

CITY OF BATH, MAINE

Annual Financial Report

For the Year Ended June 30, 2012

CITY OF BATH, MAINE
Annual Financial Report
For the Year ended June 30, 2012

Table of Contents

	<u>Statement</u>	<u>Page(s)</u>
FINANCIAL SECTION		
Independent Auditors' Report		1-2
Management's Discussion and Analysis		3-9
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	1	13
Statement of Activities	2	14
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	15
Statement of Revenues, Expenditures and Changes in Fund		
Balances – Governmental Funds	4	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities	5	17
Statement of Revenues, Expenditures and Changes in Fund Balances -		
Budget and Actual – Budgetary Basis – All Budgeted Governmental Funds	6	18
Notes to Basic Financial Statements		19-35
Required Supplementary Information – Schedule of Funding Progress		36
	<u>Exhibit</u>	<u>Page(s)</u>
Combining and Individual Fund Statements and Schedules:		
General Fund:		
Comparative Balance Sheet	A-1	39
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and		
Actual - Budgetary Basis	A-2	40-42
Capital Project Funds:		
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B	45
Other Governmental Funds:		
Combining Balance Sheet	C-1	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	50
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	D-1	53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	D-2	54
Combining Statement of Revenues, Expenditures and Changes in Fund		
Balances – Individual Funds	D-3	55
Nonmajor Permanent Funds:		
Combining Balance Sheet	E-1	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E-2	60
Long-term Debt:		
Statement of Changes in Long-term Debt	F	63

CITY OF BATH, MAINE
Annual Financial Report
For the Year ended June 30, 2012

Table of Contents, Continued

STATISTICAL SECTION

	<u>Tables</u>	<u>Page</u>
Statistical Information:		
Revenues and Expenditures - General Fund	A	67
Property Tax Levies and Collections	B	68
Assessed and State Value of Taxable Property	C	69
Property Tax Rates - Segments	D	70
Ratio of General Bonded Debt to Assessed Value and General Bonded Debt Per Capita	E	71
Ratio of Annual Debt Service Expenditures to Total General Fund Expenditures	F	72
Ten Largest Taxpayers	G	73

Independent Auditor's Report

City Council
City of Bath, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bath, Maine as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bath, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

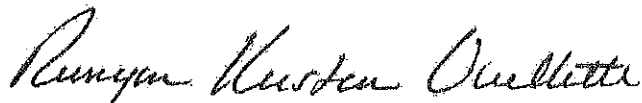
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bath, Maine as of June 30, 2012, and the respective changes in financial position, and the respective budgetary comparisons for the General Fund and Sewer Utility Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2013, on our consideration of the City of Bath, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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



January 25, 2013
South Portland, Maine

CITY OF BATH, MAINE
Management's Discussion and Analysis
June 30, 2012

The objective of Management's Discussion and Analysis (MD&A) is to help readers of the City of Bath's financial statements better understand the financial position and operating activities for the year ended June 30, 2012, with selected comparative information for the year ended June 30, 2011. Unless otherwise indicated, all fiscal years referred to in this document end June 30th.

This discussion has been prepared by the City of Bath Finance Department and should be read in conjunction with the financial statements and the notes to the financial statements.

THE CITY OF BATH

The City of Bath, Maine is located 39 miles northeast of Maine's largest city, Portland, and 8 miles east of Maine's largest town, Brunswick. Bath is an urban and coastal community with a maritime and ship building heritage. The City is home to Bath Iron Works, a General Dynamics Corp. company, and has a population of 8,514 (2010 *census*).

USING THIS ANNUAL REPORT

The City of Bath's financial statements in this audit are actually a series of separate statements. The *Statement of Net Assets* and the *Statement of Activities* provide an overview of the government as a whole and its activities. The *Fund Financial Statements* immediately follow. These fund statements provide a more detailed look at the governmental funds (General Fund, Landfill, Sewer Utility, etc).

The Statement of Net Assets and the Statement of Activities

These statements attempt to provide a financial picture of the City of Bath as a whole. All of the revenues for the audited year are included, regardless of when the money is actually received. These government-wide financial statements are prepared using an accounting method called economic resources measurement focus and accrual basis.

The Statement of Net Assets provides a picture of the difference between assets and liabilities (including infrastructure), representing a measure of the current financial condition of the City. Increases or decreases in net assets from year to year can suggest whether the City's financial condition is improving or deteriorating. However, other non-quantitative factors need to be considered when analyzing overall financial well-being, such as changes in the City's property tax base, quality of education, infrastructure condition, and negative or positive impacts of legislative decisions.

The Statement of Activities provides a look at how net assets have changed from the prior fiscal year to the current fiscal year.

The Statement of Net Assets and the Statement of Activities includes:

- Governmental Activities – Most of the City's basic services, such as General Government, Public Works, Public Safety, Capital Outlay and Assessment for Education are included here. Property taxes, excise taxes, intergovernmental revenue (primarily from the State of Maine), various City fees, and interest on investments are reported as well.

CITY OF BATH, MAINE
Management's Discussion and Analysis, Continued

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide details of the City's significant funds. These statements begin with the *Balance Sheet – Governmental Funds*. Some funds are required to be established by state law (Sewer Utility Fund, TIF Funds) and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's has one type of fund – governmental:

- **Governmental Funds** – All of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the year-end that are available for spending. These funds are reported using an accounting method called current financial resources measurement focus and modified accrual basis. Modified accrual basis of accounting measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. Governmental funds are broken into 'major' and 'non-major' funds. Major governmental funds are listed on Statements 3 and 4 on pages 15 and 16 of the financial statements and include the City's primary operating fund, the General Fund, as well as the Sewer Utility Fund, the TIF Funds, Landfill Fund, and the Capital Projects Fund. Non-major governmental fund statements begin with Exhibit C-1 of the financial statements (page 49), and include City Special Purpose Funds, Community Development Funds, Transportation Programs, Bath Local Development Corporation, and Midcoast Center for Higher Education. Permanent Funds begin with Exhibit E-1 of the financial statements (page 59) and include the Bailey Evening School, Beneficiary Trust, Cemetery Trusts, Old Folks Home, and School Trusts.

CITY OF BATH, MAINE
Management's Discussion and Analysis, Continued

THE CITY AS A WHOLE

The analysis below focuses on the net assets of the City's governmental activities. The information is a condensed version of the Statement of Net Assets contained in Statement 1 of the financial statements.

	FY 2012 Governmental Activities	FY 2011 Governmental Activities
ASSETS		
Current & other assets	\$ 26,347,823	16,653,164
Depreciable capital assets, net	29,882,071	28,730,774
Non-depreciable capital assets, net	<u>3,915,479</u>	<u>3,210,309</u>
Total Assets	<u>60,145,373</u>	<u>48,594,247</u>
LIABILITIES		
Non-current liabilities:		
Due within one year	\$ 3,759,401	3,867,244
Due in more than one year	29,617,375	29,604,604
Other liabilities	<u>2,520,404</u>	<u>2,417,609</u>
Total Liabilities	<u>35,897,180</u>	<u>35,889,457</u>
NET ASSETS		
Invested in capital assets, net of related debt	10,999,340	9,840,082
Restricted for:		
Permanent funds:		
Expendable	16,746	19,314
Nonexpendable	1,923,126	1,863,628
Grants	194,426	213,073
TIFs	26,005	495,856
Unrestricted	<u>11,088,550</u>	<u>272,837</u>
Total Net Assets	<u>\$ 24,248,193</u>	<u>12,704,790</u>

CITY OF BATH, MAINE
Management's Discussion and Analysis, Continued

City of Bath's Changes in Net Assets
Governmental Activities

	<u>2012</u>	<u>2011</u>
REVENUES:		
Program Revenues:		
Charge for services	\$ 4,840,688	4,274,539
Operating grants and contributions	2,052,700	11,504,268
Capital grants and contributions	95,443	373,010
General Revenues:		
Property and excise taxes, levied for general purposes	22,117,496	21,344,603
Grants and contributions not restricted to specific programs	1,379,700	1,375,614
Unrestricted investment earnings	273,483	292,727
Refund from Maine Public Employees Retirement System	9,648,556	-
Other	539,408	366,354
Gain on forgiveness of debt	116,400	-
Loss on disposal of capital assets	<u>(133,859)</u>	<u>-</u>
<i>Total Program and General Revenues</i>	40,930,015	39,531,115
EXPENSES:		
General government	2,721,695	3,253,943
Public works and wastewater	4,605,207	4,004,102
Public safety	3,577,875	3,514,155
Parks and recreation	768,663	794,854
Health, welfare, and transportation	253,417	240,675
Education	8,097,247	7,801,667
Intergovernmental	1,489,840	1,516,599
Unclassified	6,359,211	15,203,144
Interest on debt	824,225	578,382
Capital outlay	<u>689,232</u>	<u>613,525</u>
<i>Total Expenses</i>	29,386,612	37,521,046
Change in net assets	11,543,403	2,010,069
Net Assets Beginning	<u>12,704,790</u>	<u>10,694,721</u>
Net Assets Ending	<u>\$ 24,248,193</u>	<u>12,704,790</u>

CITY OF BATH, MAINE
Management's Discussion and Analysis, Continued

BUDGETARY HIGHLIGHTS

As is any budget document, the City's budget is a planning tool and the budget-to-actual analysis is not always perfect at the end of the fiscal year. Some examples of substantial budgets to actual differences are miscellaneous other revenues in the general fund, this amount includes a refund of an overpayment of retirement contributions over many years in a closed Maine Public Employees Retirement Fund. Sewer fees were also in excess of budget due to higher usage by commercial customers. The fire department exceeded budget due to costs for overtime, but many across the board savings were found in unclassified expenses, bringing public safety in under budget.

FINANCIAL HIGHLIGHTS AND LOOKING FORWARD

- Each year, it is a primary goal of the City Manager and Council to keep the mil rate as low as possible and still be able to deliver a full spectrum of community services, at a quality level deserving of the citizens of Bath.
- Operating under the citizen approved expenditure limitation creates a budgetary constraint each year, but to date, has not significantly affected the City's ability to deliver services. Budgeting under the expenditure limitation forces the City to be creative in its delivery of services, but does delay needed capital improvements.
- The City receives a significant portion of its tax base from Bath Iron Works (BIW). For the 2011-2012 tax year (taxes were due October 17, 2011), BIW represented about 39% of total property taxes assessed (see Table G for more information). While the City collected a little over \$8.2 million in real estate and personal property tax revenue from BIW, roughly \$4.74 million were funds collected as part of a Tax Increment Financing (TIF) District. Because of the TIF, only about \$3.46 million was retained by the City for the purposes of financing the City operational and capital budgets. The City government maintains a positive relationship with BIW, and since BIW continues to be awarded long-term shipbuilding contracts from the U.S. Government, the City looks forward to many prosperous years ahead, with BIW being one of the largest employers in the State.
- During FY 2005, the State legislature passed Law LD1, which was implemented in FY 2006. This legislation imposed local spending limitations and is based upon the core municipal expenditure commitment. The City has been LD1-compliant every year. LD1 incorporates the City's growth and new property and a State-calculated income factor, and uses these figures plus the City's taxable value and other inputs to calculate a local property tax cap. The City is a full-service community with almost no growth due to its age. When municipal expenses increase, the City may need to exceed the LD1 limitation because growth is not increasing at the same rate as those expenses.
- The City continues to explore economic development opportunities throughout the City and welcomes developers and business owners to include the City in their discussions of business startups, expansions, or relocations. The City explores development which it feels retains Bath's small-town charm and shipbuilding heritage, while also expanding the taxable economic base in order to hold property taxes down. The City has welcomed development in recent years including Wing Farm Business Park and a downtown hotel.

