



In the opinion of Pierce Atwood LLP, Portland, Maine, Bond Counsel (“Bond Counsel”), and assuming compliance with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Bonds (as defined below) is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). In addition, such interest is not an item of tax preference for purposes of calculating the alternative minimum tax under the Code. Bond Counsel is also of the opinion that pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, the interest paid on the Bonds (as defined below) is exempt from income tax within the State of Maine (the “State”) under existing statutes, regulations and judicial decisions. **The City will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.** See “THE BONDS—TAX MATTERS” and “APPENDIX B” herein.

CITY OF BANGOR, MAINE
\$7,427,000
2020 GENERAL OBLIGATION BONDS

Dated: Date of Delivery			Due: September 1, as shown below				
Due		Interest	Yield	Due		Interest	Yield
<u>September 1,</u>	<u>Amount</u>	<u>Rate</u>	<u>or Price</u>	<u>September 1,</u>	<u>Amount</u>	<u>Rate</u>	<u>or Price</u>
2020	\$507,000	4.00%	0.70	2030	\$505,000	2.00%	1.20 ^(f)
2021	510,000	4.00	0.70	2031	505,000	2.00	1.30 ^(f)
2022	510,000	4.00	0.70	2032	215,000	2.00	1.45 ^(f)
2023	510,000	4.00	0.71	2033	215,000	2.00	1.55 ^(f)
2024	510,000	3.00	0.72	2034	215,000	2.00	1.70 ^(f)
2025	505,000	2.00	0.73	2035	140,000	2.00	1.90 ^(f)
2026	505,000	2.00	0.80	2036	140,000	2.00	100
2027	505,000	2.00	0.95	2037	140,000	2.00	2.02
2028	505,000	2.00	1.00	2038	140,000	2.00	2.03
2029	505,000	2.00	1.10	2039	140,000	2.00	2.04

The City of Bangor, Maine 2020 General Obligation Bonds (the “Bonds”) will be issued as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000 or any integral multiple thereof, and with one Bond in a denomination of \$2,000 that will mature on September 1, 2020. Purchasers will not receive certificates representing their interest in Bonds purchased. See “THE BONDS—BOOK-ENTRY-ONLY SYSTEM” herein. Principal and interest on the Bonds will be paid to DTC by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. Interest on the Bonds will be payable on September 1, 2020 and semi-annually on each March 1 and September 1 thereafter until maturity or redemption prior to maturity.

The legal opinion of Bond Counsel will be provided to the original purchaser and will indicate that the Bonds are valid general obligations of the City of Bangor, Maine (the “City”) and, unless paid from other sources are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, are met, in which case such ad valorem taxes may then be levied, without limit as to rate or amount, upon all the property within the territorial limits of the City and taxable by it (see “THE BONDS—SOURCE OF PAYMENTS AND REMEDIES - Limitation on Municipal Property Tax Levy” herein), except to the extent that the City may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality and except to the extent that the City establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see “CITY FINANCES—TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS” herein). Bonds issued for school improvements that will be included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended, are not subject to the property tax limit set forth in Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended. The City’s Finance Director has certified that the City has no agreements under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share assessed valuation with another municipality. The City has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in the districts to pay costs of the economic development projects and programs described in the development programs adopted with respect to the districts. Within the limits established by statute, the City has the right to designate additional development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. Bond Counsel’s opinion will indicate that the enforceability of the obligations of the City, including the Bonds, is subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds to the original purchasers.

Bonds maturing on and before September 1, 2029 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after September 1, 2030 are subject to redemption prior to their stated dates of maturity, at the option of the City, on and after September 1, 2029 as more fully set forth herein (see “THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY- Optional Redemption of the Bonds Prior to Maturity” herein).

The Bonds are offered when, as and if issued, subject to the approval of legality by Pierce Atwood LLP, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery to DTC on or about March 19, 2020.



NOTE: ^(f) Priced at stated yield to the September 1, 2029 optional redemption date at a redemption price of 100% (see “THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY”).

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, any party other than the City. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the City since the date hereof.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The CUSIP numbers set forth in this Official Statement have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Bonds. Neither the City nor the Underwriter makes any representation with respect to the accuracy of such CUSIP numbers set forth in this Official Statement or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The City is not responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Bonds or as set forth in this Official Statement. The CUSIP number for a specific maturity of the Bonds is subject to change after the issuance of the Bonds and as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of certain maturities of the Bonds.

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**CERTIFICATE
CONCERNING OFFICIAL STATEMENT**

The information contained herein has been prepared by the City of Bangor, Maine with the assistance of Moors & Cabot, Inc., its Municipal Advisor, from the records of the City and from various other public documents and sources which are believed to be reliable. There has been no independent investigation of such information by the Municipal Advisor or by Pierce Atwood LLP, Bond Counsel, and such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Municipal Advisor or Bond Counsel.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or its agencies and authorities, since the date hereof.

To the best of the knowledge and belief of the Finance Director of the City, this Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the City is not guaranteed as to accuracy, completeness or fairness, the Finance Director has no reason to believe that such information is materially inaccurate or misleading. A certificate to this effect, with such if any corrections, changes and additions as may be necessary, will be signed by the Finance Director and furnished at the closing.

This Official Statement is in a form “deemed final” by the City for purposes of Securities and Exchange Commission’s Rule 15c2-12(b) [17 C.F.R. §240.15c2-12(b)] except for the omission from the Preliminary Official Statement of such information as is permitted by such Rule.

Deborah Laurie
Finance Director
City of Bangor, Maine

**OFFICIAL STATEMENT
CITY OF BANGOR, MAINE
\$7,427,000
2020 GENERAL OBLIGATION BONDS**

This Official Statement is provided for the purpose of presenting certain information relating to the City of Bangor, Maine (the “City” or “Bangor”) in connection with the sale of its 2020 General Obligation Bonds (the “Bonds”).

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds will be issued only as fully-registered bonds without coupons, one certificate per maturity, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York (“DTC” or the “Securities Depository”). DTC will act as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000, or any integral multiple thereof, and with one Bond in a denomination of \$2,000 that will mature on September 1, 2020. The Bonds will be dated March 19, 2020 and will bear interest (accrued on the basis of a 360-day year with twelve 30-day months) for the Bonds, payable on September 1, 2020 and semi-annually thereafter on March 1 and September 1 of each year until maturity, or redemption prior to maturity. The Bonds will mature as follows:

<u>Amount</u>	<u>September 1,</u>	<u>CUSIP</u>	<u>Amount</u>	<u>September 1,</u>	<u>CUSIP</u>
\$507,000	2020	060096BM5	\$505,000	2030	060096BX1
510,000	2021	060096BN3	505,000	2031	060096BY9
510,000	2022	060096BP8	215,000	2032	060096BZ6
510,000	2023	060096BQ6	215,000	2033	060096CA0
510,000	2024	060096BR4	215,000	2034	060096CB8
505,000	2025	060096BS2	140,000	2035	060096CC6
505,000	2026	060096BT0	140,000	2036	060096CD4
505,000	2027	060096BU7	140,000	2037	060096CE2
505,000	2028	060096BV5	140,000	2038	060096CF9
505,000	2029	060096BW3	140,000	2039	060096CG7

It is expected that the Bonds will be available for delivery at DTC on or about March 19, 2020.

Principal of and interest on the Bonds will be payable in Clearing House Funds to DTC, or its nominee, as registered owner of the Bonds by U.S. Bank National Association, Boston, Massachusetts, as paying agent (the “Paying Agent”). Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) will be the responsibility of such Participants and other nominees of Beneficial Owners. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. See “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” herein.

OPTIONAL REDEMPTION OF THE BONDS PRIOR TO MATURITY

Bonds maturing on and before September 1, 2029 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after September 1, 2030 are subject to redemption prior to their stated dates of maturity, at the option of the City, on and after September 1, 2029, as a whole or in part at any time, in such order of maturity as the City, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

GENERAL PROVISIONS REGARDING REDEMPTION OF THE BONDS

Notice of Redemption

In the case of every redemption of the Bonds, the City shall cause notice of such redemption to be given to the registered owner of any Bonds designated for redemption in whole or in part, at his or her address as the same shall last appear upon the registration books kept by the Paying Agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Bondholder actually receives notice. The failure of the City to give notice to a Bondholder or any defect in such notice shall not affect the validity of the redemption of any Bond of any other owner. Each notice of redemption shall specify the date fixed for redemption, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Bonds outstanding are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof (in denominations of \$5,000 or any integral multiple thereof) to be redeemed. The City shall notify the Securities Depository (see "THE BONDS - BOOK-ENTRY-ONLY SYSTEM" herein) in the same manner as the Bondholders, with a request that the Securities Depository notify its Participants who in turn notify the beneficial owners of such Bonds. Any failure on the part of the Securities Depository, or failure on the part of a nominee of a Beneficial Owner (having received notice from the City, a Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the redemption of such Bond.

Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue

On any redemption date, the principal amount of each Bond to be redeemed, together with the premium, if any, and accrued interest thereon to such date, shall become due and payable. Funds shall be deposited with the Paying Agent to pay, and the Paying Agent is authorized and directed to apply such funds to the payment of the Bonds called for redemption, together with accrued interest thereon to the redemption date and redemption premium, if any. After such redemption date, notice having been given and funds deposited in the manner described above, then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of redemption (such notice having been given and funds deposited), the Bonds to be redeemed shall not be deemed to be outstanding.

Cancellation of Bonds

All Bonds that have been redeemed shall be canceled by the Paying Agent and either destroyed by the Paying Agent with counterparts of a certificate of destruction evidencing such destruction furnished by the Paying Agent to the City or returned to the City at its request.

Partial Redemption of Bonds

Bonds or portions of Bonds to be redeemed in part shall be selected when held by a Securities Depository by lot and when not held by a Securities Depository, by the City by lot or in such other manner as the City in its discretion may deem appropriate.

RECORD DATE; PAYMENT

The principal of the Bonds is payable upon surrender thereof at the designated Corporate Trust Office of the Paying Agent. Payment of the interest on the Bonds will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof at the close of business on the 15th day of the month preceding each interest payment date for the Bonds, and if such day is not a regular business day of the Paying Agent the next day preceding which is a regular business day of the Paying Agent, by check, wire or draft mailed to each registered owner at such person's address as it appears on the registration books, or at another address as is furnished to the Paying Agent in writing by the owner. Interest that is not timely paid or provided for shall cease to be payable to the registered owner as of the regular record date and shall be payable to the registered owner at the close of business on a special record date to be fixed by the Paying Agent.

