	-	496,478	529,610	496,478	529,610
Parking	-	-	1,206,989	1,402,922	1,206,989	1,402,922
Bass Park	-	-	2,075,644	1,923,073	2,075,644	1,923,073
Municipal Golf Course	-	-	664,311	733,380	664,311	733,380
<b>Total Expenses</b>	<b>111,924,529</b>	<b>116,917,050</b>	<b>31,723,156</b>	<b>32,009,738</b>	<b>143,647,685</b>	<b>148,926,788</b>
Excess (deficiency) before transfers	6,282,337	2,245,911	(2,894,778)	2,738,046	3,387,559	4,983,957
Transfers	(637,898)	761,103	637,898	(761,103)	-	-
<b>Change in net assets</b>	<b>5,644,439</b>	<b>3,007,014</b>	<b>(2,256,880)</b>	<b>1,976,943</b>	<b>3,387,559</b>	<b>4,983,957</b>

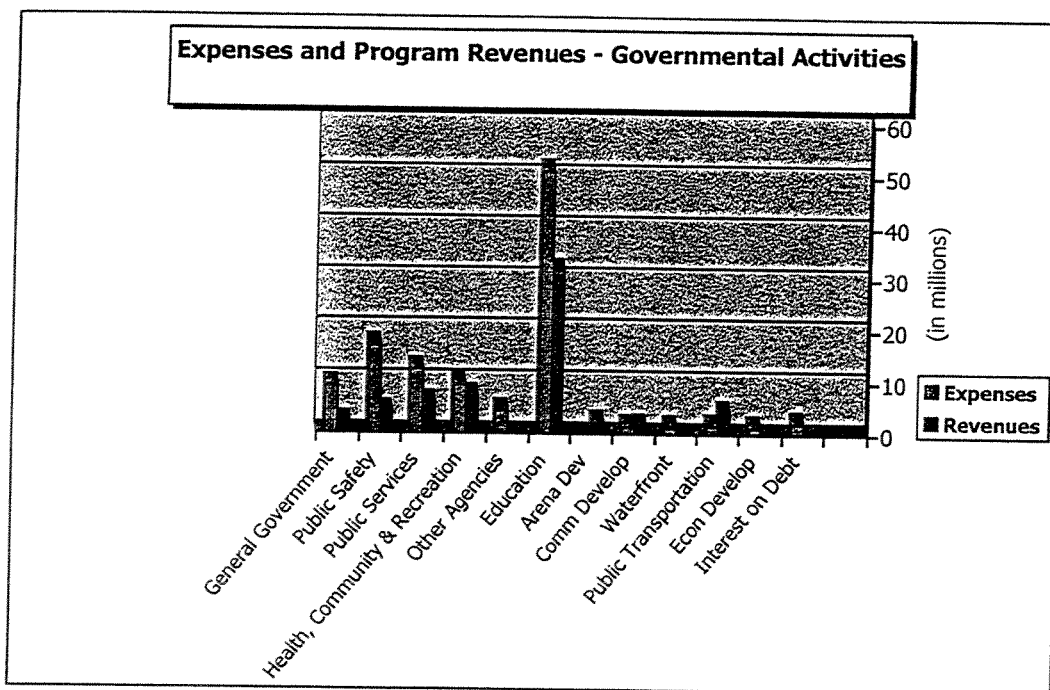
## Changes in Net Assets

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

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

**Governmental Activities**

The cost of all governmental activities was \$111.9 million. As shown on the Statement of Activities, the total amount financed by the property tax was \$48 million, or 42.9% of expenses. Those who directly benefit from an activity provided \$19.1 million in payments. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$35.6 million. Capital grants and contributions accounted for \$4.9 million. The City also received \$10.6 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 decreased \$5 million over the prior year. The results for FY 2010 include nearly \$5.2 million of expenses related to activities funded by the American Recovery Reinvestment Act and other new federal grants funds such as; supplementing education based equipment, tuition, services and supplies, a neighborhood stabilization program, nonpoint source pollution improvements, public safety training and equipment, sidewalk improvements and four new police officers. During FY 2011, City employees did not receive a cost of living adjustment and due to lower than anticipated utilization coupled with employee/insurer driven wellness initiatives there were no increase in health insurance costs either.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
<b>Revenues:</b>										
<b>Taxes:</b>										
Property taxes	\$ 39,261,141	\$ 39,774,952	\$ 40,586,129	\$ 41,101,785	\$ 42,145,912	\$ 43,767,914	\$ 47,113,576	\$ 48,284,733	\$ 48,371,202	
Excise taxes	4,091,505	4,306,055	4,358,409	4,752,852	4,668,614	4,641,320	4,752,005	4,694,936	4,515,752	
<b>Total tax revenues</b>	<b>43,352,646</b>	<b>44,081,007</b>	<b>44,944,538</b>	<b>45,854,637</b>	<b>46,814,526</b>	<b>48,409,234</b>	<b>51,865,581</b>	<b>52,979,669</b>	<b>52,886,954</b>	
Intergovernmental	30,627,927	31,617,135	34,484,238	37,714,682	37,774,922	41,345,956	41,123,520	46,211,718	45,304,160	
Licenses and permits	409,842	374,499	655,745	538,534	982,879	956,965	644,621	633,339	601,202	
Charges for services	10,151,637	11,035,587	12,160,573	12,927,989	12,598,776	13,283,275	13,449,587	13,655,764	15,226,575	
Program income	583,569	463,066	409,153	663,269	657,987	296,325	288,677	329,800	314,203	
Revenue from money and property	1,420,582	1,162,796	1,255,959	2,349,812	3,621,988	3,812,356	3,836,654	3,864,984	3,473,975	
Other	1,612,518	142,311	168,452	526,360	279,261	7,691,463	428,220	1,108,213	279,426	