CITY OF BATH, MAINE
Management's Discussion and Analysis, Continued

- The City continues to identify and explore regional solutions to local problems, and look for mutually beneficial opportunities to cooperate with municipal neighbors in the Midcoast area. The City regionalized ambulance service with West Bath. The City has also regionalized general assistance with Brunswick and West Bath. The goal is to reduce the financial burden of service delivery to taxpayers in Bath, while maintaining an acceptable level of service delivery.
- The 2008 budget and financial statements were the first to separate the operations and capital expenses of the landfill. Management made this change in order to more accurately monitor the financial activities associated with the landfill. Management is operating under the assumption that the landfill will stay open for the foreseeable future, as the cost of closure is estimated at \$4.2 million.
- Due to the locally imposed expenditure limitation, the City is often unable to finance its capital needs with cash on hand. This creates a greater reliance on financing capital projects through the issuance of general obligation bonds or lease-purchase agreements. Bonds must be voter approved in order for the annual debt service payments to be exempt from the expenditure limitation. Management has noted the importance of a formal five-year capital improvement plan in order to budget and smooth cash needs, and continues to prepare the plan on an annual basis.
- The City issued \$7.67 million of new debt and made repayments of about \$7.09 million during fiscal year 2012. Overall, outstanding debt is slightly over \$28.7 million. Statement 1 of the financial statements shows the City's debt liabilities due within one year and the amount due in more than one year. Exhibit F contains a listing of the City's bond issuances.
- The City's support of the Midcoast Center for Higher Education (MCHE) continues to be strong; the MCHE is currently receiving about \$502,000 in rental income from its numerous tenants. Approximately half of the space in this 60,000 square foot building is rented. The City and MCHE are working together to evaluate all space and market it to appropriate tenants. The MCHE's fund balance has increased \$137,178 to (\$242,111) at the end of FY 2012. The City continues to institute a five-year capital improvement plan, more accurate expense budgeting, and closer discussions of rental rates in hopes of improving this declining fund balance.
- The Bath Youth Meeting House/Skate Park continues to improve its operations and be a vital resource for recreation and growth for the youth of Bath. The facility is working towards sustaining itself financially, and in fiscal year 2012 was close to breaking even in the fund. On July 1, 2008, the City assumed operations of the Skate Park; the goal is to operate at a break-even under the recreation department. The June 30, 2012 fund balance was (\$263,020). For more information, see Exhibit D-3, City Special Purpose Funds.
- The City is continually looking for new revenue streams in order to reduce the burden on property taxes. There is an ongoing review of fee structures. Excise taxes on motor vehicle registrations had been continuing to show moderate declines each year, the FY 2012 figures were approximately \$964,000 which was an increase from fiscal year 2011. State municipal revenue sharing increased \$40,000 in FY 2012.

CITY OF BATH, MAINE
Management's Discussion and Analysis, Continued

- The City will begin a greater emphasis on information reporting in the coming years. Information reporting improvements include the following:
 - Tracking such operational outputs is a step towards developing a performance-based budget as part of a strategic planning initiative. While performance based budgeting and strategic planning is a popular trend among municipalities across the country. The City created a ten-year strategic plan, adopted by the City Council. Strategic planning and performance based budgeting is an attempt to link budget dollars to goals/objectives, operational outputs, and measures of performance. The Finance Department will continue to monitor developments nationally to see if there are tie-ins with the City of Bath's Strategic Plan and performance based budgeting that would be beneficial to the City of Bath in delivering services during lean budget years.
 - The municipal side continues to create a five-year Capital Improvement Plan (CIP) for the FY 2012 budget, which reports current and future proposed capital projects and purchases. The CIP will help better track capital funding sources, improve capital asset tracking, and be a much-needed budgetary planning tool.

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the City of Bath, including written as outlined above, or oral statements made by its representatives, may contain forward-looking statements. All statements, other than statements of historical facts, that address activities, events, or developments that the City expects or anticipates, will or may occur in the future, contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The City does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact:

CITY OF BATH FINANCE DEPARTMENT

Juli Millett, Finance Director
Finance Office, 1st Floor, City Hall
55 Front St.
Bath, ME 04530
Tel.: 207.443.8338 or 207.443.8340
Fax: 207.443.8397
Email: jmillett@cityofbath.com

BASIC FINANCIAL STATEMENTS

CITY OF BATH, MAINE
Statement of Net Assets
June 30, 2012

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,844,838
Cash held in escrow	603,239
Investments	11,511,189
Receivables:	
Taxes receivable	693,202
Tax liens	300,231
Accounts receivable, net of allowance of \$70,000	833,650
Notes receivable	954,157
Due from other governments	802,097
Inventory	49,904
Prepaid	33,246
Long-term receivable from RSU #1	6,332,490
Land held for resale	1,389,580
Capital assets, not being depreciated	3,915,479
Capital assets, net of depreciation	29,882,071
Total assets	60,145,373
LIABILITIES	
Accounts payable	917,696
Accrued expenses	465,950
Accrued compensated absences	306,481
Other post-employment benefits	557,151
Accrued interest	273,126
Noncurrent liabilities:	
Due within one year	3,759,401
Due in more than one year	29,617,375
Total liabilities	35,897,180
NET ASSETS	
Invested in capital assets, net of related debt	10,999,340
Restricted for:	
Permanent funds:	
Expendable	16,746
Nonexpendable	1,923,126
Grants	194,426
TIF Districts	26,005
Unrestricted	11,088,550
Total net assets	\$ 24,248,193

See accompanying notes to financial statements.

CITY OF BATH, MAINE
Statement of Activities
For the year ended June 30, 2012

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net assets
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government
					Governmental activities
Primary government:					
Governmental activities:					
General government	\$ 2,721,695	98,504	1,136,103	-	(1,487,088)
Public works and wastewater treatment	4,605,207	3,113,921	-	12,815	(1,478,471)
Public safety	3,577,875	637,959	4,678	-	(2,935,238)
Parks and recreation	768,663	421,435	-	-	(347,228)
Health, welfare, and transportation	253,417	66,715	54,965	-	(131,737)
Education	8,097,247	-	-	-	(8,097,247)
Intergovernmental	1,489,840	-	-	-	(1,489,840)
Unclassified	6,359,211	502,154	856,954	-	(5,000,103)
Interest on debt	824,225	-	-	-	(824,225)
Capital outlay	689,232	-	-	82,628	(606,604)
Total governmental activities	29,386,612	4,840,688	2,052,700	95,443	(22,397,781)
Total primary government	\$ 29,386,612	4,840,688	2,052,700	95,443	(22,397,781)

General revenues:

Property taxes, levied for general purposes	21,097,195
Contributions in lieu of taxes	55,915
Motor vehicle excise taxes	964,386
Grants and contributions not restricted to specific programs:	
Homestead and BETE exemption	480,872
Other State/federal aid	30,782
State Revenue Sharing	868,046
Unrestricted investment earnings	273,483
Refund from Maine Public Employees Retirement System	9,648,556
Other	539,408
Gain on forgiveness of debt	116,400
Loss on disposal of capital assets	(133,859)
Total general revenues	33,941,184
Change in net assets	11,543,403
Net assets - beginning	12,704,790
Net assets - ending	\$ 24,248,193

See accompanying notes to financial statements.

CITY OF BATH, MAINE
Balance Sheet
Governmental Funds
June 30, 2012

	General	Sewer Utility Fund	TIF Funds	Landfill	Capital Projects	Other Governmental Funds	Total
ASSETS							
Cash and cash equivalents	\$ 2,322,201	-	-	175	109,396	413,066	2,844,838
Investments	9,774,169	-	-	-	-	1,737,020	11,511,189
Receivables:							
Taxes receivable	693,202	-	-	-	-	-	693,202
Tax liens	294,981	5,250	-	-	-	-	300,231
Accounts receivable, net of allowance of \$70,000	100,520	551,455	58,443	120,449	-	2,783	833,650
Notes receivable	-	-	-	-	-	954,157	954,157
Due from other governments	-	737,581	-	-	-	64,516	802,097
Interfund loans receivable	-	95,946	-	263,465	889,998	124,892	1,374,301
Interfund advance receivable	-	-	-	-	-	60,593	60,593
Inventory	49,904	-	-	-	-	-	49,904
Prepaid	33,246	-	-	-	-	-	33,246
Receivable from RSU #1 for debt service payment	6,332,490	-	-	-	-	-	6,332,490
Total assets	\$ 19,600,713	1,390,232	58,443	384,089	999,394	3,357,027	25,789,898
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	178,785	539,517	28,692	92,596	17,292	60,814	917,696
Accrued expenditures	176,160	10,059	-	4,728	-	21,753	212,700
Escrow	-	-	-	-	-	253,250	253,250
Interfund loans payable	614,769	-	3,746	-	-	755,786	1,374,301
Interfund advance payable	-	-	-	-	-	60,593	60,593
Deferred tax revenue	735,000	-	-	-	-	-	735,000
Deferred debt service payments from RSU #1	6,332,490	-	-	-	-	-	6,332,490
Total liabilities	8,037,204	549,576	32,438	97,324	17,292	1,152,196	9,886,030
Fund balances:							
Nonspendable	83,150	-	-	-	-	2,937,876	3,021,026
Restricted	-	-	26,005	-	-	211,172	237,177
Committed	9,774,169	840,656	-	286,765	982,102	181,116	12,064,808
Assigned	463,677	-	-	-	-	-	463,677
Unassigned	1,242,513	-	-	-	-	(1,125,333)	117,180
Total fund balances	11,563,509	840,656	26,005	286,765	982,102	2,204,831	15,903,868
Total liabilities and fund balances	\$ 19,600,713	1,390,232	58,443	384,089	999,394	3,357,027	

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

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

More specifically, non-depreciable and depreciable capital assets as reported on Statement 1 33,797,550

Long-term receivable from RSU #1 for bonds held in the City's name. 6,332,490

Other long-term assets are not available to pay for current period expenditures
and, therefore, are deferred in the funds. 735,000

Cash held in escrow 603,239

Land held for sale 1,389,580

Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:

Accrued compensated absences (306,481)

Other post-employment benefits (557,151)

Accrued interest (273,126)

Note payable to RSU #1 (90,837)

Landfill closure (4,200,000)

Capital leases (320,284)

Bonds payable (28,765,655)

Net assets of governmental activities \$ 24,248,193

See accompanying notes to financial statements.