AUTHORIZATION AND PURPOSE

The Bonds are being issued pursuant to Title 30-A, Section 5772 of the Maine Revised Statutes, as amended, Article VIII, Section 13(d) and (e) of the City's Charter (as defined herein) and Council orders, as displayed below, to provide funds to finance the following projects and improvements:

<u>Project</u>	<u>Order #</u>	<u>Date of Passage</u>	<u>Amount Authorized</u>	<u>Previously Financed</u>	<u>Unissued</u>	<u>The Bonds</u>
Streets & Sidewalks	17-290	8/28/2017	\$1,811,000	(\$1,601,000)	\$210,000	(\$162,500)
Streets & Sidewalks	18-319	8/27/2018	1,900,000	0	1,900,000	(1,604,500)
Streets & Sidewalks	19-284	8/12/2019	<u>1,675,000</u>	<u>0</u>	<u>1,675,000</u>	<u>(1,675,000)</u>
Total Streets & Sidewalks			5,386,000	(1,601,000)	3,785,000	(3,442,000)
Equipment & Vehicles	17-290	8/28/2017	300,000	(250,000)	50,000	0
Equipment & Vehicles	18-319	8/27/2018	370,000	0	370,000	(300,000)
Equipment & Vehicles	19-284	8/12/2019	<u>960,000</u>	<u>0</u>	<u>960,000</u>	<u>(885,500)</u>
Total Equipment & Vehicles			1,630,000	(250,000)	1,380,000	(1,185,500)
WWTP Infrastructure	17-290	8/28/2017	957,000	(200,000)	757,000	(757,000)
WWTP Infrastructure	18-319	8/27/2018	1,065,000	0	1,065,000	(1,065,000)
WWTP Infrastructure	19-284	8/12/2019	<u>585,000</u>	<u>0</u>	<u>585,000</u>	<u>(585,000)</u>
Total WWTP Infrastructure			2,607,000	(200,000)	2,407,000	(2,407,000)
Building Improvements	18-319	8/27/2018	1,171,000	0	1,171,000	(249,500)
Building Improvements	19-284	8/12/2019	<u>523,000</u>	<u>0</u>	<u>523,000</u>	<u>(443,000)</u>
Total Building Improvements			1,694,000	0	1,694,000	(692,500)
Project Financing			\$11,317,000	(\$2,051,000)	\$9,266,000	(\$7,727,000)⁽¹⁾

NOTE: "WWTP" indicates Waste Water Treatment Plant.

⁽¹⁾ Bond proceeds, in the amount of \$7,427,000, plus allocable net Original Issue Premium, in the amount of \$300,000.00, provided Issue Proceeds to provide funds to finance the Projects.

Unspent Bond Proceeds

In the event that any proceeds of the Bonds remain unspent upon completion of a project or the City abandons in whole or in part any project, the City reserves the right to reallocate unspent proceeds to the costs of other qualified projects approved, or to be approved, by the City, or to apply unspent proceeds to the payment of debt service on the Bonds.

<u>Due Sept 1,</u>	<u>Streets & Sidewalks</u>	<u>Equipment & Vehicles</u>	<u>WWTP Infrastructure</u>	<u>Building Improvements</u>	<u>2020 Bonds</u>
2020	\$278,752.87	\$76,766.79	\$117,000.45	\$34,479.89	\$507,000
2021	278,800.00	76,774.91	120,425.09	34,000.00	510,000.00
2022	278,800.00	76,774.91	120,425.09	34,000.00	510,000.00
2023	278,800.00	76,774.91	120,425.09	34,000.00	510,000.00
2024	278,800.00	76,774.91	120,425.09	34,000.00	510,000.00
2025	278,721.15	76,753.20	115,535.26	33,990.38	505,000.00
2026	278,721.15	76,753.20	115,535.26	33,990.38	505,000.00
2027	278,721.15	76,753.20	115,535.26	33,990.38	505,000.00
2028	278,721.15	76,753.20	115,535.26	33,990.38	505,000.00
2029	278,721.15	76,753.20	115,535.26	33,990.38	505,000.00
2030	277,750.00	76,753.20	116,506.41	33,990.38	505,000.00
2031	277,750.00	76,753.20	116,506.41	33,990.38	505,000.00
2032		73,878.67	109,338.72	31,782.61	215,000.00
2033		73,878.67	109,338.72	31,782.61	215,000.00
2034		73,878.67	109,338.72	31,782.61	215,000.00
2035			109,290.32	30,709.68	140,000.00
2036			109,290.32	30,709.68	140,000.00
2037			109,290.32	30,709.68	140,000.00
2038			109,290.32	30,709.68	140,000.00
2039			109,290.32	30,709.68	140,000.00
Bond Proceeds:	\$3,343,058.64	\$1,142,774.89	\$2,283,857.68	\$657,308.79	\$7,427,000.00
Use of Bid Premium:	98,941.36	42,725.11	123,142.32	35,191.21	300,000.00
Project Proceeds:	\$3,442,000.00	\$1,185,500.00	\$2,407,000.00	\$692,500.00	\$7,727,000.00

SOURCE OF PAYMENT AND REMEDIES

General

The Bonds are general obligations of the City and their payment is not limited to a particular fund or revenue source. Municipalities in the State of Maine (the “State”) have the right to tax their inhabitants to pay municipal indebtedness. The Bonds are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless the City follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, in which case the City has the power to levy such ad valorem taxes without limit as to rate or amount upon all the taxable property within its territorial limits (see “THE BONDS – SOURCE OF PAYMENT AND REMEDIES – Limitation on Municipal Property Tax Levy” herein), except to the extent that the City may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, and except to the extent that the City establishes or has established development districts as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see “CITY FINANCES - TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS” herein). Bonds issued for school improvements that will be included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended, are not subject to the property tax limit set forth in Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended (see “THE BONDS – SOURCE OF PAYMENT AND REMEDIES” herein). The Finance Director has certified that no tax base sharing agreement now exists. The City has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in these districts to pay costs of the economic

development projects and programs described in the development programs for the districts. Within the limits established by statute, the City has the right to designate additional development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. There is no statutory provision for a lien on any portion of the tax levy to secure bonds or notes, or judgments thereon, in priority to other claims.

The City is subject to suit on the Bonds. Title 14, Section 4951 of the Maine Revised Statutes, as amended, provides that executions against a town shall be issued against the personal property of the residents of that town and real estate within its boundaries, whether or not owned by the town. Only town real estate not used for public purposes, however, is subject to such execution. In addition, Title 30-A, Section 5701 of the Maine Revised Statutes, as amended, provides that the personal property of the residents and the real estate within the boundaries of a municipality may be taken to pay any debt due from the municipality. There has been no judicial determination as to whether the statutory remedy of taking property of residents to satisfy debts of or judgments against, a municipality is constitutional under current due process and equal protection standards and Bond Counsel expresses no opinion thereon. There has been no judicial determination as to whether statutory remedies available against towns are applicable to cities and Bond Counsel expresses no opinion thereon.

Funds to meet City expenses, including debt service, are not included in the tax levy to the extent they are expected to be met with other non-tax revenues. Amounts necessary to repay sums borrowed temporarily in anticipation of bonds or grants are similarly excluded because they would normally be expected to be paid from the anticipated bond proceeds or grants. Enforcement of a claim for payment of principal or interest on bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress or the State Legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. The Bonds are not guaranteed by the State.

Bond Referendum Requirement:

Article VIII, Section 19(a)(1) of the City Charter requires that, with certain exceptions, orders or resolves authorizing the issue of general obligation securities of the City in a principal amount of five one-hundredth of one percent of the last certified State Valuation of the City (the 2020 equalized State valuation currently being \$2,667,150,000 x 0.0005 = \$1,333,575) for a single capital improvement or item of capital equipment be submitted to voter referendum.

Article VIII, Section 19(b) of the City Charter provides that the voter referendum requirement does not apply to any order or resolve authorizing "... (i) the refunding of any securities or other obligations of the city; (ii) the issuance of general obligation securities, or other direct or indirect obligations, of the city for streets, sidewalks, or storm or sanitary sewers; or (iii) the issuance of general obligations securities, or other direct or indirect obligations, of the City for the City's self-sustaining enterprise funds ...; (vi) any construction or financing of improvements needed as a result of a fire, flood, disaster or other declared emergency".

Each project being financed by the Bonds is either less than the threshold amount pursuant to the requirements of Article VIII, Section 19(a)(1) or is an exception to the voter referendum requirement via Article VIII, Section 19(b).

Limitation on Municipal Property Tax Levy

Effective July 1, 2005, the Legislature enacted LD 1, codified in part as Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, which, subject to certain procedural overrides, establishes a limit on municipal property tax levies. This limit is referred to as the "Property Tax Levy Limit". With certain exceptions, a municipality may not adopt a property tax levy that exceeds its Property Tax Levy Limit from

one year to the next by more than a specified growth limitation factor. Therefore, in cases where the amount of the prior year's Property Tax Levy Limit exceeds the amount of the City's actual property tax levy, the City may carry-forward that difference in establishing its future years' property tax levy. See "CITY FINANCES - Property Tax Levy Limit" herein.

The growth limitation factor is the average personal income growth as defined by Title 5, Section 1531 of the Maine Revised Statutes, as amended, plus the property growth factor. The property growth factor is a percentage equivalent to a fraction established by a municipality whose denominator is the total valuation of the municipality, and whose numerator is the amount of increase in the assessed value of any real or personal property in the municipality that becomes subject to taxation for the first time, or taxed as a separate parcel for the first time for the most recent property tax year for which information is available, or that has had an increase in its assessed valuation over the prior year's valuation as a result of improvements to or expansion of the property. Municipalities that qualify as a result of a relatively larger percentage of personal property, personal property can be incorporated into the property growth factor calculation. In addition, a municipality is required to lower its Property Tax Levy Limit in any year by an amount equal to net new funds provided by the State for existing services funded in whole or in part by the property tax levy.

The City may increase the Property Tax Levy Limit by a majority vote of the entire City Council on a separate article that specifically identifies the intent to exceed the Property Tax Levy Limit. Pursuant to Title 30-A, Section 5721-A(7)(B) of the Maine Revised Statutes, as amended, this action, however, is subject to override by initiative upon a petition signed by at least 10% of the number of voters voting in the last gubernatorial election in the municipality submitted within 30 days of the council's vote. However, the opportunity for the voters to petition for a referendum vote on the council's decision is not provided if the municipal charter "prohibits a petition and referendum process". Article V, Section 2 of the City's Charter states "The right of initiative or referendum provided herein shall not apply to ordinances, orders or resolves providing for the appropriation of money, the municipal budget, the levy of taxes, or the wages or hours of City Employees". Bangor's ability to exceed the Property Tax Levy Limit is not subject to override by voter initiative under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended.

In lieu of increasing the Property Tax Levy Limit, the City Council may vote to exceed the Property Tax Levy Limit for extraordinary circumstances. Exceeding the Property Tax Levy Limit permits the property tax levy to exceed the Property Tax Levy Limit only for the year in which the extraordinary circumstance occurs and does not increase the base for purposes of calculating the Property Tax Levy Limit for future years. Extraordinary circumstances are circumstances outside the control of the City Council and include:

- (1) Catastrophic events such as natural disaster, terrorism, fire, war or riot;
- (2) Unfunded or underfunded state or federal mandates;
- (3) Citizens' initiatives or other referenda;
- (4) Court orders or decrees; or
- (5) Loss of state or federal funding.

Extraordinary circumstances do not include changes in economic conditions, revenue shortfalls, increases in salaries or benefits, new programs or program expansions that go beyond existing program criteria and operation.

Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, does not limit the amount of taxes which may be raised by a municipality to pay items included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended.

The City does not expect that the Property Tax Levy Limit will have a material adverse effect on the City's financial condition or on the ability of the City to pay the principal of, premiums, if any, and interest on the Bonds when due.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use, investment and expenditure of bond proceeds and the requirement that certain earnings be rebated to the federal government. Failure of the City to comply with such requirements may cause interest on the Bonds to be included in the gross income of the holders thereof for purposes of federal income taxation retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs or is ascertained.