<b>Total revenues</b>	<b>88,158,721</b>	<b>88,876,401</b>	<b>94,078,658</b>	<b>100,575,283</b>	<b>102,730,339</b>	<b>115,795,574</b>	<b>111,636,860</b>	<b>118,783,487</b>	<b>118,086,495</b>	
<b>Expenditures:</b>										
General government	4,223,670	4,619,401	4,732,331	4,642,935	4,736,885	5,122,152	5,103,378	5,422,805	4,858,721	
Public safety	11,018,419	12,001,813	12,352,418	12,852,119	13,476,656	14,162,638	14,400,420	15,287,575	15,800,938	
Health, community services and recreation	3,230,938	3,480,885	3,865,578	4,084,948	4,086,513	4,305,709	4,414,673	4,720,477	5,584,184	
Public buildings and services	7,876,895	8,180,067	8,301,848	8,991,673	9,363,365	9,906,759	10,048,539	10,055,161	10,196,576	
Other agencies	3,157,861	3,273,003	3,514,658	3,610,935	3,783,720	4,227,552	4,294,283	4,291,329	4,747,617	
Education	39,428,576	40,341,426	42,228,691	44,817,879	45,224,974	48,293,846	50,380,309	51,590,324	51,391,657	
Tax increment financing	-	-	-	-	-	-	215,483	432,033.00	165,133	
Unclassified	327,812	389,598	65,639	263,702	597,262	166,994	63,115	54,451	118,216	
Restricted grants	6,510,909	6,822,298	7,282,380	8,248,872	7,787,297	9,098,706	8,360,660	8,479,740	8,232,148	
Capital outlay*	8,794,651	10,675,201	8,681,772	11,762,832	9,100,357	8,038,242	16,118,777	20,818,168	12,799,978	
Debt service										
Principal	5,730,088	2,232,944	4,110,250	2,748,866	4,237,096	2,044,428	2,136,415	12,423,331	3,862,188	
Interest	3,299,332	3,080,468	3,120,028	3,098,248	3,095,434	2,436,120	2,373,922	2,472,643	2,375,397	
Other charges	10,028	5,570	37,467	5,070	4,850	299	6,000	61,952	45,988	
<b>Total expenditures</b>	<b>93,609,179</b>	<b>95,102,674</b>	<b>98,293,060</b>	<b>105,128,079</b>	<b>105,494,409</b>	<b>107,803,445</b>	<b>117,915,974</b>	<b>136,109,989</b>	<b>120,178,741</b>	
<b>Deficiency of revenues under expenditures</b>	<b>(5,450,458)</b>	<b>(6,226,273)</b>	<b>(4,214,402)</b>	<b>(4,552,796)</b>	<b>(2,764,070)</b>	<b>7,992,129</b>	<b>(6,279,114)</b>	<b>(17,326,502)</b>	<b>(2,092,246)</b>	
<b>Other financing sources/(uses)</b>										
General obligation debt	4,397,511	5,443,400	2,650,000	4,333,000	3,555,000	-	3,100,000	3,100,000	2,086,100	
Financing proceeds	-	-	-	-	-	-	7,091,928	9,596,640	-	
Sale of assets	232,259	131,773	106,895	120,479	320,034	161,439	104,620	135,849	117,558	
Transfers to other funds	(3,663,860)	(5,369,448)	(3,131,050)	(3,099,137)	(3,300,247)	(2,690,305)	(2,865,418)	(1,789,024)	(2,015,003)	
Transfers from other funds	2,865,242	4,421,032	2,293,244	2,237,847	2,428,383	2,151,217	2,126,239	2,550,127	1,377,105	
<b>Total other financing sources</b>	<b>3,831,152</b>	<b>4,626,757</b>	<b>1,919,089</b>	<b>3,592,189</b>	<b>3,003,170</b>	<b>(377,649)</b>	<b>9,557,369</b>	<b>13,593,592</b>	<b>1,565,760</b>	
<b>Net change in fund balances</b>	<b>\$ (1,619,306)</b>	<b>\$ (1,599,516)</b>	<b>\$ (2,295,313)</b>	<b>\$ (960,607)</b>	<b>\$ 239,100</b>	<b>\$ 7,614,480</b>	<b>\$ 3,278,255</b>	<b>\$ (3,732,910)</b>	<b>\$ (526,486)</b>	
<b>Debt service as a percentage of noncapital expenditures</b>	<b>11.17%</b>	<b>6.30%</b>	<b>8.27%</b>	<b>6.08%</b>	<b>7.74%</b>	<b>4.26%</b>	<b>4.01%</b>	<b>11.19%</b>	<b>5.56%</b>	