CITY OF BATH, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2012

	General	Sewer Utility Fund	TIF Funds	Landfill	Capital Projects	Other Governmental Funds	Total
Revenues:							
Taxes	\$ 15,705,846	-	5,059,616	917,000	461,534	-	22,143,996
Licenses and permits	95,303	-	-	-	-	-	95,303
Intergovernmental	1,379,700	-	617,805	12,815	82,628	1,434,895	3,527,843
Charges for services	684,714	2,152,760	-	914,406	-	993,505	4,745,385
Investment income	134,612	37,756	-	-	-	101,115	273,483
Other revenues	9,893,428	4,189	-	-	83,182	207,165	10,187,964
Total revenues	27,893,603	2,194,705	5,677,421	1,844,221	627,344	2,736,680	40,973,974
Expenditures:							
Current:							
General government	1,285,916	-	-	-	-	1,284,621	2,570,537
Public works and wastewater treatment	1,375,780	1,093,550	-	891,070	-	-	3,360,400
Public safety	3,391,781	-	-	-	-	17,493	3,409,274
Parks and recreation	-	-	-	-	-	675,672	675,672
Health, welfare and transportation	79,161	-	-	-	-	173,838	252,999
Education	8,142,008	-	-	-	-	-	8,142,008
Intergovernmental	1,489,840	-	-	-	-	-	1,489,840
Unclassified	1,526,089	-	3,941,928	-	-	759,193	6,227,210
Debt service	530,602	601,359	921,635	784,357	285,162	68,430	3,191,545
Capital outlays	-	1,444,667	1,203,709	13,852	1,268,433	209,397	4,140,058
Total expenditures	17,821,177	3,139,576	6,067,272	1,689,279	1,553,595	3,188,644	33,459,543
Excess (deficiency) of revenues over (under) expenditures	10,072,426	(944,871)	(389,851)	154,942	(926,251)	(451,964)	7,514,431
Other financing sources (uses):							
Transfers in	25,000	-	70,000	-	-	478,940	573,940
Transfers out	(328,940)	-	(150,000)	-	(70,000)	(25,000)	(573,940)
Funding RSU #1 fund deficit	(100,000)	-	-	-	-	-	(100,000)
Payment of refunding bonds/notes	(3,383,079)	-	(367,053)	-	(726,418)	-	(4,476,550)
Issuance of debt	3,452,029	1,396,761	367,053	-	1,773,918	75,000	7,064,761
Total other financing sources (uses)	(334,990)	1,396,761	(80,000)	-	977,500	528,940	2,488,211
Net change in fund balances	9,737,436	451,890	(469,851)	154,942	51,249	76,976	10,002,642
Fund balances, beginning of year	1,826,073	388,766	495,856	131,823	930,853	2,127,855	5,901,226
Fund balances, end of year	\$ 11,563,509	840,656	26,005	286,765	982,102	2,204,831	15,903,868

See accompanying notes to financial statements.

CITY OF BATH, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2012

Net change in fund balances - total governmental funds (from Statement 4)	\$ 10,002,642
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$3,450,827) exceeded depreciation expense (\$1,460,501) and loss on disposal (\$133,859).	1,856,467
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in deferred revenue.	(26,500)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the decrease in accrued compensated absences (\$14,309), and accrued interest (\$91,610), net of decrease of other post-employment benefits (\$143,785).	(37,866)
Lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of refinanced leases (\$570,549) and the repayments on leases (\$202,057).	772,606
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments (\$7,090,466) and increase in cash held in escrow (\$603,239) exceeded debt proceeds (\$7,668,000).	25,705
The City has bonds that were originally issued for School purposes. These amounts will be funded by Regional School Unit #1 when the debt service payments are due. The City has recorded a long-term receivable for the amount that will be paid by the School Unit for these bonds. The amount of the receivable at year end was \$6,332,490 with principal amounts paid off during the year totaling \$892,281 with a net change in accrued interest of \$57,370.	(949,651)
The City of Bath is funding the School Department's deficit balance that was transferred to Regional School Unit #1. The total amount to be funded is \$190,837. During the year, the City paid \$100,000.	100,000
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. This represents the increase in landfill liability.	(200,000)
Change in net assets of governmental activities (see Statement 2)	\$ 11,543,403

See accompanying notes to financial statements.

CITY OF BATH, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Budgeted Governmental Funds - Budget and Actual - Budgetary Basis
For the year ended June 30, 2012

	General Fund				Sewer Utility Fund			
	Budget		Actual	Variance with final budget positive (negative)	Budget		Actual	Variance with final budget positive (negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ 15,696,682	15,696,682	15,705,846	9,164	-	-	-	-
Licenses and permits	75,150	75,150	95,303	20,153	-	-	-	-
Intergovernmental	1,337,291	1,337,291	1,379,700	42,409	-	-	-	-
Charges for services	667,500	667,500	684,714	17,214	1,875,951	1,875,951	2,152,760	276,809
Investment income	230,000	230,000	134,612	(95,388)	10,000	10,000	37,756	27,756
Other revenues	165,200	165,200	9,868,856	9,703,656	4,500	4,500	4,189	(311)
Total revenues	18,171,823	18,171,823	27,869,031	9,697,208	1,890,451	1,890,451	2,194,705	304,254
Expenditures:								
Current:								
General government	1,338,201	1,344,617	1,285,916	58,701	-	-	-	-
Public works	1,387,576	1,390,696	1,375,780	14,916	-	-	-	-
Public safety	3,362,304	3,378,273	3,391,781	(13,508)	-	-	-	-
Health and welfare	66,510	66,510	79,161	(12,651)	-	-	-	-
Education	8,142,008	8,142,008	8,142,008	-	-	-	-	-
Intergovernmental	1,489,840	1,489,840	1,489,840	-	-	-	-	-
Administration	-	-	-	-	72,700	80,354	58,426	21,928
Treatment plant	-	-	-	-	815,776	802,681	754,451	48,230
Maintenance	-	-	-	-	290,683	296,124	280,673	15,451
Unclassified	1,833,780	1,808,275	1,526,089	282,186	-	-	-	-
Debt service	501,663	501,663	461,652	40,011	620,115	620,115	601,359	18,756
Capital	-	-	-	-	102,677	102,677	47,906	54,771
Total expenditures	18,121,882	18,121,882	17,752,227	369,655	1,901,951	1,901,951	1,742,815	159,136
Excess (deficiency) of revenues over (under) expenditures	49,941	49,941	10,116,804	10,066,863	(11,500)	(11,500)	451,890	463,390
Other financing sources (uses):								
Transfers in	25,000	25,000	25,000	-	-	-	-	-
Transfers out	(366,441)	(366,441)	(328,940)	37,501	-	-	-	-
Funding RSU #1 fund deficit	-	-	(100,000)	(100,000)	-	-	-	-
Utilization of prior year fund balance	291,500	291,500	-	(291,500)	11,500	11,500	-	(11,500)
Total other financing sources (uses)	(49,941)	(49,941)	(403,940)	(353,999)	11,500	11,500	-	(11,500)
Net change in fund balances - budgetary basis	-	-	9,712,864	9,712,864	-	-	451,890	451,890
Reconciliation to GAAP basis:								
Fuel revenues for fuel tank reserve			24,572				-	
Net change in fund balance			9,737,436				451,890	
Fund balance, beginning of year			1,826,073				388,766	
Fund balance, end of year	\$		11,563,509				840,656	

See accompanying notes to financial statements.

CITY OF BATH, MAINE
Notes to Basic Financial Statements

THE REPORTING ENTITY

The City of Bath, Maine was incorporated in 1847 under the laws of the State of Maine. The City operates under a Council-Manager form of government with an elected nine-member City Council. The City provides the following services as authorized by its charter: public safety, public works, recreation, and community development.

This report includes all funds of the City. An analysis of certain criteria was made to determine if other governmental units should be included in this report. In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the City and/or its members, or whether the activity is conducted within the geographic boundaries of the City and is generally available to its members.

Bath Local Development Corporation (Bath LDC)

The City has elected to report the Bath Local Development Corporation as a blended Component Unit in the special revenue funds. The Bath LDC was established by the City Council to assist and promote economic development for companies located or attempting to locate in the City of Bath, Maine. The Board of the Directors for the Bath LDC includes the City Manager, Planning Director, two members of the City Council, one member of the Bath Planning Board and at least two but not more than ten representatives of the Bath business community.

It is the City's judgment, based on all pertinent facts derived from the analysis of these criteria, that there are no other entities that would be considered potential component units within the City that should be included as part of these financial statements. The City has, however, identified the following related organizations:

Related Organizations - The City of Bath, Maine appoints a voting majority of the following governing boards of each of the entities described below. However, The City is not financially accountable for these organizations and therefore, they are not component units.

The Bath Water District was established by the State of Maine in 1915 as a quasi-municipal water district to provide safe and affordable water to the citizens of the City of Bath, Maine. The District is managed by a five-member board of trustees, four chosen by the Bath City Council.

The Bath Housing Authority was established in 1970 pursuant to Maine Law. It is governed by a seven-member board of commissioners appointed by the Bath City Council.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Bath, Maine conform to accounting principles generally accepted in the United States of America as applicable to governmental units, except as otherwise noted. The following is a summary of the more significant policies:

A. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The City currently does not have fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

B. 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. 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.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 Sewer Utility Fund accounts for the revenues generated from sewer billings and the costs of operating and maintaining the sewer treatment plant and related equipment.

The TIF Fund accounts for development programs in the City of Bath, Maine. Taxes are remitted to the TIF districts over the lives of the districts to assist in financing the development projects.

The Landfill Fund accounts for the fees charged to use the landfill and the operating and maintenance costs of the landfill.

Capital Projects account for financial resources to be used for the acquisition or construction of major capital assets.

C. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with maturity dates within three months of the date acquired by the City.

Investments are stated at fair value, which approximates market value.

D. Inventories

Inventories are valued at the lower of cost (first-in, first-out basis) or market. Inventories consist of vehicle fuel for consumption by the City and other regional governmental organizations.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and the following minimum capitalization thresholds for capitalizing capital assets:

Land	\$ 25,000	N/A
Building and building improvements	50,000	15-40
Machinery, equipment, vehicles	5,000	3-20
Infrastructure	150,000	30-100

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

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

CITY OF BATH, MAINE
Notes to Basic Financial Statements, continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. Capital Assets, continued

Property, plant and equipment of the primary government are depreciated using the straight-line method over the assets' estimated useful lives, which are determined by the Finance Director. Assets' lives will be adjusted as necessary, depending on the present condition and use of the asset and based on how long the assets are expected to meet current service demands.

F. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vested or accumulated vacation and sick leave are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

G. Long-term Obligations

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

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

H. Fund Equity

Governmental Fund fund balances are reported in five classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

H. Fund Equity, continued

The City Council has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Likewise, management or City Council may assign unspent budgeted amounts to specific purposes at year end based on Department requests.

Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the government's intent to use committed or assigned resources first, and then unassigned resources as they are needed.

I. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations. All encumbrances, if any, are assigned at year end.

J. 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.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. The City's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2012:

Capital assets	\$ 58,439,673
Accumulated depreciation	(24,642,123)
Bonds payable	(28,765,655)
Long-term receivable from RSU #1 for debt service	6,287,729
Capital leases payable	(320,284)

<u>Total invested in capital assets net of related debt</u>	<u>\$ 10,999,340</u>
--	-----------------------------

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The revenues and expenditures of the General Fund and the Sewer Utility Fund (a Special Revenue Fund) are controlled by a formal integrated budgetary accounting system. Historically, the budget has been prepared on a modified accrual basis of accounting.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, continued

PROPERTY TAX

Property taxes for the current year were committed on August 25, 2011, 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.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$66,135 for the year ended June 30, 2012.

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.

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 in the fund and entity-wide financial statements. The remaining receivables have been recorded as deferred revenues in the fund financial statements.

The following summarizes the levy:

	<u>2012</u>	<u>2011</u>
Assessed value (excluding Homestead exemption)	\$ 1,174,476,650	1,177,346,250
<u>Tax rate (per \$1,000)</u>	<u>17.90</u>	<u>17.20</u>
Commitment	21,023,132	20,250,356
<u>Supplemental taxes assessed</u>	<u>-</u>	<u>-</u>
	21,023,132	20,250,356
Less:		
Abatements	15,912	29,493
<u>Collections</u>	<u>20,417,304</u>	<u>19,551,669</u>
 <u>Current year taxes and liens receivable at end of year</u>	 <u>\$ 589,916</u>	 <u>669,194</u>
 Due date - current year	 October 17, 2011	 October 15, 2010
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	97.19%	96.70%
 Taxes and liens receivable - current year	 \$ 589,916	 669,194
<u>Taxes and liens receivable - prior years</u>	<u>398,267</u>	<u>357,289</u>
 <u>Total taxes and liens receivables</u>	 <u>\$ 988,183</u>	 <u>1,026,483</u>

CITY OF BATH, MAINE
Notes to Basic Financial Statements, continued

DEPOSITS AND INVESTMENTS

As of June 30, 2012, the City had the following investments:

	<u>Fair value</u>	<u>Weighted average maturity (years)</u>
Federal Farm Credit Bank	\$ 25,834	0.874
Corporate bonds	203,382	3.525
Tax exempt bonds	40,129	7.005
Cash Management funds	4,542,882	N/A
Common stock	6,622,987	N/A
Mutual funds	75,975	N/A

Custodial credit risk- deposits – In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City currently does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$2,377,102 of the City's bank balance of \$2,844,838 was collateralized by underlying securities held by the related bank in the City's name. The remainder was insured under the Federal Deposit Insurance Corporation.

Custodial credit risk- investments – For investments, this 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 possession of an outside party. The City currently does not have an investment policy for custodial credit risk.

Credit risk – 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. U.S. Treasury Notes, common stock, and corporate bonds with a maturity date of less than six months are not rated. As of June 30, 2012, the City's investments were rated by Moody's as follows:

	<u>Credit Rating</u>		<u>Credit Rating</u>
Federal Farm Credit Bank	AAA	Corporate bonds:	
Corporate bonds:		Goldman Sachs	A1
AT&T Inc	A2	JP Morgan Chase	AA3
AMGEN Inc	BAA1	GCB Verizon	
Bank of America	BAA1	Communications	A3
Deutsche Bank	AA3		

Interest rate risk – The City does not have a deposit policy for interest rate risk.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance June 30, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2012</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,003,426	-	-	2,003,426
Construction in progress	1,206,883	2,932,090	2,226,920	1,912,053
Total capital assets not being depreciated	3,210,309	2,932,090	2,226,920	3,915,479
Capital assets, being depreciated:				
Buildings and building improvements	13,302,020	119,910	160,000	13,261,930
Machinery, furniture and equipment	2,753,931	76,824	-	2,830,755
Infrastructure	32,141,855	2,332,673	-	34,474,528
Vehicles	3,803,422	216,250	62,691	3,956,981
Total capital assets being depreciated	52,001,228	2,745,657	222,691	54,524,194
Less accumulated depreciation for:				
Buildings and building improvements	6,535,538	481,307	33,667	6,983,178
Machinery, furniture and equipment	1,578,504	139,172	-	1,717,676
Infrastructure	13,404,894	599,476	-	14,004,370
Vehicles	1,751,518	240,546	55,165	1,936,899
Total accumulated depreciation	23,270,454	1,460,501	88,832	24,642,123
Total capital assets being depreciated, net	28,730,774	1,285,156	133,859	29,882,071
Governmental activities capital assets, net	\$ 31,941,083	4,217,246	2,360,779	33,797,550

The City of Bath, Maine is holding land for resale within an industrial park. The value of the land at June 30, 2012 was \$1,389,580.

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

Governmental activities:	
General government	\$ 13,508
Public works and wastewater treatment	1,037,210
Parks and recreation	89,539
Public safety	188,672
Unclassified	131,572
Total depreciation expense – governmental activities	\$ 1,460,501

CITY OF BATH, MAINE
Notes to Basic Financial Statements, continued

INTERFUND BALANCES, ADVANCES AND TRANSFERS

Individual interfund loans receivable and payable and interfund transfers at June 30, 2012 were as follows:

	Interfund loan <u>receivable</u>	Interfund loan <u>payable</u>	Transfers in (out)
General Fund	\$ -	614,769	(303,940)
Sewer Utility Fund	95,946	-	-
TIF Fund-	-	3,746	(80,000)
Capital Projects	889,998	-	(70,000)
Landfill Fund	263,465	-	-
Nonmajor governmental funds:			
City Special Purpose	-	318,228	277,016
Community Development	-	236,830	-
Transportation Programs	-	40,737	71,924
Bath Local Development Corp.	33,802	-	130,000
Midcoast Center for Higher Education	-	152,876	-
Nonmajor permanent funds	91,090	7,115	(25,000)
Total interfund balances and transfers	\$ 1,374,301	1,374,301	-

With the exception of certain special revenue and permanent funds, all cash of the City is co-mingled in centralized cash accounts maintained within the General Fund, the practice of which results in the interfund balances listed above.

Individual interfund advances receivable and payable at June 30, 2012 were as follows:

	Interfund advances <u>receivable</u>	Interfund advances <u>payable</u>
Bath Local Development Corp.	\$ 60,593	-
Midcoast Center for Higher Education	-	60,593
Total interfund advances	\$ 60,593	60,593

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>balance</u>	Due within <u>one year</u>
Governmental activities:					
General obligation bonds	\$ 28,188,121	7,668,000	7,090,466	28,765,655	3,574,420
Note payable to RSU #1	190,837	-	100,000	90,837	90,837
Capital leases	1,092,890	-	772,606	320,284	94,144
Other post-employment benefits	413,366	143,785	-	557,151	-
Accrued compensated absences	320,790	-	14,309	306,481	-
Landfill closure and postclosure care costs	4,000,000	200,000	-	4,200,000	-
Governmental activity long-term liabilities	\$ 34,206,004	8,011,785	7,977,381	34,240,408	3,759,401

CITY OF BATH, MAINE
Notes to Basic Financial Statements, continued

LONG-TERM DEBT

Long-term debt payable at June 30, 2012 is comprised of the following:

	<u>Date of issue</u>	<u>Original amount issued</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>June 30, 2012</u>
Governmental activities:					
1992 Sewer improvement bonds	10/1/92	\$ 3,311,000	10/1/12	4.12%	165,550
1997 Wastewater upgrade bonds	10/1/97	6,300,000	10/1/17	varies	1,890,000
1998 Library bonds	5/28/98	500,000	11/1/12	varies	35,900
2002 Landfill and pumping station bonds	10/1/03	1,950,000	10/1/22	varies	982,500
2002 General obligation bonds	9/1/02	4,000,000	9/1/22	varies	2,020,000
2004 General obligation bonds	6/1/04	1,840,000	9/1/19	varies	965,000
2004 Note – Bath Savings Institute	12/3/04	550,000	12/3/24	5.50%	409,730
Building renovation note	3/13/06	1,000,000	12/1/15	5.125%	309,140 (1)
Wastewater revolving loan fund	6/30/06	350,000	6/30/26	1.78%	245,000
2006 general obligation refunding	7/18/06	3,570,000	10/1/16	4.375%	1,725,000 (3)
2008 SRF sewer bond	5/1/08	1,400,000	4/1/2023	1.00%	1,026,668
2008 general obligation bond	1/30/08	6,500,000	1/15/23	varies	4,220,000
2008 general obligation bond	1/30/08	2,800,000	1/15/18	varies	1,680,000 (3)
2009 general obligation bond series B	9/5/08	635,000	10/15/28	varies	575,000
2009 general obligation bond series C	9/8/08	1,365,000	10/15/18	6.75%	1,250,000
2009 AARA Clean Water Revolving Loan	7/1/09	57,488	4/1/19	0.00%	29,096
2011 General Obligation Bond	5/1/11	3,950,000	5/1/31	varies	3,610,000
2011 Bath Armory Note	8/11/10	175,000	8/11/20	4.07%	160,471
2011 GOB Series B	3/1/11	2,392,271	11/1/2030	varies	2,392,271
2011 GOB Series B	3/1/11	2,882,729	11/1/2030	varies	2,882,729 (3)
2011 SRF GOB	3/1/11	2,000,000	11/1/2031	varies	1,883,600 (2)
2012 GOB	6/28/12	308,000	6/28/2022	2.96%	308,000
Total governmental activities					\$ 28,765,655

- (1) This note is on a draw-down basis. As of June 30, 2012, the City has drawn down \$500,000. The remaining \$500,000 has yet to be drawn down.
- (2) This bond is on a draw-down basis. As of June 30, 2012, the City has drawn down \$1,356,761. The remaining \$603,239 has yet to be drawn down.
- (3) As of July 1, 2008, the Bath School Department joined Regional School Unit #1. RSU #1 will reimburse the City of Bath for all Bath School Department bonds payable when the debt service payments are due. The City has recorded a long-term receivable for \$6,287,729, which is the outstanding amount of bonds payable related to the School Department. The City also records a long-term receivable for the accrued interest on these bonds, which totals \$44,761 for a total long-term receivable of \$6,332,490.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, continued

LONG-TERM DEBT, CONTINUED

The annual principal and interest requirements to amortize general long-term debt outstanding as of June 30, 2012 are as follows:

Year(s) ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 3,574,420	880,648	4,455,068
2014	3,353,834	773,253	4,127,087
2015	3,333,335	672,046	4,005,381
2016	3,325,285	573,932	3,899,217
2017	3,154,120	473,418	3,627,538
2018-2022	9,191,220	1,124,155	10,315,375
2023-2027	1,942,541	278,034	2,220,575
2028-2032	890,900	70,057	960,957
Totals	\$ 28,765,655	4,845,543	33,611,198

CAPITAL LEASES

The City of Bath has entered into various lease agreements as lessee for various equipment. Those leases qualify as capital leases for accounting purposes, and therefore, have been recorded in the government-wide financial statements at the present value of future minimum lease payments as of the date of its inception. The value of assets capitalized under these leases as of June 30, 2012 was \$414,428.