The City will make certain representations with respect to the use of the proceeds of the Bonds and the projects and improvements financed by the Bonds and will covenant (i) to comply with the provisions and procedures of the Code applicable to the Bonds and (ii) not to take any action or permit any action that would cause the interest paid on the Bonds to be included in gross income for purposes of federal income taxation pursuant to section 103 of the Code.

In the opinion of Pierce Atwood LLP, Bond Counsel ("Bond Counsel"), under existing statutes, regulations and court decisions interest on the Bonds is excludable from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest is not an item of tax preference under the Code. In rendering its opinion, Bond Counsel will rely upon the City's representations made with respect to the use of the proceeds of the Bonds, and the projects financed with the Bonds, and the City's covenant that it will comply with the Code. See "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

Exemption of Interest on the Bonds from Taxation Within the State of Maine

In the opinion of Bond Counsel, interest paid on the Bonds is exempt from income taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. See "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

Designated as Qualified Tax-Exempt Obligations

The City *will designate* the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Original Issue Discount

Certain maturities of the Bonds (the "Discount Bonds") may be sold at an issue price that is less than the stated redemption price of the Discount Bonds at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates). The difference between the issue price at which each of the Discount Bonds is sold and the stated redemption price at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) of each of the Discount Bonds constitutes original issue discount ("OID"). Pursuant to Section 1288 of the Code, OID on the Discount Bonds accrues on the basis of economic accrual under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on the Discount Bonds, as applicable. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bond will be increased by the amount of

such accrued OID for purposes of determining gain or loss on the sale, exchange, or other disposition of such Bond. Bond Counsel is of the opinion that the appropriate portion of the OID properly allocable to the original and each subsequent owner of the Discount Bonds will be treated as interest excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code to the same extent as stated interest on the Discount Bonds.

Prospective purchasers of the Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the OID properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Original Issue Premium

Certain maturities of the Bonds may be sold at a purchase price in excess of the amount payable on such Bonds after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) (the “Premium Bonds”). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the “constant yield method” described in regulations interpreting Section 1272 of the Code.

Prospective purchasers of the Premium Bonds should consult their tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Additional Federal Income Tax Consequences

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Internal Revenue Service (the “IRS”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Bonds will be audited. If an audit is commenced, under current IRS procedures holders of the Bonds may not be permitted to participate in the audit process and the value and liquidity of the Bonds may be adversely affected.

Changes in Federal Tax Law

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax exempt status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their tax and financial advisors regarding such matters.

Opinion of Bond Counsel

The legal opinion of Pierce Atwood LLP, of Portland, Maine (see APPENDIX B) will be furnished to the original purchaser of the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the original purchaser of the Bonds.

Extent of Opinion

Bond Counsel expresses no opinion regarding any tax consequences of holding the Bonds other than its opinion with regard to (a) the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code, (b) interest on the Bonds not constituting an item of tax preference pursuant to Section 57 of the Code and (c) the exemption of interest on the Bonds from taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Bonds.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations

that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC’s records. The ownership interest of each actual purchaser of each security deposited with DTC (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC’s records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will

be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (the Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the City provided, however, that the City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

RATINGS

The Bonds are rated "Aa2" by Moody's Investors Service ("Moody's") and "AA-" by S&P Global Ratings ("S&P"). The City has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings, if obtained, will reflect only the view of Moody's or S&P at the time such rating is assigned and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody's or S&P should be contacted directly for its rating on the Bonds and its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Bonds, and such rating should be evaluated independently.

Except as set forth in the Continuing Disclosure Agreement set forth in APPENDIX C and referred to under the heading "THE BONDS- CONTINUING DISCLOSURE" herein, the City has not undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed change in, or withdrawal of, any rating of the Bonds or to oppose any such change or withdrawal.

CONTINUING DISCLOSURE

In order to assist the underwriter of the Bonds in complying with the Securities and Exchange Commission's ("SEC") Rule 15c2-12 (the "Rule"), the City will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events, if material. Pursuant to the Rule, such filings will be made with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System ("EMMA"). The covenants will be contained in a "Continuing Disclosure Agreement" (the "Agreement"), the proposed form of which is provided in APPENDIX C. The Agreement will be executed by the Finance Director, and incorporated by reference in the Bonds. Except as discussed on the following paragraph, the City has never failed to comply in all material respects with any previous undertakings to provide financial information or notices of material events in accordance with the Rule.

Financial Filings

The City typically files its Annual Report in mid-January to mid-February of each year, within the applicable 270-day filing period. However, following a 2009 amendment to the Rule that required filing

with the MSRB through its EMMA System rather than with the Nationally Recognized Municipal Securities Information Repository (“NRMSIR”), the City inadvertently continued to file with the NRMSIR, but not with the MSRB for the period ended June 30, 2009. Bloomberg Municipal Repositories (a former NRMSIR) reports that the City’s 2008 filing was received on April 16, 2009 and the 2009 filing was received June 21, 2010.

The City believes that it followed its regular filing procedures with respect to its 2008 and 2009 annual Financial and Operating Data filings, and that any delay was attributable to the NRMSIR; however, the City is unable to provide documentation to prove that the 2008 and 2009 filings were received by a NRMSIR in a timely manner. Notwithstanding this, following the City’s discovery of the delayed filing, the City made a second submission of the 2009 Financial and Operating Data filing to the NRMSIR in June 2010, and subsequently posted the 2009 Financial and Operating Data filing on EMMA on October 11, 2012, as a duplicate filing. On October 21, 2014, the City posted a “Failure to File Annual Financial Information” Event Filing with respect to the 2009 Financial and Operating Data filing on EMMA.

The following list summarizes the City’s recent financial filings:

Financial & Operating Statements		Days After Fiscal
<u>FY ended June 30,</u>	<u>Date Filed</u>	<u>Year End</u>
2019	01/08/2020	192
2018	12/27/2018	180
2017	01/31/2018	215
2016	12/30/2016	183
2015	12/31/2015	178
2014	02/22/2015	237
2013	12/31/2013	184

NOTE: Searches using some specific series’ CUSIP numbers may not show all filings. Further, in 2016 the City exhausted CUSIP’s prior 060095 base identification sequence such that financings on and after 2017 are assigned a 060096 base. Therefore, were underwriters to search for filing history under 060095, then the City’s financings on and after 2017 may not show “as posted”. Conversely, were underwriters to search for filing history under 060096, then the City’s financings on and before 2016 may not show “as posted”.

Assurances of Future Compliance

On September 6, 2012, the City adopted a post-issuance compliance policy that, among other things, provides for timely filings with EMMA or its successor repository, if any, with respect to its existing and future continuing disclosure undertakings. Furthermore, the City has registered with the EMMA reminder system to receive e-mail reminders to help ensure timely annual filing of required financial and operating data.

MUNICIPAL ADVISOR

Moors & Cabot, Inc. is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board and has acted as Municipal Advisor to the City with respect to the issuance of the Bonds pursuant to Municipal Securities Rulemaking Board Rule G-23. Moors & Cabot, Inc. does not intend to submit its bid on, or participate in an underwriting syndicate for the public distribution of, the Bonds.

STATUTORY REFERENCES

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

CONDITIONS PRECEDENT TO DELIVERY

The following, among other things, are conditions precedent to the delivery of the Bonds to the original purchasers thereof.

No Litigation

Upon delivery of the Bonds, the City shall deliver or cause to be delivered a certificate of the Finance Director, and attested to by the City Clerk, dated the date of delivery of the Bonds, to the effect that there is no litigation pending or, to the knowledge of such official, threatened, affecting the validity of the Bonds or the power of the City to levy and collect taxes to pay them, and that neither the corporate existence nor boundaries of the City, nor the title of any of said officers to their respective offices, is being contested.

Approval of Legality

The legality of the Bonds will be approved by Pierce Atwood LLP, Bond Counsel. The approving opinion of such counsel with respect to the Bonds in substantially the form attached to this Official Statement as APPENDIX B will be delivered at the time of original delivery of the Bonds and a copy of the opinion will be provided to the original purchasers. Bond Counsel are not passing upon, and do not assume responsibility for, the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and make no representations that they have independently verified the same. See also "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

Certification of the Bonds

The Bonds will be certified as to their genuineness by U.S. Bank National Association, Boston, Massachusetts, which certificate will appear on the Bonds.

Certificate With Respect to Official Statement

At the time of the original delivery of, and payment for, the Bonds, the City will deliver a certificate of the Finance Director, to the effect that she has examined this Official Statement and the financial and other data contained therein and that, to the best of her knowledge and belief, both as of its date and as of the date of delivery of the Bonds, the Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the City is not guaranteed as to accuracy, completeness or fairness, she has no reason to believe that such information is materially inaccurate or misleading.

CITY OF BANGOR

GENERAL

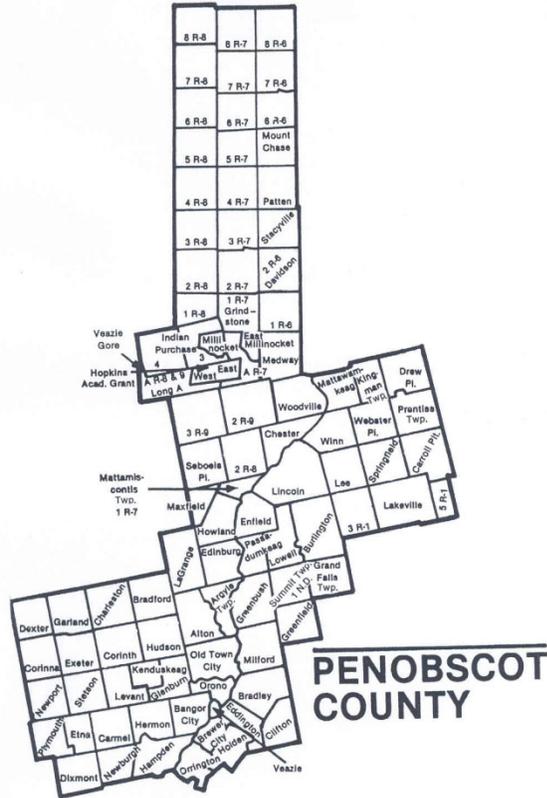
The City of Bangor is located in the south-central section of the County of Penobscot, in the eastern section of the State of Maine. The City is approximately 235 miles north-northeast of Boston, Massachusetts, 140 miles northeast of Portland, Maine, the State's largest city, and approximately 76 miles northeast of Augusta, the State's capital. The City is the hub of an 11-municipality employment and commercial center, as well as the commercial and cultural center for more than a third of the State's population. Bangor is the county seat of Penobscot County and is the third largest of Maine's 22 cities.

Bangor is situated on the western shore of the Penobscot River, which forms its southeastern border, separating it from the City of Brewer across the river. The Town of Veazie is contiguous to Bangor on its east. The Town of Orono, home of the main campus for the University of Maine System, forms the City's northeastern border. The Town of Glenburn borders Bangor on the north, the Town of Hermon on the west and the Town of Hampden forms its southern border. Convenient access to Bangor is provided with seven exits from U.S.