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

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

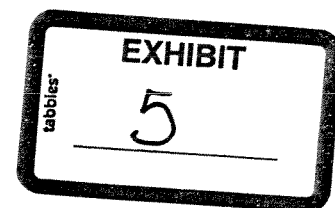


Table 6

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

Fiscal Year	Real Property		Personal Property <sup>1</sup>	Total Taxable Assessed Value	Total Direct Tax Rate
	Estimated Residential	Estimated Commercial			
2002	841,857,900	504,871,000	241,682,200	1,588,411,100	22.78
2003	896,351,100	516,447,000	278,430,400	1,691,228,500	22.52
2004	922,374,500	549,399,100	268,555,600	1,740,329,200	22.27
2005	990,170,000	618,388,000	259,687,300	1,868,245,300	20.97
2006	1,091,628,800	713,822,300	254,225,800	2,059,676,900	19.31
2007	1,178,745,758	785,599,342	259,703,500	2,224,048,600	18.33
2008	1,275,227,064	875,870,136	254,991,600	2,406,088,800	17.74
2009	1,219,093,120	1,081,082,580	244,740,100	2,544,915,800	17.99
2010	1,255,964,001	1,113,779,399	257,018,100	2,626,761,500	17.98
2011	1,227,148,219	1,088,225,781	256,321,000	2,571,695,000	18.09

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

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



Table 7

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

<b>Fiscal Year</b>	<b>General City Government</b>	<b>General Fund Debt Service</b>	<b>Education</b>	<b>Total Direct Tax Rate</b>	<b>Penobscot County</b>	<b>Total Tax/ (Mill) Rate</b>
2002	9.81	0.73	12.24	22.78	0.97	23.75
2003	9.51	0.74	12.27	22.52	1.08	23.60
2004	9.26	0.79	12.22	22.27	1.08	23.35
2005	8.20	1.18	11.59	20.97	1.08	22.05
2006	7.97	1.14	10.20	19.31	1.09	20.40
2007	7.79	1.18	9.36	18.33	1.07	19.40
2008	7.69	1.18	8.87	17.74	1.06	18.80
2009	8.12	1.16	8.71	17.99	1.06	19.05
2010	8.01	1.27	8.70	17.98	1.07	19.05
2011	7.94	1.40	8.75	18.09	1.11	19.20