The following is a schedule of future minimum lease payments under the capital lease and the present value of the minimum lease payment at June 30, 2012

<u>Fiscal year ending</u>	<u>Capital leases</u>
2013	\$ 102,095
2014	91,750
2015	58,775
2016	48,710
2017	29,047
2018	11,563
Total minimum lease payments	341,940
Less: amount representing interest	(21,656)
Present value of future minimum lease payments	\$ 320,284

CITY OF BATH, MAINE
Notes to Basic Financial Statements, continued

SHORT-TERM DEBT

The City issues tax anticipation notes to cover cash short falls during the year. Tax anticipation note activity for the year ended June 30, 2012, was as follows:

	Beginning balance	Additions	Reductions	Ending balance
<u>Tax anticipation notes</u>	\$ -	1,750,000	1,750,000	-

LANDFILL CLOSURE AND POSTCLOSURE COSTS

The City of Bath is currently operating a landfill for residential and commercial sanitary waste, demolition debris, and other materials. In 1991, the City entered into a consent decree with the State of Maine for the development and implementation of a corrective action plan and application to re-license with a proposed vertical expansion. The City met all terms of the consent decree and received approval from the State on the new license and vertical expansion. As part of the corrective action plan, the City closed certain sections of the landfill and prepared to make improvements that would extend the useful life of the facility. On November 6, 2001, voters approved the City Council's authorization of \$8,140,000 in general obligation bonds. Of this bond issuance, \$3,000,000 was to provide funds for landfill improvements, otherwise referred to as the Landfill Project. In September 2002 (the "2002 Bonds"), \$1,200,000 was issued to finance the Landfill Project. An additional amount of \$600,000 was financed through the State Revolving Loan Program (SRF) jointly through the Maine Municipal Bond Bank and the Maine Department of Environmental Protection. Another bond issuance in June 2004 (the "2004 Bonds") provided the remaining \$1,200,000 previously authorized for the Landfill Project. On January 30, 2008, the City issued \$4,500,000 in voter-approved debt for construction of a new cell and gas mitigation system. At June 30, 2012, the landfill had reached approximately 70.11% capacity of the current configuration (post Landfill project expansion). The estimated cost for closure after it reaches existing capacity is approximately \$3,500,000. Post closure costs, such as monitoring and maintenance for 30 years is estimated to be \$2,300,000. As such, the City has recognized a liability based on the percentage used as of June 30, 2012, of \$2,500,000 for closure, and an estimate for post closure costs of \$1,700,000. This results in a total of \$4,200,000 estimated liability of closure and post closure costs in the government-wide financial statements. The actual closure and post closure costs may vary from this estimate due to inflation, changes in technology, recycling, engineering estimates, expansion of the existing landfill, or changes in landfill laws and regulations.

NOTE PAYABLE TO REGIONAL SCHOOL UNIT #1

As of July 1, 2008, the Bath School Department joined Regional School Unit #1. At the time of the merger to create RSU #1, the Bath School Department had a deficit fund balance of \$490,837. The City of Bath has agreed to fund the \$490,837 deficit over a five year period at \$100,000 per year. The balance at June 30, 2012 is \$90,837.

OVERLAPPING DEBT

The City of Bath, Maine is situated in Sagadahoc County and is therefore subject to annual assessment of its proportional share of county expenses. Long-term debt outstanding in Sagadahoc County, for which the City of Bath would be proportionally responsible in the event the County defaulted, amounted to \$1,956,849 at June 30, 2012, which is 20.71% of the County's total debt of \$9,448,812.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, continued

SIGNIFICANT TAXPAYER

For the year ended June 30, 2012, the City of Bath received \$8,201,316 in real estate and personal property tax revenue from Bath Iron Works. This amount represents 39.01% of total property taxes assessed. Of the taxes received from Bath Iron Works for the year ended June 30, 2012, a significant portion (\$4,741,964) were funds collected as part of a Tax Increment Financing (TIF) District. As such, only \$3,459,352 were taxes collected for the purposes of financing the City's operational and capital budgets.

FUND BALANCE COMPONENTS

As of June 30, 2012 fund balances components consisted of the following:

	General <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
Nonspendable:			
Inventory and prepaid items	\$ 83,150	-	83,150
Notes receivable and interfund advances	-	1,014,750	1,014,750
Principal for permanent funds	-	1,923,126	1,923,126
Total nonspendable	83,150	2,937,876	3,021,026
Restricted:			
TIF Districts	-	26,005	26,005
Grants and other purposes	-	194,426	194,426
Permanent funds	-	16,746	16,746
Total restricted	-	237,177	237,177
Committed:			
Capital Reserves	9,774,169	-	9,774,169
Sewer utility	-	840,656	840,656
Landfill	-	286,765	286,765
Capital projects	-	982,102	982,102
Park and ride vehicle reserve	-	90,992	90,992
Bath Local Development Corporation	-	90,124	90,124
Total committed	9,774,169	2,290,639	12,064,808
Assigned:			
Subsequent budget	291,500	-	291,500
Fuel tank reserves	172,177	-	172,177
Total assigned	463,677	-	463,677
Unassigned	1,242,513	(1,125,333)	117,180
Total fund balance	\$ 11,563,509	4,340,359	15,903,868

CITY OF BATH, MAINE
Notes to Basic Financial Statements, continued

DEFICIT FUND BALANCES

Several City Special Revenue Funds had deficit fund balances at June 30, 2012. The City's deficit fund balances are as follows: Fire Department Training; Forestry Recovery; Other City Programs; Recreation; Skate Park Committee; Bath Youth Meeting House; Armory Building; Bath Bike & Pedestrian Plan; Bath City Bus; Trolley; Fire and Ambulance Capital Projects; and Recreation Capital Projects. All of these deficits will be funded by future operations and future grants. Also, Midcoast Center for Higher Education, which is reported as a blended component unit, had a deficit fund balance, which will be funded with future rents received.

LIMITATION ON MUNICIPAL SPENDING

The City's charter provides for a limitation on expenditures each year based upon the annual increase in the National Consumer Price Index ("CPI") as determined by the United States Department of Labor. Exceptions to the limitations are made for proceeds of new bond issues approved by public referendum, debt service required to support new bonded indebtedness, expenditures of Federal and State grants, expenditures for programs mandated and funded by the Federal and State governments, expenditures of insurance proceeds for replacement of covered assets, and emergency appropriations by the City Council in accordance with the City's charter. The expenditures of the City of Bath, Maine for the year ended June 30, 2012 were made in accordance with the above charter limitations.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS) - CONSOLIDATED RETIREMENT PENSION PLAN

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

Funding Policy - Plan members are required to contribute a percentage of their annual covered salary. The City is required to contribute an actuarially determined rate. Employer and member rates for the year ended June 30, 2012 were as follows:

	<u>Special #2C</u>	<u>Special #3C</u>
Employer payroll rate(s):		
Normal cost	9.30%	12.10%
Pooled UAL	-3.00%	-3.80%
Total payroll rate	6.30%	8.30%
Monthly IUUAL available:		
Payment/(Credit)	\$ (55,158)	(48,719)
Member contribution rate(s)	6.5%	8.0%

CITY OF BATH, MAINE
Notes to Basic Financial Statements, continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS) - CONSOLIDATED RETIREMENT PENSION PLAN

Prior to the Consolidated Plan, the City had a separate District plan. Effective July 1, 1996, the City elected to join the Consolidated Plan. Under the terms of joining the consolidated plan, the City has an Initial Unpooled Unfunded Actuarial Liability Credit (IUUAL). The credit is being amortized over an open 10 year period. For the years ended June 30, 2012 and 2011, the credit offset current employer contributions by \$294,064 and \$289,743 respectively. After the City withdrew the credit in May of 2012 the City contributions for 2012 were \$61,508. The contribution rates of plan members and the City are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. For the years ended June 30, 2012 and 2011, employee contributions to the plan totaled \$355,271 and \$366,404, respectively.

The City withdrew their IUUAL of \$9,648,556 in May of 2012. It has been recorded as an other revenue in the general fund and has been committed by the City Council for capital reserves.

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.

The City amended the plan in accordance with the provisions of IRS Section 457(g). Assets of the plan were placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of that IRS Section prescribes that the City no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on their plan assets, were removed from the City's financial statements.

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; and natural disasters for which the City either carries commercial insurance or participates in a public entity risk pool. Currently, the City participates in a public entity risk pool sponsored by the Maine Municipal Association for Workers' Compensation coverage.

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchases, the City is not aware of any material actual or potential claims which should be recorded at June 30, 2012.

SUBSEQUENT EVENTS

On June 6, 2012, the City Council approved the issuance of a \$3,000,000 Tax Anticipation Note to cover short-term cash flows in anticipation of future tax revenues.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, continued

OTHER POST-EMPLOYMENT BENEFITS

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the City of Bath, Maine for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The City is a member of the Maine Municipal Employees Health Trust. The Trust is a multiple employer Voluntary Employee's Beneficiary Association. The City is an individually rated member within the Association. The Trust issues a publicly available financial report. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. The Trust contracted with an outside consultant to assist in the determination and valuation of the City's OPEB liability under GASB Statement 45. The most recent OPEB liability actuarial valuation was completed by the consultants in October 2011 based on an actuarial valuation date of January 1, 2011.

Plan Descriptions – In addition to providing pension benefits, the City provides health care benefits for certain retired employees. Eligibility to receive health care benefits follows the same requirements as MainePERS. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage.

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 years ending June 30 and the annual required contribution:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Normal cost	\$ 38,900	38,900	31,048
Amortization of unfunded	109,320	109,320	101,038
Adjustment to ARC	(23,905)	(15,439)	(7,788)
Interest	19,470	13,614	7,987
Annual required contribution	\$ 143,785	146,395	132,285

Net OPEB Obligation – The City's net OPEB obligations were calculated as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
OPEB liability, July 1	\$ 413,366	266,971	134,686
Annual required contribution	143,785	146,395	132,285
Less: Actual contributions	-	-	-
OPEB Liability, June 30	\$ 557,151	\$ 413,366	\$ 266,971

Information provided by the actuary included corrections for the participation assumptions. This change affected prior year calculations which were all corrected in the current year as a change in estimate.