Interstate Route 95, which bisects the City diagonally through its center. U.S. Routes 1A, 2 and State Routes 15, 100, 221 and 222 all intersect the City from various directions. The Bangor International Airport, located in the City, provides both domestic and international air service for the entire region. See also "CITY OF BANGOR –BANGOR METROPOLITAN STATISTICAL AREA" herein.

The City was incorporated on February 25, 1791, first as a town, and as the City on February 12, 1834, the name being derived from a hymn entitled "Bangor" conferred by Rev. Seth Noble, an early settler. The City is the major trade, distribution, service and commercial center for the eastern and northern Maine region and is the home of Husson University, Eastern Maine Technical College, the Bass Park Complex and four medical centers, including St. Joseph's Hospital and the Eastern Maine Medical Center. The City enjoys numerous parks, monuments, historical sites and has several hermon hotels and numerous restaurants.

The City of Bangor is an urban, commercial, industrial and residential community with some rural characteristics. The land area of the City includes tracts of forest and farmlands, open space and riverfront areas, with a developed downtown. The Airport Mall, Broadway Shopping Center and various strip malls have established Bangor as the regional retail hub of the eight-county eastern Maine retail market. The City is comprised of residential, business, industrial, commercial and resource protection zones, totaling 34.59 square miles.



GOVERNMENT

There are two basic forms of local government in Maine: the “Direct” form, often referred to as town meeting government, in which the town meeting serves as the legislative body, passing laws, approving the spending of monies; and the “Representational” form, in which an elected council serves as the legislative body. There are several variations of these two forms. Variations of the Direct form are: *Selectmen/Town Meeting* form of government (169 municipalities); *Selectmen/Town Meeting/Manager* (141 towns); *Council/Town Meeting/Manager* (18 towns) and *Selectmen/Town Meeting/Administrative Assistant or Administrator* (80 towns). Variations of the Representational form are: *Council/Mayor/Administrator* (three cities), *Council/Mayor/Manager* (18 cities) and *Council/Manager* (26 towns).

The City operates under a charter initially adopted as Chapter 54 of the Private and Special Laws of Maine (1931), as amended and supplemented, most recently amended on November 6, 2012 (the “Charter”). The Charter provides for a Council-Manager form of government with a nine-member City Council whose members are elected from the registered voters of the entire City at-large for three-year staggered terms. The Charter grants to the City Council all powers to enact, amend, or repeal rules, ordinances and resolutions relating to the City’s property, affairs and government, to preserve the public peace, health and safety, to establish personnel policies, to give effect to any vote of the City, and to authorize the issuance of debt. The entire Council adopts an annual budget and provides for an annual audit. The City Manager is the chief administrative officer of the City.

MUNICIPAL SERVICES

The City provides general governmental services for the territory within its boundaries, including police and fire protection, highways, streets and sidewalks, parks, recreation and riverfront areas. Public education is provided for grades Kindergarten (“K”) through 12. The City operates its own sewer system. Water service is provided by the Bangor Water District, a quasi-municipal entity whose operations and direct obligations are not part of the City.

Public Safety

The Police Department is staffed by employees who include a Chief of Police, a Deputy Police Chief, four Lieutenants, 11 Sergeants, 12 Detectives and approximately 55 Police Officers. The Police Department operates from its downtown Police Station. The Police Department operates 55 vehicles or pieces of equipment, which are in good repair.

The Fire Department is staffed by employees who include a Fire Chief, four Assistant Chiefs, six Captains, 10 Lieutenants, an administrative assistant, a Public Education Officer, two Fire Inspectors and approximately 64 firefighters. The Fire Department operates from three fire stations and maintains approximately 26 vehicles or pieces of equipment, all of which are in good repair. Emergency Medical Service is provided by the Fire Department.

Public Works

The Public Works Department provides for a number of services including highway maintenance and recycling. The Department is staffed with one Public Works Director and approximately 63 full-time employees. The Department utilizes approximately 135 vehicles, which are in good repair.

The City is a member of the Municipal Review Committee, Inc. (the “MRC”), which is a Maine non-profit corporation with a mission of ensuring affordable, long-term and environmentally sound disposal of municipal solid waste (“MSW”) on behalf of its membership. The MRC pools the resources of its

membership on a regional scale in order to provide professional management, technical and administrative services while providing a single point of contact for business arrangements with counter-parties. The City's Manager serves on the MRC Board of Directors, which oversees its programs and activities.

MRC sponsored the development of a new advanced waste processing site in Hampden, Maine. The MRC has entered into a development agreement with a private company, Fiberight, LLC ("Fiberight"), that has developed, constructed and operating the new facility; has entered into a master waste supply agreement to direct waste to the new facility; and has entered into a site lease with a special purpose entity, Coastal Resource of Maine, LLC ("Coastal"), which was formed by Fiberight and its equity investors to complete development of, construct and operate the facility. Coastal is also a party to the master waste supply agreement.

In February 2016, the Bangor City Council voted to enter into a Joinder Agreement with the MRC pursuant to which its MSW would be delivered to the new facility for processing in accordance with the master waste supply agreement and other associated agreements. The Joinder Agreement has an initial term of 15 years from the commercial operations date of the new facility, with provisions to extend the agreement term by five extension terms of five-year each. Beginning April 1, 2018, the MSW collected from the City's residents and MSW generated by businesses and institutions within its borders, has been disposed of by Coastal and Fiberight. The City currently pays a tipping fee of \$71.44 per ton of MSW disposal at the facility, subject to annual escalation each January 1.

Sewer Department

The Sewer Department is established as an Enterprise Activity with the intent that the department provides services on a continuing basis, financed entirely through user charges. As of June 30, 2019 total net assets for the Sewer Utility Fund were \$51.8 million. Sewer rates are reviewed annually to ensure that the fee structure is sufficient to cover costs. One director and approximately 28 employees staff the Sewer Department. The Sewer Department maintains one plant, five pumping stations and approximately 152 miles of 8" to 72" sewer lines.

Stormwater Utility Fund

The City has created a Stormwater Utility Fund, the source of proceeds being assessments to property owners of a fee based on the amount of impervious surface to fund the cost associated with stormwater management. The fund received \$1,289,953 in fees during the fiscal year ended June 30, 2019.

Parking

The City owns various parking lots, parking decks and the 500-car capacity Pickering Square garage (the "Garage"). Revenue sources include monthly lease payments for parking spaces, hourly/daily parking fees and fines and waiver fees for parking violations. Certain of these facilities are operated under a private management contract. The City's intent that all of its parking operations, including the Garage, provide services on a continuing basis, financed entirely through fees or user charges.

Municipal Golf Course

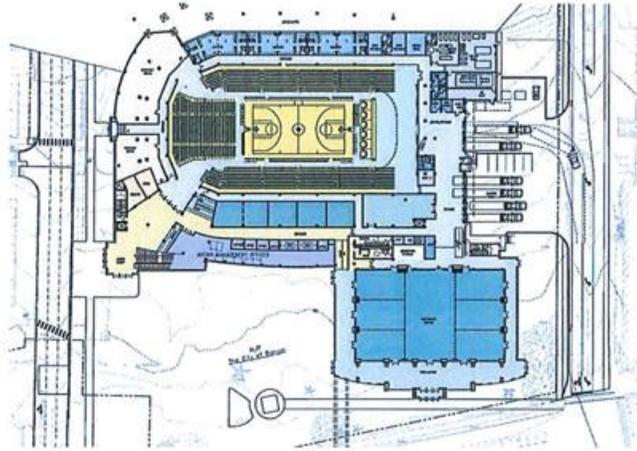
The City owns and operates the Municipal Golf Course (the "Golf Course"), a 27-hole championship course. The facility includes a clubhouse, snack bar and locker room. One pro, one Superintendent and one part-time Assistant Superintendent staff the course. The Golf Course is established as an Enterprise Activity with the intent that the Golf Course provides service on a continuing basis, financed entirely through user charges.

Bass Park Complex

The Bass Park Complex (“Bass Park”) encompasses the Bangor Raceway, Bangor State Fair and the recently constructed Cross Insurance Center (the “Center”). Bass Park is established as an Enterprise activity with the intent of the City that services provided are financed primarily through user charges.

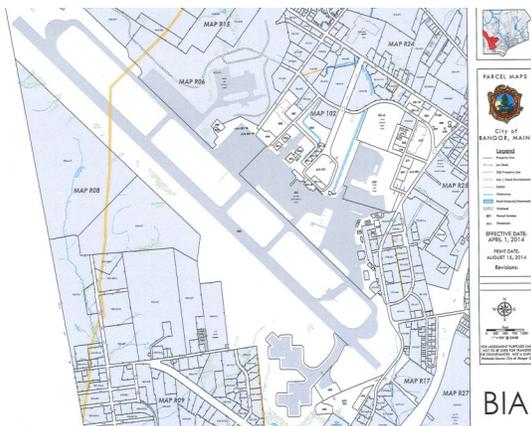
In 2012, the City issued its 2012B Bonds to finance a portion of a \$68,600,000 state-of-the-art 5,800-seat arena and adjoining convention center at the Cross Insurance Center. The City currently receives sufficient revenues to pay debt service on the Arena Project Bonds from arena fund revenues and from the City’s Downtown Development Tax Increment Finance District revenues.

The Cross Insurance Center Floor Plan



Bangor International Airport

The City owns the land encompassing the Bangor International Airport (“BIA”), the domestic and international terminal building and several properties that are leased to various commercial/industrial concerns. Through BIA, the City serves in the capacity of a fixed-base operator, in that it provides certain operating/maintenance functions as well as serves as a fuel vendor for aircraft. The BIA is unique as a municipal facility in that the airport services domestic carriers but also caters to numerous international carriers for purchase of fuel and passenger handling, thus diversifying its revenue base to support its operations. At the fiscal year ended June 30, 2019 BIA’s net position was \$105.4 million.



BIA is also the home of the 101st Air National Guard Refueling Wing (the “ANG”). The relationship between BIA and the ANG is formally expressed through a contractual agreement under which the ANG provides BIA with all crash and fire rescue services at the airport and shares in the cost of snow plowing. The ANG has, in the past, shared in the cost of several capital projects at the airport on a non-contractual basis, from time to time. The City expects that this voluntary contribution will continue in the future.

BANGOR PUBLIC LIBRARY

The Bangor Public Library (the “Library”) was established in 1883 as a union between the Bangor Mechanic Association and the Trustees of the Samuel F. Hersey Fund (administered by the City). The Library is a non-profit corporation governed by a Board of Managers and a Board of Trustees consisting of

nine members. Four of the board’s members are the officers of the Bangor Mechanic Association, four are appointed as Trustees of the Hersey Fund by the Bangor City Council and the ninth member is the chief financial officer of the City.

The Library occupies a 67,000 square foot building with a Greco-Roman façade, which opened in 1913, and was designed by Peabody and Stearns of Boston with a 27,000 square foot addition to the facility, in 1998. The Library houses over 500,000 volumes of books, periodicals, government documents and other materials, has over 25,000 registered borrowers and lends over 150,000 volumes per year. The Library is staffed by a director and approximately 25 full-time and ten part-time employees. Approximately 58% of its funding is derived from the City, 34% from endowment funds and 7% from the State Library.