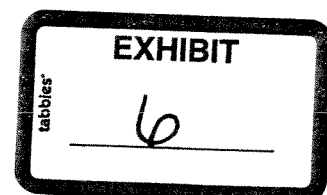


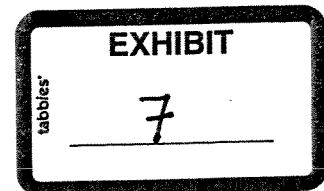
Table 11

**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
2002	31,645	1,588,411,100	66,818,681	4.21%	2,111.51
2003	31,641	1,691,228,500	65,323,120	3.86%	2,064.51
2004	31,741	1,740,329,200	69,638,974	4.00%	2,193.98
2005	31,119	1,868,245,300	65,988,998	3.53%	2,120.54
2006	31,054	2,059,676,900	66,990,510	3.25%	2,157.23
2007	31,749	2,224,048,600	65,725,523	2.96%	2,070.16
2008	31,262	2,406,088,800	61,824,071	2.57%	1,977.61
2009	31,329	2,544,915,800	60,937,500	2.39%	1,945.08
2010	31,450	2,626,761,500	65,369,337	2.49%	2,078.52
2011	33,039	2,571,695,000	59,310,719	2.31%	1,795.17

\* Source: U.S. Census Bureau.

\*\* Net Bonded General Obligation Debt Consists of all non-self supporting general obligation debt, and excludes all Sewer Utility debt of \$17,432,204, Airport debt of \$7,241,939, Golf Course debt of \$533,351 Parking debt of \$2,282,846 and Economic Development debt of \$3,639,944.



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

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

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

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

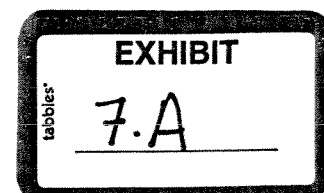




Table 14

**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 ***
2002	31,645	29,740	19,295	36.1	4,205	3.12%
2003	31,641	29,740	19,295	36.1	4,019	3.40%
2004	31,741	29,740	19,295	36.1	4,006	4.30%
2005	31,119	29,740	19,295	36.1	3,989	4.50%
2006	31,054	29,740	19,295	36.1	3,962	4.40%
2007	31,749	29,740	19,295	36.1	3,913	4.40%
2008	31,262	29,740	19,295	36.1	3,886	5.10%
2009	31,329	29,740	19,295	36.1	3,878	7.80%
2010	31,450	29,740	19,295	36.1	3,821	7.60%
2011	33,039	38,775	25,344	Data not available	3,830	7.30%

\* Source: U.S. Census.

\*\* Source: Bangor School Department.

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



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

Table 14

Fiscal Year	Population *	Median Household Income*	Per Capita Income*	Median Age*	Public School Enrollment**	Unemployment Rate ***
2000	31,311	Data not available	Data not available	Data not available	4,281	2.85%
2001	31,473	Data not available	Data not available	Data not available	4,316	3.01%
2002	31,595	29,740	19,295	36.1	4,205	3.12%
2003	31,541	29,740	19,295	36.1	4,019	3.40%
2004	31,550	29,740	19,295	36.1	4,006	4.30%
2005	31,595	29,740	19,295	36.1	3,989	4.50%
2006	31,074	29,740	19,295	36.1	3,962	4.40%
2007	31,008	29,740	19,295	36.1	3,913	4.40%
2008	31,853	29,740	19,295	36.1	3,886	5.10%
2009	31,756	29,740	19,295	36.1	3,878	7.80%

\* Source: U.S. Census  
 \*\* Source: Bangor School Department  
 \*\*\* Source: Bureau of Labor Statistics

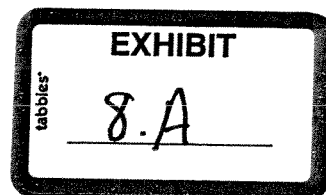


Table 16

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

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	93	91	90	87	88	94	85	80	78	78
Public safety										
Police	86	89	86	87	89	90	87	92	94	92
Fire	95	95	97	96	97	94	97	94	93	95
Health, community services and recreation	34	33	31	31	32	39	41	37	41	30
Public building and services	66	68	67	64	68	71	67	69	68	64
Education	574	574	561	571	573	562	618	618	621	621
Sewer Utility	23	23	23	23	23	23	23	23	23	24
Airport	82	72	73	75	76	81	87	88	81	82
Park Woods	3	3	3	3	3	3	3	3	2	2
Parking	2	2	2	2	2	2	2	2	2	2
Bass Park	9	9	8	9	9	9	7	8	8	7
Municipal Golf Course	3	3	3	3	3	9	3	3	3	3
Economic Development	3	2	3	3	3	3	3	2	3	4
<b>Totals</b>	<b>1,073</b>	<b>1,064</b>	<b>1,047</b>	<b>1,054</b>	<b>1,066</b>	<b>1,080</b>	<b>1,123</b>	<b>1,119</b>	<b>1,117</b>	<b>1,104</b>

\* Source - City of Bangor Human Resource Department.