CITY OF BATH, MAINE
Notes to Basic Financial Statements, continued

OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual required contribution	\$ 143,785	146,395	132,285
Actual contribution	-	-	-
Percent contributed	0.00%	0.00%	0.00%
Actuarial accrued liability	\$ 1,965,984	1,965,984	1,817,040
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 1,965,984	1,965,984	1,817,040
Covered payroll	4,847,374	4,753,104	4,494,282
Unfunded actuarial accrued liability as a percentage of covered payroll	40.56%	41.36%	40.43%

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 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	1/1/11
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Open amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.0% - 9.6%

CITY OF BATH, MAINE
Required Supplementary Information

Schedule of Funding Progress
Retiree Healthcare Plan

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a) /c]</u>
2009	1/1/09	\$ -	\$ 1,817,040	\$ 1,817,040	0.00%	\$ 4,164,479	43.63%
2010	1/1/09	-	1,817,040	1,817,040	0.00%	4,494,282	40.43%
2011	1/1/11	-	1,965,984	1,965,984	0.00%	4,753,104	41.36%
2012	1/1/11	-	1,965,984	1,965,984	0.00%	4,847,374	40.56%

GENERAL FUND

The General Fund is the general operating fund of the City. All general assessments and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The fund pays general operating expenditures, fixed charges and capital improvements that are not paid through other funds.

CITY OF BATH, MAINE
General Fund
Comparative Balance Sheet
June 30, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	\$ 2,322,201	2,564,160
Investments	9,774,169	2,439
Receivables:		
Taxes receivable	693,202	766,828
Tax liens	294,981	259,655
Accounts receivable, net of allowance of \$50,000	100,520	160,037
Inventory	49,904	31,330
Prepaid	33,246	7,291
Receivable from RSU #1 for debt service payment	6,332,490	7,282,141
Total assets	\$ 19,600,713	11,073,881
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	178,785	84,573
Accrued expenditures	176,160	164,339
Interfund loans payable	614,769	955,255
Deferred tax revenue	735,000	761,500
Deferred debt service payments from RSU #1	6,332,490	7,282,141
Total liabilities	8,037,204	9,247,808
Fund balance:		
Nonspendable - inventory and prepaids	83,150	38,621
Assigned	463,677	439,106
Committed	9,774,169	-
Unassigned	1,242,513	1,348,346
Total fund balance	11,563,509	1,826,073
Total liabilities and fund balance	\$ 19,600,713	11,073,881

CITY OF BATH, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Budgetary Basis
For the year ended June 30, 2012
(with comparative actual amounts for the year ended June 30, 2011)

	2012		Variance positive (negative)	2011 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 14,584,982	14,599,438	14,456	14,232,362
Excise taxes	969,700	964,386	(5,314)	949,030
Interest and costs on taxes	85,000	86,107	1,107	77,338
Contributions in lieu of taxes	57,000	55,915	(1,085)	56,782
Total taxes	15,696,682	15,705,846	9,164	15,315,512
Licenses, permits and fees:				
Non-business licenses	8,350	10,042	1,692	10,986
Health, building, plumbing and electrical permits	28,000	41,479	13,479	31,958
Vehicle, boat and recreation vehicle registrations	21,500	22,960	1,460	22,386
Other	17,300	20,822	3,522	23,305
Total licenses, permits and fees	75,150	95,303	20,153	88,635
Intergovernmental:				
State revenue sharing	835,000	868,046	33,046	828,713
State homestead exemption	171,482	170,927	(555)	169,022
State BETE exemption	309,809	309,945	136	322,165
Other state revenue	21,000	30,782	9,782	23,806
Other federal revenue	-	-	-	22,908
Total intergovernmental	1,337,291	1,379,700	42,409	1,366,614
Investment income	230,000	134,612	(95,388)	24,891
Charges for services:				
Ambulance service	535,000	550,595	15,595	381,839
Cemetery sales	45,000	46,755	1,755	45,689
Parking City lots	62,000	66,187	4,187	69,699
Police duty and fees	25,500	21,177	(4,323)	23,190
Total charges for services	667,500	684,714	17,214	520,417
Other revenues:				
Parking and traffic violations	15,000	11,775	(3,225)	12,327
Cable television franchise	84,000	88,020	4,020	71,993
Rents and leases	16,200	18,000	1,800	18,000
Sale of property	-	9,518	9,518	-
Miscellaneous	50,000	9,741,543	9,691,543	36,304
Total other revenues	165,200	9,868,856	9,703,656	138,624
Total revenues	18,171,823	27,869,031	9,697,208	17,454,693

CITY OF BATH, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Budgetary Basis, Continued

	2012		Variance positive (negative)	2011 Actual
	Budget	Actual		
Expenditures:				
Current:				
General government:				
Administration	\$ 152,005	138,142	13,863	147,600
Professional services	157,400	158,279	(879)	163,219
City council	84,911	70,412	14,499	51,742
City clerk	107,348	109,239	(1,891)	106,651
Elections	18,300	15,365	2,935	11,606
Central services	184,700	177,195	7,505	158,847
City Hall management and utilities	142,913	130,899	12,014	135,087
Finance	237,009	233,804	3,205	230,524
Assessor	117,694	117,378	316	113,887
Public education government cable	43,658	43,402	256	44,021
Planning and community development	98,679	91,801	6,878	97,603
Total general government	1,344,617	1,285,916	58,701	1,260,787
Public works:				
General	926,517	921,477	5,040	975,006
Forestry	59,587	53,619	5,968	53,942
Cemetery and parks	404,592	400,684	3,908	372,381
Total public works	1,390,696	1,375,780	14,916	1,401,329
Public safety:				
Fire and ambulance	1,314,505	1,343,670	(29,165)	1,324,698
Police	1,396,788	1,386,256	10,532	1,332,343
Other public safety	76,042	73,912	2,130	77,165
Codes enforcement	87,938	87,878	60	85,997
Street lights	108,000	106,859	1,141	110,907
Fire hydrant rental	395,000	393,206	1,794	386,122
Total public safety	3,378,273	3,391,781	(13,508)	3,317,232
Health and welfare:				
General assistance	66,510	79,161	(12,651)	62,794
Total health and welfare	66,510	79,161	(12,651)	62,794

CITY OF BATH, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual--Budgetary Basis, Continued

	2012		Variance positive (negative)	2011 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Education	\$ 8,142,008	8,142,008	-	7,801,667
Intergovernmental--county tax	1,489,840	1,489,840	-	1,516,599
Unclassified:				
Employee benefits	1,220,474	1,023,754	196,720	987,694
Insurances	338,230	308,401	29,829	345,970
Special events and support	183,436	178,022	5,414	182,588
Overlay/abatements and write-offs	66,135	15,912	50,223	29,631
Total unclassified	1,808,275	1,526,089	282,186	1,545,883
Debt service:				
Principal	404,935	404,935	-	403,935
Interest and fees	96,728	56,717	40,011	111,183
Total debt service	501,663	461,652	40,011	515,118
Total expenditures	18,121,882	17,752,227	369,655	17,421,409
Excess (deficiency) of revenues over (under) expenditures	49,941	10,116,804	10,066,863	33,284
Other financing sources (uses):				
Utilization of prior year fund balance	291,500	-	(291,500)	-
Transfers in	25,000	25,000	-	25,000
Transfers out	(366,441)	(328,940)	37,501	(279,532)
Funding RSU #1 fund deficit	-	(100,000)	(100,000)	(100,000)
Total other financing sources (uses)	(49,941)	(403,940)	(353,999)	(354,532)
Net change in fund balance - budgetary basis	-	9,712,864	9,712,864	(321,248)
Reconciliation to GAAP basis:				
Fuel revenues for fuel tank reserve		24,572		-
Net change in fund balances - GAAP basis		9,737,436		(321,248)
Fund balance, beginning of year		1,826,073		2,147,321
Fund balance, end of year	\$	11,563,509		1,826,073

CAPITAL PROJECT FUNDS

Capital project funds are established to account for resources obtained and expended for the acquisition of major capital facilities other than those that would be employed in the delivery of services accounted for in enterprise funds.

CITY OF BATH, MAINE
Capital Projects
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	Fund balance beginning of year	Property taxes	Revenues Intergovern- mental	Investment earnings	Other	Capital outlay	Debt Service	Capital Lease & Bond Proceeds	Transfers in (out)	Fund balance end of year
City capital projects:										
Capital fund - City	\$ 21,087	35,500	-	-	83,182	634,710	-	908,000	-	413,059
Capital improvement projects	27,632	44,000	-	-	-	4,240	50,000	-	(5,846)	11,546
Cemetery and parks capital	91,003	6,500	-	-	-	67,287	-	32,500	5,846	68,562
Commercial/Front pump station	13,855	-	-	-	-	-	-	-	-	13,855
Fire and ambulance capital projects	-	147,789	-	-	-	29,154	152,884	25,000	-	(9,249)
Police capital improvements	20,934	31,637	-	-	-	51,203	24,152	35,000	-	12,216
Public works capital improvements	765,087	153,138	82,628	-	-	418,094	33,138	-	(70,000)	479,621
Recreation capital improvements	(8,745)	42,970	-	-	-	63,745	24,988	47,000	-	(7,508)
Total capital projects	\$ 930,853	461,534	82,628	-	83,182	1,268,433	285,162	1,047,500	(70,000)	982,102

ALL OTHER GOVERNMENTAL FUNDS

CITY OF BATH, MAINE
Other Governmental Funds
Combining Balance Sheet
June 30, 2012

		Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total
ASSETS				
Cash and cash equivalents	\$	294,189	118,877	413,066
Investments		-	1,737,020	1,737,020
Accounts receivable		2,783	-	2,783
Due from other governments		64,516	-	64,516
Notes receivable		954,157	-	954,157
Interfund loans receivable		33,802	91,090	124,892
Interfund advance receivable		60,593	-	60,593
Total assets	\$	1,410,040	1,946,987	3,357,027
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable		60,814	-	60,814
Accrued expenditures		21,753	-	21,753
Escrow		253,250	-	253,250
Interfund loans payable		748,671	7,115	755,786
Interfund advance payable		60,593	-	60,593
Total liabilities		1,145,081	7,115	1,152,196
Fund balances (deficits):				
Nonspendable		1,014,750	1,923,126	2,937,876
Restricted		194,426	16,746	211,172
Committed		181,116	-	181,116
Unassigned		(1,125,333)	-	(1,125,333)
Total fund balances		264,959	1,939,872	2,204,831
Total liabilities and fund balances	\$	1,410,040	1,946,987	3,357,027

CITY OF BATH, MAINE
Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total
Revenues:			
Intergovernmental	\$ 1,434,895	-	1,434,895
Charges for services	993,505	-	993,505
Investment income	6,714	44,431	51,145
Realized/unrealized gain (loss) on investments	-	49,970	49,970
Other revenue	198,775	8,390	207,165
Total revenues	2,633,889	102,791	2,736,680
Expenditures:			
General government	1,284,621	-	1,284,621
Public safety	17,493	-	17,493
Parks and recreation	675,672	-	675,672
Health, welfare and transportation	173,838	-	173,838
Unclassified	738,332	20,861	759,193
Debt service	68,430	-	68,430
Capital outlay	209,397	-	209,397
Total expenditures	3,167,783	20,861	3,188,644
Excess (deficiency) of revenues over (under) expenditures	(533,894)	81,930	(451,964)
Other financing sources (uses):			
Transfers in	478,940	-	478,940
Transfers out	-	(25,000)	(25,000)
Proceeds from bonds/notes/ capital leases	75,000	-	75,000
Total other financing sources (uses)	553,940	(25,000)	528,940
Net change in fund balances	20,046	56,930	76,976
Fund balances, beginning	244,913	1,882,942	2,127,855
Fund balances, ending	\$ 264,959	1,939,872	2,204,831

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific resources obtained and expended for specified purposes that are restricted by law or administration action.