PUBLIC EDUCATION

The City operates its educational program for grades K through 12 under its own supervision. Article II-A of the City’s Charter, as amended, provides that the Department of Education for the City be administered by a Superintending School Committee (the “School Committee”) comprised of seven members, who are elected by the voters of the City at-large for three-year staggered terms. The School Committee performs all duties and functions in regard to the care and management of the public schools of the City. The School Committee prepares and submits its budget to the City Manager, who includes it in the budget process. See also “CITY FINANCES - BUDGETARY PROCESS” section herein. The School’s staff consists of a Superintendent, an Assistant Superintendent, one Director of Pupil Services, a Business Services Director, 10 full-time principals, approximately 590 full-time equivalent teachers and various other professional and non-professional staff.

The City’s schools and enrollment trends are listed below:

<u>School</u>	<u>Grade</u>	<u>Estimated Capacity</u>	<u>Resident Enrollment (Oct. 1, 2019)</u>
Abraham Lincoln	K - 3	280	219
Downeast	K - 3	400	289
Fourteenth Street	K - 3	176	150
Fruit Street	K - 3	376	333
Vine Street	K - 3	260	203
Fairmount	4 - 5	408	259
Mary Snow	4 - 5	410	239
James F. Doughty	6 - 8	630	398
William S. Cohen	6 - 8	628	400
Bangor High School	9 - 12	1,500	1,217

<u>Oct. 1,</u>	<u>Resident Enrollment, by Grade</u>					<u>Non-resident Attending</u>	<u>Attending Enrollment</u>	<u>Resident % of Total</u>
	<u>K-3</u>	<u>4 - 5</u>	<u>6 - 8</u>	<u>9 - 12</u>	<u>Total</u>			
2018	1,179	511	788	1,073	3,551	164	3,715	95.59%
2017	1,126	544	789	1,010	3,469	196	3,665	94.65%
2016	1,217	536	785	1,034	3,572	168	3,740	95.51%
2015	1,257	568	798	1,022	3,645	153	3,798	95.97%
2014	1,288	571	776	1,007	3,642	142	3,784	96.25%
2013	1,328	514	782	1,044	3,668	132	3,800	96.53%
2012	1,337	516	775	1,099	3,727	50	3,777	98.68%
2011	1,295	559	774	1,042	3,670	174	3,844	95.47%
2010	1,302	520	773	1,079	3,674	186	3,860	95.18%
2009	1,305	472	804	1,124	3,705	158	3,863	95.91%

NOTE: **Resident Enrollment** is based on where the students live. They are counts of students who reside in each school district and are educated at public expense. Public school district resident counts include: (1) resident students from the local school unit attending schools in the local school unit, plus (2) resident students from the local unit who are tuitioned to other public school units or private schools and who are paid for with public funds.

Attending Enrollment is an attending student count, or a head count of students, based on where the students are educated. Public school district attending counts include: (1) students from the local school district attending schools in the local school district, plus (2) students from outside the school district who are tuitioned from other school districts.

Career and Technical Education

Title 20-A, Chapter 313 of the Maine Revised Statutes, as amended, provides for “career and technical education” or a course or program of education which is designed to create or improve job-related skills that are part of a secondary school curriculum. The programs may be offered via a center (a “Center”), a satellite program (a “Satellite Program”) or a region (a “Region”) (collectively “CTE Centers”). A Region is a quasi-municipal corporation established by the Legislature to provide career and technical education to secondary students that is comprised of all the School Administrative Units (“SAU”) within the geographical boundaries set forth for each career and technical education region and is governed by a cooperative board formed and operating in accordance with this chapter.

The City is a member of the *United Technologies Center, Region #4* (“Region #4”), a Region. The City currently sends 107 students to Region #4, or 20.2% of the 529 total current student enrollment. Starting July 1, 2018, the State of Maine established a new funding model whereby CTE Centers are provided with General Purpose Aid funding directly from the State, using the Essential Programs and Services formula. This means that the sending schools’ assessments of prior years have been eliminated, and there is no current cost-sharing obligation on the part of the sending schools. Pursuant to Title 20-A, Section 8451(2)(D) of the Maine Revised Statutes, as amended, Region #4’s territory is comprised by the following SAUs:

Bangor School Department	Milford School Department
Brewer School Department	RSU 22 (Hampden, Newburg, Winterport)
AOS 47 (Dedham, Orrington)	RSU 26 (Orono)
Glenburn School Department	RSU 34 (Alton, Bradley, Old Town)
Grand Falls Twsp	RSU 63 (Clifton, Eddington, Holden)
Greenbush School Department	RSU 64 (Bradford, Corinth, Hudson, Kenduskeag, Stetson)
Greenfield Twsp	RSU 87 (Carmel, Levant)
Hermon School Department	CSD 8 (Amherst, Aurora, Great Pond, Osborn)
Indian Island (MIE)	Veazie School Department

Other Education

The *Southern Penobscot Regional Program for Children with Exceptionalities* (“SPRPCE”) was established to comply with United States Public Law 94-142 that “guaranteed a free appropriate public education to each child with a disability”. As of July 1, 2014, all of the SPRPCE programs are housed under the Bangor School Department. The SPRPCE sending SAU’s are:

Bangor School Department	RSU 22 (Hampden, Newburgh, Winterport)
Brewer School Department	RSU 26 (Orono)
Glenburn School Department	RSU 63 (Clifton, Eddington, Holden)
Greenbush School Department	RSU 64 (Bradford, Corinth, Hudson, Kenduskeag, Stetson)
Hermon School Department	RSU 87 (Carmel, Levant)
Indian Island (MIE)	AOS 47 (Dedham, Orrington)
Milford School Department	CSD 8 (Amherst, Aurora, Great Pond, Osborn)
	Veazie School Department

LABOR RELATIONS

The City employs approximately 1,140 full-time equivalent employees, approximately 590 of whom are employed by the School Department. The following lists the various bargaining units that are represented by a union, and the status of its current contract. City employees not included in the below table are not represented by unions. The various contracts for employees represented by unions are effective and expire as follows:

<u>Union</u> ⁽¹⁾	<u>Approximate # Employees</u>	<u>Bargaining Unit</u>	<u>Date of Contract</u>	
			<u>Effective</u>	<u>Expiration</u>
MAP	14	Police Command Staff	7/1/18	6/30/21
MAP	64	Police Officers	7/1/18	6/30/21
Teamsters	13	Police Support Staff	7/1/18	6/30/20
IAFF	87	Firefighters	7/1/18	6/30/21
BFPE-AFT	12	Motor Pool	7/1/18	6/30/21
AFSCME	3	Airport Aircraft Mechanics	7/1/17	6/30/19 ⁽²⁾
AFSCME	6	Aircraft Weather Dispatchers	7/1/17	6/30/19 ⁽²⁾
AFSCME	15	Ramp Supervisors & Attendants	7/1/17	6/30/19 ⁽²⁾
AFSCME	16	Airfield & Building Maintenance	7/1/18	6/30/19 ⁽²⁾
AFSCME	56	Public Works	7/1/18	6/30/21
ATU (Local 714)	32	Community Connector Bus Drivers	7/1/17	6/30/20
MEA	217	School Teachers	9/1/18	8/31/21
MEA	25	School Instructional Assistants	7/1/18	6/30/21
AFL/CIO	19	School Administrators	7/1/19	6/30/22
MEA	29	School Support Staff	7/1/18	6/30/21

NOTE: ⁽¹⁾ “AFSCME” indicates the American Federation of State, County and Municipal Employees; “IAFF” indicates the International Association of Firefighters. All AFSCME and IAFF units are affiliated with the American Federation of Labor & Congress of Industrial Organizations (“AFL-CIO”), as separate bargaining units. “ATU” indicates Amalgamated Transit Union, affiliated the AFL-CIO, as a separate bargaining unit. “BFPE” indicates the Bangor Federation of Public Employees, division of the American Federation of Teachers (“AFT”), affiliated with the AFL-CIO. “MAP” indicates Maine Association of Police, affiliated as separate bargaining units. “MEA” indicates the Maine Education Association of which the various components of the Bangor Education Association (“BEA”) are affiliated, as separate bargaining units.

⁽²⁾ The City is currently in the process of negotiating a collective bargaining agreement for the respective unit. The City has provided in its budget amounts that it expects that the City would incur in the contracts.

ECONOMIC CHARACTERISTICS

Population	City of Bangor	<u>Change Since Prior Census</u>		
		<u>City</u>	<u>State</u>	<u>USA</u>
1970	33,168	(14.8%)	2.4%	13.4%
1980	31,643	(4.6)	13.4	11.4
1990	33,181	4.9	9.2	9.8
2000	31,473	(5.1)	3.8	13.2
2010	33,039	5.0	4.2	8.9

SOURCE: Respective census, U.S. Department of Commerce, Bureau of the Census.

Population Characteristics	<u>City of Bangor</u>	<u>Penobscot County</u>	<u>State of Maine</u>	<u>USA</u>
Median age (years)	36.7	39.9	42.7	37.2
% school age	16.9%	18.6%	18.2%	20.4%
% working age	67.8%	65.8%	63.4%	62.9%
% 65 and over	14.4%	14.5%	15.9%	13.0%
Persons/household	2.10	2.33	2.32	2.58

Income	<u>City of Bangor</u>	<u>Penobscot County</u>	<u>State of Maine</u>	<u>USA</u>
Median family income	\$56,955	\$54,271	\$58,185	\$62,982
% below poverty level	18.7%	15.7%	12.6%	13.8%
Per capita income	\$24,179	\$22,977	\$25,385	\$27,334

Housing	<u>City of Bangor</u>	<u>Penobscot County</u>	<u>State of Maine</u>	<u>USA</u>
% owner occupied	50.0%	70.5%	73.1%	66.6%
% Built before 1939	40.6%	25.3%	28.1%	14.1%
% Built since 2000	5.6%	9.7%	8.9%	12.8%
Owner occupied med. value	\$146,400	\$133,600	\$176,200	\$188,400
Median gross rent	\$694	\$669	\$707	\$841
Occupied housing units	14,342	62,282	551,125	-

SOURCE: 2010 Census, U.S. Department of Commerce, Bureau of the Census.

Unemployment	<u>City of Bangor</u>	<u>Penobscot County</u>	<u>State of Maine</u>	<u>USA</u>
2018	3.4%	3.8%	3.4%	3.9%
2017	3.3	3.7	3.3	4.4
2016	3.7	4.4	3.9	4.9
2015	4.0	4.8	4.4	5.3
2014	5.3	5.2	5.7	6.2
2013	6.2	7.0	6.7	7.4
2012	6.9	7.8	7.3	8.1
2011	7.2	8.1	7.5	8.9
2010	7.5	8.3	7.9	9.6
2009	7.2	8.1	8.0	9.3

SOURCE: State of Maine, Department of Labor, Division of Economic Analysis and Research.

BANGOR METROPOLITAN STATISTICAL AREA

The U.S. Department of Commerce, Bureau of the Census formerly defined a metropolitan statistical area (“MSA”) as an area that includes at least one city with 50,000 or more inhabitants, or a Census Bureau-defined urbanized area (of at least 50,000 inhabitants) and a total metropolitan population of at least 75,000 (in New England). Additional cities and towns were included in the MSA if they met specified requirements of commuting to the central area and other selected requirements of metropolitan character (such as population density and percent urban). An MSA was also considered a labor market area. The map displays the 14 cities or towns and one reservation that comprised the former Bangor MSA.



Transportation Center

The City of Bangor is the major transportation and distribution center for the eight northeastern counties of the State of Maine.

The Bangor International Airport has scheduled domestic air service offered by four airlines, Allegiant Air, American Airlines, Delta Airlines and United Airlines, with approximately 28 scheduled daily flights during peak season. In addition, the Airport serves as a transit and diversion Airport for numerous domestic and international carriers. The Montreal, Maine & Atlantic, Ltd (formerly Bangor and Aroostook) and PanAm (formerly Maine Central) railroads offer rail freight connections from Bangor. U.S. Interstate Route 95 facilitates the shipment of freight by truck. Greyhound Travel Services and Concord Trailways offer nationwide bus transportation and package delivery from their Bangor terminals.

Commuter Patterns

Residents of Bangor who work in:	Number of Workers	% Bangor's Workers	Commuters to Bangor who live in:	Number of Workers	% Bangor's Workforce
Bangor	11,878	71.46%	Bangor	11,878	31.99%
Brewer	1,028	6.18	Brewer	2,262	6.09
Orono	1,006	6.05	Hampden	2,028	5.46
Hampden	434	2.61	Old Town	1,538	4.14
Hermon	368	2.21	Hermon	1,446	3.89
Old Town	215	1.29	Glenburn	1,440	3.88
Lincoln	124	0.75	Orono	1,349	3.63
Ellsworth	110	0.66	Orrington	994	2.68
Augusta	78	0.47	Levant	816	2.20
Eddington	76	0.46	Carmel	730	1.97
Orrington	76	0.46	Winterport	724	1.95
Bucksport	65	0.39	Milford	665	1.79
Belfast	63	0.38	Holden	652	1.76
Glenburn	62	0.37	Veazie	608	1.64
Machias	62	0.37	Corinth	531	1.43
All other	978	5.88	All other	9,468	25.50
	16,623	100.00%		37,129	100.00%

SOURCE: State of Maine, Department of Labor, Labor Market Information Services; U.S. Department of Commerce, Bureau of Census, 2010 Census.

Employment Center

The City, a center for retail, wholesale, distribution, transportation, banking, legal, medical, recreational, and other major services for its own base market, plus a large area of the State. The area includes 11 contiguous communities surrounding the City, and major employers in the former Bangor MSA are:

<u>Employees</u>	<u>Major Employers</u>	<u>City or Town</u>	<u>Business</u>	<u>% Total</u>
4,001 - 4,500	Eastern Maine Medical Center ⁽¹⁾	Bangor	Health Care	11.84%
1,001 - 1,500	Hannaford Supermarkets	Throughout	Grocery Chain	3.48
1,001 - 1,500	St. Joseph Hospital	Bangor	Health Care	3.48
1,001 - 1,500	Northern Light Health Care ⁽²⁾	Throughout	Health Care	3.48
1,001 - 1,500	City of Bangor	Bangor	Municipal Government	3.11
501 - 1,000	WalMart/Sam's Club	Throughout	Retail Sales	2.09
501 - 1,000	Penobscot Community Health Care	Throughout	Throughout	2.09
501 - 1,000	Bangor Savings Bank	Bangor	Bank	2.09
501 - 1,000	Husson University	Bangor	University	2.09
501 - 1,000	Acadia Hospital	Bangor	Mental Health Center	<u>2.09</u>
				35.86%

SOURCE: City of Bangor Comprehensive Annual Financial Report for Fiscal Year June 30, 2018 - Table 15.

NOTE: ⁽¹⁾ In October 2019, Eastern Maine Healthcare Systems began operating under the name Northern Light Health. Northern Light Health is a Brewer-based parent of a hospital network that employs more than 12,000 people statewide across nine hospitals and other health care facilities from Presque Isle to Portland, including Northern Light Eastern Maine Medical Center ("EMMC"), located in Bangor.

⁽²⁾ Exclusive of EMMC employees in Bangor.

Commercial Center

The City's *Primary Market* is an area within 20 miles of the City center, comprised of 28 communities, over 100,000 people, approximately 38,000 households, and includes the 11 communities of the *Greater Bangor Area*. Residents of the Primary Market Area utilize the Bangor Center for their regular shopping and services on a daily or weekly basis and as an employment center. The Bangor *Secondary Market* is a region covering more than six counties in eastern and northern Maine, comprised of approximately 387,000 people and over 120,000 households which use the Bangor Center for major shopping and services many times annually. The Bangor *Tertiary Market* encompasses the Canadian Maritime Provinces and eastern Quebec Province, with approximately 2.96 million people, over 870,000 households, which utilize the Bangor region as a distribution and transportation point, and for selected shopping and services on a special-trip basis, such as during holidays, vacations and other occasions.

The Bangor Economic Statistical Area ("ESA") has the second largest retail market in Maine, following the Portland area. The Bangor ESA is comprised of the cities of Bangor, Brewer and Old Town, the towns of Orono and Veazie and the Penobscot Indians Island. With less than 3% of the State's population, the Bangor ESA share of the State's retail sales is proportionally higher. In the period July 1, 2018 to June 30, 2019, the Bangor ESA realized \$1.8 billion, or 7.82%, of the State's retail sales. The following table breaks out the City's portion of the total Bangor ESA retail sales:

Retail Sales by Product Group and Consumer Sales (\$/000) for the City of Bangor

	Business/ Operating	Building Supply	Food Store	General Mdse.	Other Retail	Auto/ Transp.	Rest. & Lodging	Group Total	Consumer Sales
2019	97,017.2	161,020.6	86,213.6	338,764.3	102,852.6	420,504.1	227,764.8	1,434,137.2	1,337,120.0
2018	92,437.6	163,845.2	83,585.2	336,123.3	103,122.1	401,531.3	220,440.4	1,401,085.1	1,308,647.4
2017	83,552.9	157,473.9	80,249.8	335,250.0	108,790.9	388,176.5	218,792.3	1,372,286.2	1,288,733.3
2016	79,985.6	159,174.0	77,662.0	347,125.5	112,117.6	386,323.6	205,069.3	1,367,457.7	1,287,472.1
2015	86,960.1	161,439.7	62,908.6	326,055.0	110,528.6	387,167.0	193,593.0	1,328,652.0	1,241,691.9
2014	83,132.3	163,519.8	59,988.5	333,362.7	111,468.0	349,008.0	192,729.1	1,293,208.4	1,210,076.2
2013	72,944.9	145,322.8	56,673.4	345,160.2	111,862.5	329,798.9	185,533.9	1,247,296.6	1,174,351.7
2012	75,396.2	135,242.5	55,498.5	350,465.4	108,596.7	304,607.9	178,906.6	1,208,713.9	1,133,317.6
2011	81,652.1	135,459.1	54,776.0	354,737.8	107,018.0	306,800.2	170,994.3	1,211,437.6	1,129,785.5
2010	80,517.9	118,552.4	54,081.6	353,260.3	106,302.7	287,947.3	165,083.1	1,165,745.2	1,085,227.3

SOURCE: State of Maine, Department of Taxation, Sales Tax Section.

Building Permits

Calendar Year	Permits			Est. Cost of Construction
	Residential	Non- Residential	Total	
2019	324	204	528	\$41,032,847
2018	366	219	585	36,076,618
2017	432	250	682	43,460,336
2016	341	230	571	34,560,530
2015	283	243	527	27,853,344
2014	226	202	428	43,660,878
2013	143	136	279	132,227,792 ⁽¹⁾
2012	137	178	315	24,795,673
2011	130	145	275	102,434,811 ⁽²⁾
2010	156	205	361	39,936,826

NOTE: ⁽¹⁾ Major component comprised of Eastern Maine Medical Center Modernization Project.

⁽²⁾ Major component comprised of Cross Insurance Center Project

Post-secondary School Education

Post-secondary schools located in the Greater Bangor Area by location and approximate enrollment:

Location	School	Undergraduate Enrollment	Faculty
Orono	University of Maine ⁽¹⁾	9,365	578
Bangor	Eastern Maine Community College ⁽²⁾	2,613	134
Bangor	Husson University ⁽³⁾	2,763	144
Bangor	New England School of Communication ⁽²⁾⁽⁴⁾	443	92
Bangor	Beal College ⁽¹⁾	429	30

⁽¹⁾ SOURCE: web site @www.umaine.edu

⁽²⁾ SOURCE: <https://www.communitycollegereview.com/maine/penobscot-county>

⁽³⁾ SOURCE: web site @ <https://www.husson.edu/>

⁽⁴⁾ New England School of Communications is a college of Husson University located in Bangor, Maine, focusing exclusively on undergraduate education in communications technology. The school has been located on the campus of Husson University since 1985, and has been owned by Husson since 1997.

CITY FINANCES

BUDGETARY PROCESS

Article VIII, Section 7 of the City’s Charter provides for a budget process. The fiscal year (or “budget year”) of the City begins on the first day of July and ends on the thirtieth day of June of the following year. The Charter provides that the City Manager submit a budget to the Council not later than the second Monday in April before the end of the fiscal year. The budget contains (1) an estimate of all revenue cash receipts anticipated from sources other than the tax levy for the budget year; (2) the estimated expenditures necessary for the operation of the City; (3) debt service requirements for the budget year; (4) estimated tax levy for the budget year; and (5) a balanced relationship between total estimated expenditures and revenues (including tax levy, without overlay). The Council may modify the expenditures of the proposed budget. If the Council fails to adopt a budget by the beginning date of the fiscal year, the Charter directs that the City Manager’s proposed budget shall automatically become the budget for the next fiscal year. If the Appropriation Resolve establishes a property tax levy that exceeds the Property Tax Levy Limit (as defined herein), then the excess of the appropriation must be approved in a separate article by a majority of the elected members of the City. The Property Tax Levy Limit of one year may not exceed the Property Tax Levy Limit from the prior year by more than a specified Growth Limitation Factor (see “THE BONDS - SOURCE OF PAYMENT AND REMEDIES - Limitation on Municipal Property Tax Levy” herein). The school budget is voted on by the School Board, the City Council and is then subject to referendum by the voters of the City through a Budget Validation process. Upon adoption of the budget, a property tax levy is then established and filed with the City Assessor. The following table sets forth the trends in the General Fund’s budgets for the City for the last four fiscal years and the current fiscal year.

General Fund Budgets Fiscal Year Ending June 30, (000)

	2016	2017	2018	2019	2020
Revenues					
Taxes	\$59,382	\$60,062	\$60,894	\$62,347	\$64,135
Intergovernmental	23,796	24,377	25,666	27,478	29,969
Licenses and Permits	708	620	623	622	612
Charges for Services	11,182	11,504	11,665	11,630	11,459
Fines, Forfeits and Penalties	33	23	23	23	22
Use of Property	660	650	635	816	909
Other Sources	1,472	1,411	1,562	1,464	1,144
Total Revenues	97,233	98,647	101,068	104,380	108,250
Expenditures					
General Government	7,818	8,190	8,402	8,933	9,116
Public Safety	17,884	17,903	18,511	19,303	20,811
Health, Welfare and Recreation	4,966	5,119	5,226	5,434	5,132
Public Services	10,701	10,835	11,042	11,183	11,480
Other Agencies	4,663	4,827	4,875	5,084	5,345
Education	44,067	44,462	45,407	46,741	48,467
Other	2,865	3,128	3,274	3,391	3,494
Debt Service	4,269	4,183	4,331	4,311	4,405
Total Expenditures	\$97,233	\$98,647	\$101,068	\$104,380	\$108,250

CAPITAL IMPROVEMENT PLAN

The City’s Capital Improvement Program (“CIP”) is an integral part of the annual budget process. A complete list of near term improvements is included as part of the City Manager’s budget submission for all City functions, as required by Article VIII, Section 7 of the City’s Charter. The plan includes projects anticipated within the ensuing one-to-two year period with an indication of how the City anticipates funding the improvement(s). Certain CIP items are longer term in nature, and while the near-term projects are specified within the budget submission, the longer term goals are updated, reviewed and approved via the City’s Committee structure on a regular basis. The issuance of debt, however, is subject to the review and approval of the City Council.