CITY OF BATH, MAINE
Nonmajor Special Revenues Funds
Combining Balance Sheet
June 30, 2012

	City Special Purpose	Community Development Funds	Transportation Programs	Bath Local Development Corporation	Midcoast Center For Higher Education	Total
ASSETS						
Cash and cash equivalents	\$ 228,967	-	7,095	58,127	-	294,189
Accounts receivable	-	-	1,140	-	1,643	2,783
Due from other governments	-	58,427	6,089	-	-	64,516
Notes receivable	-	954,157	-	-	-	954,157
Interfund loans receivable	-	-	-	33,802	-	33,802
Interfund advance receivable	-	-	-	60,593	-	60,593
Total assets	\$ 228,967	1,012,584	14,324	152,522	1,643	1,410,040
LIABILITIES AND FUND BALANCES (DEFICITS)						
Liabilities:						
Accounts payable	19,134	12,154	4,789	-	24,737	60,814
Accrued expenditures	15,544	-	2,882	1,805	1,522	21,753
Escrow	249,224	-	-	-	4,026	253,250
Interfund loans payable	318,228	236,830	40,737	-	152,876	748,671
Interfund advance payable	-	-	-	-	60,593	60,593
Total liabilities	602,130	248,984	48,408	1,805	243,754	1,145,081
Fund balances (deficits):						
Nonspendable - long-term receivables	-	954,157	-	60,593	-	1,014,750
Restricted	194,426	-	-	-	-	194,426
Committed	-	-	90,992	90,124	-	181,116
Unassigned	(567,589)	(190,557)	(125,076)	-	(242,111)	(1,125,333)
Total fund balances (deficits)	(373,163)	763,600	(34,084)	150,717	(242,111)	264,959
Total liabilities and fund balances	\$ 228,967	1,012,584	14,324	152,522	1,643	1,410,040

CITY OF BATH, MAINE
Nonmajor Special Revenues Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	City Special Purpose	Community Development Funds	Transportation Programs	Bath Local Development Corporation	Midcoast Center For Higher Education	Total
Revenues:						
Intergovernmental	\$ 243,827	1,136,103	54,965	-	-	1,434,895
Charges for services	421,435	3,201	66,715	-	502,154	993,505
Investment income	5,264	-	43	1,407	-	6,714
Other revenue	25,991	127,146	300	-	45,338	198,775
Total revenues	696,517	1,266,450	122,023	1,407	547,492	2,633,889
Expenditures:						
General government	-	1,284,621	-	-	-	1,284,621
Public safety	17,493	-	-	-	-	17,493
Parks and recreation	675,672	-	-	-	-	675,672
Health, welfare and transportation	1,181	-	172,657	-	-	173,838
Unclassified	233,467	-	-	158,353	346,512	738,332
Debt service	21,651	-	-	-	46,779	68,430
Capital outlay	71,268	-	121,106	-	17,023	209,397
Total expenditures	1,020,732	1,284,621	293,763	158,353	410,314	3,167,783
Excess (deficiency) of revenues over (under) expenditures	(324,215)	(18,171)	(171,740)	(156,946)	137,178	(533,894)
Other financing sources (uses):						
Transfers in (out)	277,016	-	71,924	130,000	-	478,940
Proceeds from bonds/notes/ capital leases	-	-	75,000	-	-	75,000
Total other financing sources (uses)	277,016	-	146,924	130,000	-	553,940
Net change in fund balances	(47,199)	(18,171)	(24,816)	(26,946)	137,178	20,046
Fund balances (deficits), beginning	(325,964)	781,771	(9,268)	177,663	(379,289)	244,913
Fund balances (deficits), ending	\$ (373,163)	763,600	(34,084)	150,717	(242,111)	264,959

CITY OF BATH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds
For the year ended June 30, 2012

	Fund balances (deficits) June 30, 2011	Revenues	Expenditures	Revenues over (under) expenditures	Transfers in (out)	Fund balances (deficits) June 30, 2012
City Special Purpose Funds:						
Almoner Fund	\$ 26,319	4,833	1,181	3,652	-	29,971
Cable TV Capital Fund	11,019	-	11,019	(11,019)	-	-
Comprehensive Planning	5,216	-	-	-	-	5,216
DARE	23,830	6,580	4,141	2,439	-	26,269
Druid Park	592	220	325	(105)	-	487
Fire Department training	(7,805)	2,777	11	2,766	1,000	(4,039)
Forestry Trust	29,448	412	-	412	-	29,860
Forestry Recovery Grant	(60)	-	-	-	-	(60)
Homeland Security Grant	(2,300)	2,300	-	2,300	-	-
Police Grants	9,631	15,435	13,341	2,094	-	11,725
Lambert Park Community Center	21,442	25,557	10,541	15,016	-	36,458
McMann Field Renovation	884	4	-	4	-	888
Men's Softball League	837	4,048	3,537	511	-	1,348
Other City programs	26,909	74,889	128,642	(53,753)	-	(26,844)
Recreation (Fund 12)	(207,384)	301,151	501,459	(200,308)	195,115	(212,577)
Recreation - Lacrosse	1,546	3,728	3,148	580	-	2,126
Recreation - Soccer	24,213	-	5,335	(5,335)	-	18,878
Skate park committee	(58,366)	-	-	-	-	(58,366)
Bath Youth Meeting House (Fund 13)	(260,439)	21,103	54,877	(33,774)	31,193	(263,020)
Armory Building (Fund 13)	(2,625)	-	49,708	(49,708)	49,708	(2,625)
Bath Bike & Pedestrian Plan	(58)	-	-	-	-	(58)
Efficiency Maine MRWEI Grant	-	233,467	233,467	-	-	-
Efficiency Maine PACE Program	10,000	-	-	-	-	10,000
Swimming Pool Fund	21,187	13	-	13	-	21,200
Total City Special Purpose	(325,964)	696,517	1,020,732	(324,215)	277,016	(373,163)
Transportation Programs:						
Bath City Bus	(51,143)	68,050	113,070	(45,020)	51,924	(44,239)
Park and Ride Vehicle Reserve	90,992	-	-	-	-	90,992
Trolley	(49,117)	53,973	105,693	(51,720)	20,000	(80,837)
Total Transportation Programs	(9,268)	122,023	218,763	(96,740)	71,924	(34,084)

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

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

CITY OF BATH, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2012

		Bailey Evening School	Beneficiary Trust	Cemetery Trusts	Old Folks Home	School Trusts	Total
ASSETS							
Cash and cash equivalents	\$	-	117,678	1,199	-	-	118,877
Investments		192,521	258,967	1,227,854	37,920	19,758	1,737,020
Interfund loans receivable		-	-	91,090	-	-	91,090
Total assets	\$	192,521	376,645	1,320,143	37,920	19,758	1,946,987
LIABILITIES AND FUND BALANCES							
Liabilities:							
Interfund loans payable		-	7,115	-	-	-	7,115
Total liabilities		-	7,115	-	-	-	7,115
Fund balances:							
Nonspendable - principal		192,521	369,530	1,303,397	37,920	19,758	1,923,126
Restricted		-	-	16,746	-	-	16,746
Total fund balances		192,521	369,530	1,320,143	37,920	19,758	1,939,872
Total liabilities and fund balances	\$	192,521	376,645	1,320,143	37,920	19,758	1,946,987

CITY OF BATH, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	Bailey Evening School	Beneficiary Trust	Cemetery Trusts	Old Folks Home	School Trusts	Total
Revenues:						
Investment income	\$ 4,771	7,755	30,475	940	490	44,431
Realized gain (loss) on investments	(2,578)	(3,350)	(17,846)	(508)	(264)	(24,546)
Unrealized gain (loss) on investments	8,285	11,166	52,583	1,632	850	74,516
Perpetual care contributions	-	-	8,390	-	-	8,390
Total revenues	10,478	15,571	73,602	2,064	1,076	102,791
Expenditures:						
Current:						
Distribution of income	3,585	5,490	-	706	368	10,149
Other	1,186	1,594	7,576	234	122	10,712
Total expenditures	4,771	7,084	7,576	940	490	20,861
Excess of revenues over expenditures	5,707	8,487	66,026	1,124	586	81,930
Other financing uses:						
Transfers out	-	-	(25,000)	-	-	(25,000)
Total other financing uses	-	-	(25,000)	-	-	(25,000)
Net change in fund balances	5,707	8,487	41,026	1,124	586	56,930
Fund balances, beginning of year	186,814	361,043	1,279,117	36,796	19,172	1,882,942
Fund balances, end of year	\$ 192,521	369,530	1,320,143	37,920	19,758	1,939,872

LONG-TERM DEBT

CITY OF BATH, MAINE
Statement of Changes in Long-term Debt
For the year ended June 30, 2012