PROPERTY TAX LEVY LIMIT

Unless the City follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, the City is limited to an increase in the City’s property tax levy from one year to the next to an amount not more than its Municipal Property Tax Levy Limit (see “THE BONDS - SOURCE OF PAYMENT AND REMEDIES - Limitation on Municipal Property Tax Levy” herein). The City’s Municipal Property Tax Limit for subsequent fiscal years is the Municipal Property Tax Levy Limit for the preceding year multiplied by the Growth Limitation Factor. Therefore, in cases where the amount of the prior year’s Municipal Property Tax Levy Limit exceeds the amount of the City’s actual property tax levy (“Property Tax Levy”), the City may carry-forward that difference in establishing its future years’ property tax levy. The following table displays the City’s limitation on Municipal Property Tax Levy:

Fiscal year:	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>
State Personal Income Factor:	0.86%	2.67%	2.84%	2.61%	2.77%
City Property Growth Factor:	<u>2.32%</u>	<u>1.58%</u>	<u>1.81%</u>	<u>1.08%</u>	<u>1.00%</u>
Growth Limitation Factor:	3.18%	4.25%	4.65%	3.69%	3.77%
Property Tax Levy Limit:	\$29,919,669	\$31,191,575	\$31,309,758	\$32,343,105	\$33,562,125
Property Tax Levy:	<u>25,865,420</u>	<u>25,976,015</u>	<u>26,180,550</u>	<u>26,768,002</u>	<u>26,843,958</u>
Over/(under) Property Tax Levy Limit:	(\$4,054,249)	(\$5,215,560)	(\$5,129,208)	(\$5,575,103)	(\$6,718,167)

FUND BALANCE POLICY

Pursuant to Governmental Accounting Standards Board (“GASB”) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB 54”), the City Council adopted a new Fund Balance Policy which supersedes all prior council adopted policies related to fund balances. The purpose of the policy is to provide guidance related to the City’s various fund balances as part of the City Council’s and management’s fiduciary responsibility to ensure the long-term sound financial management of the City. The policy provides definitions, background information, limitations on use or balances (if any), target levels, funding mechanisms and identifies the responsible City official by fund balance. This policy applies to the fund balances of the City’s Government funds only.

Article VIII, Section 16 of the City’s Charter was amended by the City’s voters at a referendum election held on November 6, 2012. The amendment revised the target for unassigned fund balance of no more than 10% and no less than 5% of prior year’s expenditures (less debt service), to no more than 16.66% and no less than 8.33% of prior year expenditures.

The following table displays the last five the most recent audited fiscal years' compliance with the provision:

	Fiscal Year Ended June 30,				
	2015	2016	2017	2018	2019
Assigned and Unassigned General Fund Balances	\$14,637,832	\$17,070,081	\$18,611,507	\$22,188,578	\$22,402,049
Prior Years' Expenses (less Debt Service)	92,008,967	92,956,802	95,430,107	97,599,921	101,076,194
Assigned and Unassigned General Fund Balances as % Prior Years' Expenses	15.91%	18.36%	19.50%	22.73%	22.16%
Unassigned General Fund Balance	\$9,995,105	\$11,315,235	\$12,171,566	\$14,064,283	\$13,105,808
Prior Years' Expenses (less Debt Service)	92,008,967	92,956,802	95,430,107	97,599,921	101,076,194
Unassigned General Fund Balance as % Prior Years' Expenses	10.86%	12.17%	12.75%	14.41%	13.26%

INVESTMENT POLICY

The City adopted and has followed a formal Investment Policy since 2002. Pursuant to its Investment Policy and Title 30-A, Section 5706 *et seq.* of the Maine Revised Statutes, as amended, all investments of the City must be made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment considering (i) safety of principal and maintenance of capital, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements with which a fund is charged, that is reasonably expected, and (iii) return of income commensurate with avoidance of unreasonable risk. Under its policy, the City's investment practice is to maintain a cash and investment pool that is available for use by all funds and consists of short-term investments. The City is invested principally in direct obligations of the United States government and its agencies. The City is not invested in any obligations typically referred to as derivatives, meaning obligations created from, or whose value depends on or is derived from the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest.

FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter VIII of the Maine Revised Statutes, as amended, and Article VIII, Section 2 of the City's Charter provide for independent annual audits of the City's accounts and establishes procedures for such audits. The City, in conformance with this statute and its Charter currently engages the services of Runyon Kersteen Ouellette, Certified Public Accountants ("RKO"). The City's fiscal year 2019 Financial Statements, audited by RKO, are presented as APPENDIX A to this Official Statement. The City has not requested the consent of RKO for the incorporation of the Financial Statements included in APPENDIX A, nor has it been received.

The Government Finance Officers Association (the "GFOA") awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2018. This is the 21st year that the City has received this prestigious award. In order to be awarded the certificate, the City published an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles ("GAAP") and applicable legal requirements.

FUNDS

The accounts of the City are organized and operated on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The City has the following fund types:

Governmental Funds are used to account for most governmental functions of the City. Governmental Funds include the following fund types:

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds account for revenue sources (not including expendable trusts or major capital projects) that are legally restricted to expenditure for specific purposes.

Capital Projects Fund is used to account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or non-expendable trust 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 governments' programs.

Proprietary Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. The City's Fiduciary Funds include *Agency Funds*: custodial in nature and do not present results of operations or have a measurement focus. Agency Funds are accounted for using the accrual basis of accounting. The funds are used to account for assets that the City holds for others in an agency capacity.

CITY OF BANGOR
COMPARATIVE BALANCE SHEET
GENERAL FUND
(As of June 30,)

	2019	2018	2017	2016	2015
ASSETS					
Cash	\$22,269,687	\$23,783,220	\$18,878,973	\$12,014,827	\$11,711,326
Investments	50,000	50,000	50,000	50,000	50,000
Receivables:					
Taxes	2,087,465	2,033,265	2,641,785	2,670,489	3,333,089
Accounts (net of allowances)	715,331	729,892	578,077	1,016,994	1,825,765
Inter-fund loans	1,877,830	2,062,830	1,935,404	8,251,179	5,768,579
Intergovernmental	6,083,214	3,421,145	5,003,018	3,706,733	1,862,538
Loan	0	455,769	535,372	611,511	684,336
Inventory, at cost	658,707	520,910	554,843	568,474	542,476
Prepaid items	645,176	587,615	507,130	669,665	129,772
TOTAL ASSETS	34,387,410	33,644,646	30,684,602	29,559,872	25,907,881
LIABILITIES					
Accounts payable	1,535,401	1,432,831	1,345,499	1,257,728	1,026,306
Accrued wages and benefits	4,801,728	4,561,848	4,495,658	4,271,124	4,091,659
Unearned revenues	0	0	0	0	0
TOTAL LIABILITIES	6,337,129	5,994,679	5,841,157	5,528,852	5,117,965
DEFERRED RESOURCES	1,910,609	1,619,639	2,215,800	2,442,797	2,559,119
FUND BALANCE					
Non-spendable	3,204,383	3,009,025	2,962,473	3,138,639	2,572,748
Restricted	299,252	714,412	764,922	1,374,097	909,284
Committed	233,988	118,316	288,743	5,406	110,933
Assigned	9,296,241	8,124,295	6,439,941	5,754,846	4,642,727
Unassigned	13,105,808	14,064,283	12,171,566	11,315,235	9,995,105
TOTAL FUND BALANCE	26,139,672	26,030,331	22,627,645	21,588,223	18,230,797
TOTAL LIABILITIES AND FUND BALANCE	\$34,387,410	\$33,644,649	\$30,684,602	\$29,559,872	\$24,769,773

Prepared from Audited Financial Statements

CITY OF BANGOR
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND
(For the Years Ended June 30,)

	2019	2018	2017	2016	2015
REVENUES					
Taxes	\$63,144,634	\$62,395,656	\$61,629,388	\$60,894,710	\$59,468,512
Intergovernmental	35,142,361	33,119,172	30,662,625	30,563,862	29,323,747
Licenses and permits	741,027	1,014,170	644,795	755,273	831,968
Charges for services	14,024,323	14,649,774	14,751,088	13,980,385	14,045,126
Revenue from use of property	1,236,818	1,527,875	761,454	721,087	739,052
Other	63,520	92,496	18,623	34,910	27,119
TOTAL REVENUES	114,352,683	112,799,143	108,467,973	106,950,227	104,435,524
EXPENDITURES					
General government	5,420,213	5,301,228	5,133,047	5,172,435	5,391,279
Public safety	19,594,743	18,173,695	17,330,311	17,146,674	16,994,567
Health, com. serv. and recreation	4,838,006	5,066,925	4,972,166	5,117,412	5,041,486
Public buildings and services	9,662,829	10,521,736	10,907,018	10,387,416	10,704,017
Other agencies	5,159,254	4,907,267	4,886,577	4,723,022	4,684,697
Education	59,315,126	56,111,179	54,722,897	52,655,986	53,037,177
TIF	757,396	745,170	711,220	717,260	724,347
Unclassified	29,818	15,319	31,213	22,452	48,043
Capital outlay	545,177	1,105,303	906,169	674,067	570,654
Debt service	5,814,719	5,950,002	5,687,035	5,756,272	5,537,031
TOTAL EXPENDITURES	111,137,281	107,897,824	105,287,653	102,372,996	102,733,298
EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER EXPENDITURES	3,215,402	4,901,319	3,180,320	4,577,231	1,702,226
OTHER FINANCING SOURCES (USES)	(3,106,061)	(1,498,633)	(2,140,898)	(1,219,805)	(506,949)
EXCESS (DEFICIENCY) REVENUES/EARNINGS OVER EXPENDITURES/OTHER USES	109,341	3,402,686	1,039,422	3,357,426	1,195,277
BEGINNING FUND BALANCE	26,030,331	22,627,645	21,588,223	18,230,797	17,035,520
ENDING FUND BALANCE	\$26,139,672	\$26,030,331	\$22,627,645	\$21,588,223	\$18,230,797

Prepared from Audited Financial Statements

PROPERTY TAXATION

The principal tax of the City is the tax on real and personal property. A single tax applies for each fiscal year to the assessed value of the taxable real or personal property. The City's Tax Collector receives the tax commitment from the City Assessor, with assessed values as of April 1 of each year, after which time the tax bills are mailed. For fiscal 2019/2020 the tax due dates are September 16, 2019 and March 16, 2020. All taxes paid after the due date will be subject to interest, established by the City pursuant to Title 36, Section 505(4) of the Maine Revised Statutes, as amended, currently at the rate of 9.0% per annum.