	Interest Rate	Issue Date	Final Maturity Date	Annual Principal Payments	Balance beginning of year	Current Period		Balance end of year
						Issued	Retired	
<u>General Obligation Bonds</u>								
City issues:								
1992 Sewer Improvement Bonds	4.1%	1992	2012	\$ 165,550	331,100	-	165,550	165,550
1997 Wastewater Treatment Upgrade Bonds	Var.	1997	2017	315,000	2,205,000	-	315,000	1,890,000
1998 Library Bonds	Var.	1998	2012	35,700	71,600	-	35,700	35,900
2001 Capital Improvement Bonds	Var.	2001	2021	55,000	550,000	-	550,000	-
2002 SRF Landfill/Pumping Station Bonds	Var.	2002	2022	107,500	1,090,000	-	107,500	982,500
2002 General Obligation Bonds	Var.	2002	2021	Var.	2,240,000	-	220,000	2,020,000
2004 General Obligation Bonds	Var.	2004	2020	Var.	1,090,000	-	125,000	965,000
2004 Note Payable-MCHE	5.500%	2004	2024	Var.	431,925	-	22,195	409,730
Building Renovation Note	5.125%	2006	2015	Var.	344,809	-	35,669	309,140
Wastewater Revolving Loan Fund	1.780%	2006	2026	17,500	262,500	-	17,500	245,000
2008 General Obligation Bond	Var.	2008	2018	400,000	2,800,000	-	400,000	2,400,000
2008 General Obligation Bond	Var.	2008	2023	Var.	1,990,000	-	170,000	1,820,000
2008 SRF Sewer Bond	1.000%	2008	2023	93,333	1,120,001	-	93,333	1,026,668
2009 General Obligation Bond Series B	Var.	2009	2029	20,000	595,000	-	20,000	575,000
2010 General Obligation Bond Series C	6.750%	2009	2019	Var.	1,290,000	-	40,000	1,250,000
2009 AARA Clean Water Revolving Loan	0.000%	2009	2019	4,156	33,252	-	4,156	29,096
2010 Sidewalk Loan	4.240%	2010	2020	Var.	367,053	-	367,053	-
2011 General Obligation Bond	Var.	2011	2031	Var.	3,950,000	-	340,000	3,610,000
2011 Bath Armory	4.070%	2011	2021	Var.	175,000	-	14,529	160,471
2011 Custom's House Note	4.070%	2011	2020	Var.	70,871	85,000	155,871	-
2011 GOB Series B	Var.	2011	2030	Var.	-	2,392,271	-	2,392,271
2011 SRF GOB	Var.	2011	2031	Var.	-	2,000,000	116,400	1,883,600
2012 GOB	2.960%	2011	2022	Var.	-	308,000	-	308,000
Total City issues					21,008,111	4,785,271	3,315,456	22,477,926
School issues:								
2001 Middle School Improvement Bonds	Var.	2001	2021	280,000	3,080,000	-	3,080,000	-
2001 Middle School Improvement SSRRF Bonds	0.0%	2002	2012	55,010	55,010	-	55,010	-
2006 General Obligation Refunding Bond	4.375%	2006	2016	Var.	2,085,000	-	360,000	1,725,000
2008 General Obligation Bond	Var.	2008	2018	280,000	1,960,000	-	280,000	1,680,000
2011 GOB Series B	Var.	2011	2030	Var.	-	2,882,729	-	2,882,729
Total School issues					7,180,010	2,882,729	3,775,010	6,287,729
Total long-term debt					\$ 28,188,121	7,668,000	7,090,466	28,765,655

(1) The City has drawn down \$1,396,761 of the bond proceeds as of June 30, 2012. The remainder of \$603,239 is considered cash held in escrow at the MMBB.

STATISTICAL TABLES

CITY OF BATH, MAINE
Revenues and Expenditures
General Fund
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes	\$ 12,623,047	13,428,379	13,659,493	13,404,814	15,307,788	15,130,542	15,428,457	15,362,119	15,315,512	15,705,846
Licenses and permits	95,088	79,168	90,128	132,935	150,943	150,922	124,046	94,999	88,635	95,303
Intergovernmental revenues	6,485,027	6,619,956	6,465,023	7,153,492	7,122,131	7,707,834	1,544,480	1,513,077	1,366,614	1,379,700
Charges for services	4,425,659	4,703,368	4,647,438	4,591,096	4,626,184	3,594,745	724,055	681,626	520,417	684,714
Investment income	158,518	109,238	152,877	211,305	331,063	278,480	102,215	1,640	24,891	134,612
Other revenues (1)	383,032	349,374	265,411	393,962	547,403	321,575	226,623	223,713	163,624	9,893,856
Total revenues	24,170,371	25,289,483	25,280,370	25,887,604	28,085,512	27,184,098	18,149,876	17,877,174	17,479,693	27,894,031
Expenditures:										
General government	1,024,780	1,054,390	1,058,485	1,102,444	1,197,766	1,178,350	1,224,846	1,244,402	1,260,787	1,285,916
Public safety	2,734,664	2,760,277	2,751,019	3,171,253	3,046,429	3,106,076	3,213,553	3,221,524	3,317,232	3,391,781
Public works	1,590,076	1,659,323	1,825,791	1,788,654	1,856,280	1,320,757	1,360,824	1,304,533	1,401,329	1,375,780
Health and welfare	61,036	75,691	98,495	106,539	101,382	29,238	54,324	66,744	62,794	79,161
Recreation	187,331	208,803	212,641	192,226	198,194	178,864	181,389	180,886	182,588	178,022
Education (3)	15,323,583	15,923,794	16,012,109	16,660,276	16,804,196	16,973,815	7,921,924	7,796,147	7,801,667	8,142,008
Intergovernmental	1,217,279	1,111,526	1,172,705	1,340,856	1,931,215	1,626,955	1,633,038	1,544,081	1,516,599	1,489,840
Unclassified (2)	1,407,474	1,366,646	1,314,909	1,468,356	1,623,623	1,519,835	1,511,878	1,588,679	1,642,827	1,677,007
Debt service	1,242,189	1,248,880	1,236,907	1,259,955	1,210,959	666,004	735,607	705,476	515,118	461,652
Total expenditures	24,788,412	25,409,330	25,683,061	27,090,559	27,970,044	26,599,894	17,837,383	17,652,472	17,700,941	18,081,167

(1) Does not include fund balance appropriations

(1) Includes transfers in

(2) Includes transfers out

(3) School Department joined RSU 1 as of July 1, 2008

Table B

CITY OF BATH, MAINE
Property Tax Levies and Collections
Last Ten Fiscal Years

Year		Current tax levy	Current tax collections	Total current year collections as a percent of total tax levy	Total all taxes and liens outstanding June 30,	Percent of delinquent taxes and liens to tax levy
2003	\$	17,822,650	17,532,672	98.37%	529,501	2.97%
2004		18,670,229	18,408,260	98.60%	472,017	2.53%
2005		19,254,866	18,774,056	97.50%	620,942	3.22%
2006		16,315,800	15,820,496	96.96%	825,008	5.06%
2007		18,247,413	17,737,947	97.21%	824,281	4.52%
2008		19,021,627	18,345,687	96.45%	1,068,914	5.62%
2009		20,096,686	19,293,028	96.00%	1,277,223	6.36%
2010		20,180,941	19,438,737	96.32%	1,037,126	5.14%
2011		20,250,356	19,581,162	96.70%	1,026,483	5.07%
2012		21,023,132	20,433,216	97.19%	988,183	4.70%

Table C

CITY OF BATH, MAINE
Assessed and State Value of Taxable Property
Last Ten Fiscal Years

Year	Assessed Value			State equalized valuation	Ratio of total assessed value to State equalized value
	Real	Personal	Total		
2003	\$ 553,506,600	189,103,800	742,610,400	595,000,000	124.81%
2004	557,556,600	183,325,500	740,882,100	650,000,000	113.98%
2005	564,689,500	183,072,300	747,761,800	753,500,000	99.24%
2006	926,382,500	198,845,100	1,125,227,600	825,900,000	136.24%
2007	930,904,000	195,479,500	1,126,383,500	936,200,000	120.31%
2008	937,017,400	202,002,200	1,139,019,600	1,026,200,000	110.99%
2009	970,578,000	197,834,000	1,168,412,000	980,350,000	119.18%
2010	972,339,850	200,970,700	1,173,310,550	986,350,000	118.95%
2011	991,183,250	186,163,000	1,177,346,250	939,100,000	125.37%
2012	992,067,250	182,409,400	1,174,476,650	905,000,000	129.78%

Table D

CITY OF BATH, MAINE
Property Tax Rates - Segments
(Per \$1,000 of Assessed Value)
Last Ten Fiscal Years

Year	Total	City Mil rate	School Mil rate	County Mil rate
2003	24.00	7.40	14.16	2.44
2004	25.20	7.91	14.87	2.42
2005	25.75	8.34	15.12	2.29
2006 (1)	14.50	5.42	8.40	0.68
2007	16.20	6.25	8.01	1.94
2008	16.70	6.27	8.60	1.83
2009	17.20	6.71	8.77	1.72
2010	17.20	7.02	8.50	1.68
2011	17.20	7.05	8.50	1.65
2012	17.90	7.41	8.87	1.62

(1) The City did a revaluation for the year ended June 30, 2006.

Table E

CITY OF BATH, MAINE
Ratio of General Bonded Debt to Assessed Value
and General Bonded Debt Per Capita
Last Ten Fiscal Years

	Estimated population	Assessed value (in thousands)	Gross bonded debt (1)	Ratio of gross bonded debt to assessed value	Gross bonded debt per capita
2003	9,266	\$ 742,610	32,247,790	4.34%	3,480
2004	9,266	740,882	31,549,030	4.26%	3,405
2005	9,266	747,762	29,677,610	3.97%	3,203
2006	9,266	1,125,228	28,472,884	2.53%	3,073
2007	9,266	1,126,384	25,470,755	2.26%	2,749
2008	9,266	1,139,019	33,604,334	2.95%	3,627
2009	9,266	1,168,412	32,093,417	2.75%	3,464
2010	9,266	1,173,311	29,099,780	2.48%	3,140
2011	8,514	1,177,346	28,188,121	2.39%	3,311
2012	8,514	1,174,477	28,765,655	2.45%	3,379

(1) Includes all general long-term obligation debt excluding capital leases and accrued vacation and sick leave.
 Certain School debt is reimbursed by the State of Maine.

Table F

CITY OF BATH, MAINE
Ratio of Annual Debt Service Expenditures
to Total General Fund Expenditures
Last Ten Fiscal Years

Year	Principal	Interest	Total debt service (1)	Total General Fund expenditures	Ratio of debt service to total General Fund expenditures
2003	\$ 2,416,260	1,342,477	3,758,737	24,788,412	15.16%
2004	2,538,760	1,293,702	3,832,462	25,409,330	15.08%
2005	2,421,420	1,259,835	3,681,255	25,683,061	14.33%
2006	2,552,726	1,167,849	3,720,575	27,090,559	13.73%
2007 (2)	2,502,129	1,096,391	3,598,520	27,970,044	12.87%
2008	2,566,421	966,189	3,532,610	26,599,894	13.28%
2009 (3)	2,541,408	803,593	3,345,001	17,554,893	19.05%
2010	2,450,174	794,194	3,244,368	17,366,398	18.68%
2011	2,133,238	761,859	2,895,097	17,421,409	16.62%
2012 (2)	2,292,534	772,930	3,065,464	17,821,177	17.20%

(1) Includes education and special revenue fund debt service.

(2) Does not include principal amounts of refunded bond issues.

(3) As of June 30, 2009, the City no longer includes the School Department.

Table G

CITY OF BATH, MAINE
Ten Largest Taxpayers
For the year ended June 30, 2012

Name	Type of operation		Assessed valuation	Amount of tax	% of net tax levy
Bath Iron Works	Ship building & repair	\$	458,174,100	8,201,316	39.01%
Thomas Walsh	Motor - Hotel		11,346,800	203,108	0.97%
Bath Supermarket Improvements	Retail Space		10,540,300	188,671	0.90%
Sagadahoc Real Estate Assoc	Office space		9,581,000	171,500	0.82%
Bath Savings	Banking Institution		8,378,500	149,975	0.71%
Dorks R Us	Hotel		8,253,900	147,745	0.70%
Bath Inline Improvements	Retail Space		7,471,600	133,742	0.64%
Northwood Housing	Residential housing		7,085,400	126,829	0.60%
EWT LLC	Residential Housing		6,627,000	118,623	0.56%
Central Maine Power	Electric Utility Company		5,820,200	104,182	0.50%
Totals		\$	533,278,800	9,545,691	45.41%