Real Estate Tax

Collection of real estate taxes is ordinarily enforced in the City by the "tax lien" procedure as provided in the Maine Revised Statutes, as amended, to the collection of delinquent real estate taxes. Real Estate Tax Liens are recorded against the individual property at the County Registry of Deeds. This lien has priority over all mortgages, liens, attachments and encumbrances of any nature, subject to any paramount federal tax lien and subject to bankruptcy and insolvency laws. If the account is not satisfied within 18 months, the property becomes tax acquired and may be disposed of by the City.

Personal Property Tax

Title 36, Chapter 105, Subchapter 4-C of the Maine Revised Statutes, as amended, provides for an eligible business equipment tax exemption ("BETE" or the "BETE Act") for certain types of tangible business personal property subject to an allowance for depreciation and some specialty types of real property improvements. The exemption does not apply to: office furniture; lamps and lighting fixtures used to provide general purpose office or worker lighting; property owned or used by public utilities and persons providing certain television/telecommunications services; telecommunications personal property subject to the tax imposed by section 457 of Title 36; gambling machines or devices and associated equipment; property located at a retail sales facility unless such facility is more than 100,000 square feet in size and owned by a business whose Maine-based operations derive less than 30% of their total annual revenue from sales in the State; and certain energy and pollution control facilities.

Pursuant to the BETE Act, the State will reimburse municipalities with respect to the lost property taxes associated with this new exemption through one of three formulas, whichever is most beneficial to the municipality, as follows:

1. Basic reimbursement formula - For all municipalities in the first year after the exemption, and for a majority of the municipalities thereafter, the reimbursement would be 100% for the lost property taxes in the first tax year after the exemption takes effect (i.e., FY 2009), 90% in the second year after the exemption takes effect (i.e., FY 2010), 80% in FY 2011, 70% in 2012, 60% in 2013, and 50% in 2014 and every subsequent year. The State Constitution requires a minimum reimbursement of at least 50%.
2. Enhanced formula - Municipalities that have a total property tax base that is made up of at least 5% personal property will be eligible for an alternative reimbursement formula any year in which the alternative reimbursement formula provides a higher level of reimbursement than the basic reimbursement formula. Those municipalities will be eligible to receive the 50% minimum reimbursement plus 50% of their tax base percentage that is made up of personal property. For example, if a town's tax base is 64% personal property, it would be eligible for a reimbursement rate of 82%, which is a combination of the minimum 50% reimbursement *plus* one-half of that municipality's 64% "personal property factor".

3. Municipal Retention TIF Districts – Certain TIF districts that were enacted prior to April 1, 2008 entitle a municipality to receive reimbursement at a rate of up to 100% for exempt business equipment that is TIF exempt business equipment as defined in Title 36, Section 691(1)(G) of the Maine Revised Statutes, as amended. The increased reimbursement percentage is based on the tax increment percentage allocated to the municipality, as provided in Title 36, Section 694(2)(C) of the Maine Revised Statutes, as amended

For the purposes of identifying the municipality’s valuation for determining the local property tax rate, the value of all property made exempt by the BETE Act in the municipality must be considered part of that municipality’s local valuation to the extent the municipality is being reimbursed for its lost property taxes by the State other than property located in, and the assessed value of which is retained in, a tax increment financing district. The following table identifies the value of the property subject to BETE reimbursement:

Fiscal Year ended June 30,	BETE Exempt Value	Fiscal Year ended June 30,	BETE Exempt Value
2020	\$149,003,100	2015	\$86,984,900
2019	138,318,300	2014	72,600,700
2018	125,109,400	2013	66,043,600
2017	105,332,700	2012	57,635,300
2016	101,258,300		

The value of all property made exempt by this legislation in the municipality will also be considered part of that municipality’s equalized State Valuation to the extent the municipality is being reimbursed for its lost property taxes by the state with an additional adjustment for property in a tax increment financing district. The legislation provides some additional security for the municipal reimbursement system by funding the reimbursements described above directly from State Income Tax receipts before those receipts are deposited into the State’s General Fund, rather than as an annual General Fund appropriation.

Tax Levy and Collections

Fiscal Yr. End June 30,	Equalized State Valuation (000)	Assessed Valuation (000)	Tax Rate (per 000)	Gross Tax Levy (000)	Collections (after Supplements and Abatements)		
					Year End (000)	% of Levy	% of Levy A/O 08/31/19
2020	\$2,667,150	\$2,643,893	\$23.00	\$60,925	----- In Process -----		
2019	2,616,650	2,577,441	22.95	59,152	\$59,003	98.32%	98.32%
2018	2,575,100	2,571,894	22.55	57,996	56,930	98.16	99.34
2017	2,553,900	2,566,222	22.50	57,740	56,630	98.08	99.77
2016	2,543,700	2,600,203	21.95	57,090	55,558	98.08	99.78
2015	2,481,850	2,561,275	21.80	55,903	53,709	96.56	99.83
2014	2,464,250	2,550,820	20.80	53,078	51,692	97.47	99.84
2013	2,462,650	2,528,249	19.65	49,714	48,276	97.37	99.86
2012	2,456,450	2,522,711	19.20	48,530	47,026	97.25	99.87
2011	2,466,650	2,517,705	19.20	48,363	46,858	97.23	99.87
2010	2,436,000	2,556,404	19.05	48,720	46,205	96.00	99.91

LARGEST TAXPAYERS

<u>Name</u>	<u>Business</u>	<u>Assessed Value</u>	<u>% Total Tax Base</u>
GLP Capital L.P.	Gaming	\$75,565,400	2.93%
Bangor Mall LLC	Shopping Mall	47,435,200	1.84%
Emera Maine	Utility	41,888,100	1.63%
General Electric Inc	Manufacturer	26,506,000	1.03%
Wal-Mart Real Estate	Retail Sales	20,291,100	0.79%
QV Realty Trust	Shop. Mall/Retail Lessor	21,069,100	0.82%
Bangor Gas Company LLC	Utility	20,909,900	0.81%
GM Realty of Bangor LLC	Shopping Mall Lessor	16,943,000	0.66%
Banres LLC	Hotel	16,685,800	0.65%
HC Bangor LLC	Gaming	<u>16,321,200</u>	<u>0.63%</u>
Top Ten Taxpayers		\$303,614,800	11.78%

TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE DEVELOPMENT HOUSING DISTRICTS

Chapter 206 and former (now repealed) Chapter 207 of Title 30-A of the Maine Revised Statutes, as amended, enables a municipality to finance qualified development by borrowing against the future increased property tax receipts attributable to that development. Under the statutory framework, the municipality designates a tax increment financing (“TIF”) district or an affordable housing development district (a “housing district”) for a period of up to 30 years and adopts a development program (the “Development Program”) stating the means and objectives for the development of that district. The municipality may designate, or “capture”, all or a portion of the increase in assessed value resulting from development within the district and dedicates the increased property taxes it receives in future years generated by the “captured” assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs. Such districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single district may not exceed 2% of the total acreage of the municipality, (b) the total area of all TIF districts or housing districts within a municipality each may not exceed 5% of the total acreage of the municipality, and (c) the aggregate original assessed value of all TIF districts and the aggregate original assessed value of all housing districts within the municipality as of the April 1st preceding the date the Commissioner of the Department of Economic and Community Development, with respect to TIF Districts, or the Director of the Maine State Housing Authority, with respect to housing development districts, approves the designation of any such district each cannot each exceed 5% of the municipality’s total value of taxable property. Excluded from this limit as applicable to TIF districts is any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer with an assessed value in excess of 10% of the municipality’s total assessed value. In addition, the foregoing limitations do not apply to approved downtown TIF districts, TIF districts included within Pine Tree Development Zones or TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, section, 3403, subsection 3 or transit oriented districts.

The increase in assessed value captured by the municipality is excluded from the municipality’s equalized just value for each year’s State valuation filed with the Secretary of State in accordance with Title 36, Sections 208 and 305 of Maine Revised Statutes, as amended, and is therefore not included in calculating that municipality’s share of State educational aid, State municipal revenue sharing, the county tax or the 15% debt limitation for the municipality pursuant to Title 30-A, Section 5702 of the Maine Revised Statutes, as amended.

On June 14, 2011 the Maine Legislature enacted Private & Special Law, Chapter 15, First Regular Session, 125th Maine Legislature (LD 895) *An Act to Allow the City of Bangor to Replace the Bangor Auditorium and Civic Center at the Bass Park Complex* (“P&SL 15”). P&SL 15 authorized the City to use tax increment financing revenue to fund debt service for the Arena Project for up to 30 years and excluded such indebtedness from both the City's statutory debt limit under Title 30-A, Section 5702 of Maine Revised Statutes, as amended, and the aggregate value of municipal general obligation indebtedness that could be financed with tax increment financing revenue within Penobscot County under Title 30-A, Section 5223(3)(D) of Maine Revised Statutes, as amended P&SL 15 also removed the Arena Project from a provision of State law that imposes a five-year deadline for completion of projects financed with tax increment financing revenue.

The City has designated various tax increment financing districts and may consider proposals for other districts on an ongoing basis. All districts will be evaluated based upon the City’s comprehensive plan for economic development, which includes tax increment financing as one of its aspects.

REVENUES FROM THE STATE

The State provides revenue to the City in a number of areas including aid to the City in the areas of education and road maintenance, reimbursement for general assistance, homestead exemption and BETE and revenue sharing. The amount of revenue in each category is based upon a number of formulas, many of which contain variables that change annually. Further, most categories of State disbursements are governed by laws that may be changed by the State Legislature and are subject to appropriation by the State Legislature in its budgetary process.

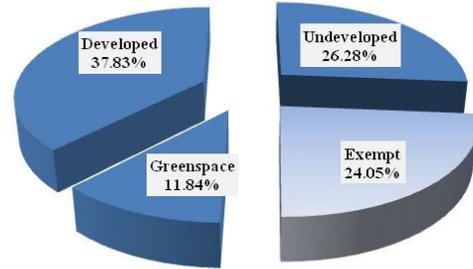
The State subsidizes most local school administrative units (“SAU”) through the Essential Programs and Services (“EPS”) model of calculating and distributing state education aid. EPS utilizes a number of factors that are subject to change each year. In addition, the EPS model itself is subject to change by the Legislature. Furthermore, subsidies for SAUs are an annual item in the State’s budgetary process and are subject to legislative appropriation in that process.

The Homestead Exemption Program is administered locally. Since the beginning of the program, the State has frequently modified both the exemption amount and the amount it reimburses municipalities. Originally the exemption amount was \$7,000 in value of the primary residence of a Maine resident property taxpayer was exempt from property taxation. Further, the State reimbursed each municipality 100% of the property tax exempted under the program and a portion of the municipality’s administrative costs. The State has provided varying amounts of exemptions and/or reimbursements. As of April 1, 2017, the maximum amount of the exemption is \$20,000, with the State reimbursing 50% of the property tax reduction due to the exemption. As of April 1, 2019, the maximum amount of the exemption is \$20,000, with the State reimbursing 62.5% of the property tax reduction due to the exemption which will be reflected in fiscal year ended June 30, 2020. The State annually estimates state aid but actual payments may vary from the estimate. The following table displays revenues received by the City from the State for the last five audited fiscal periods:

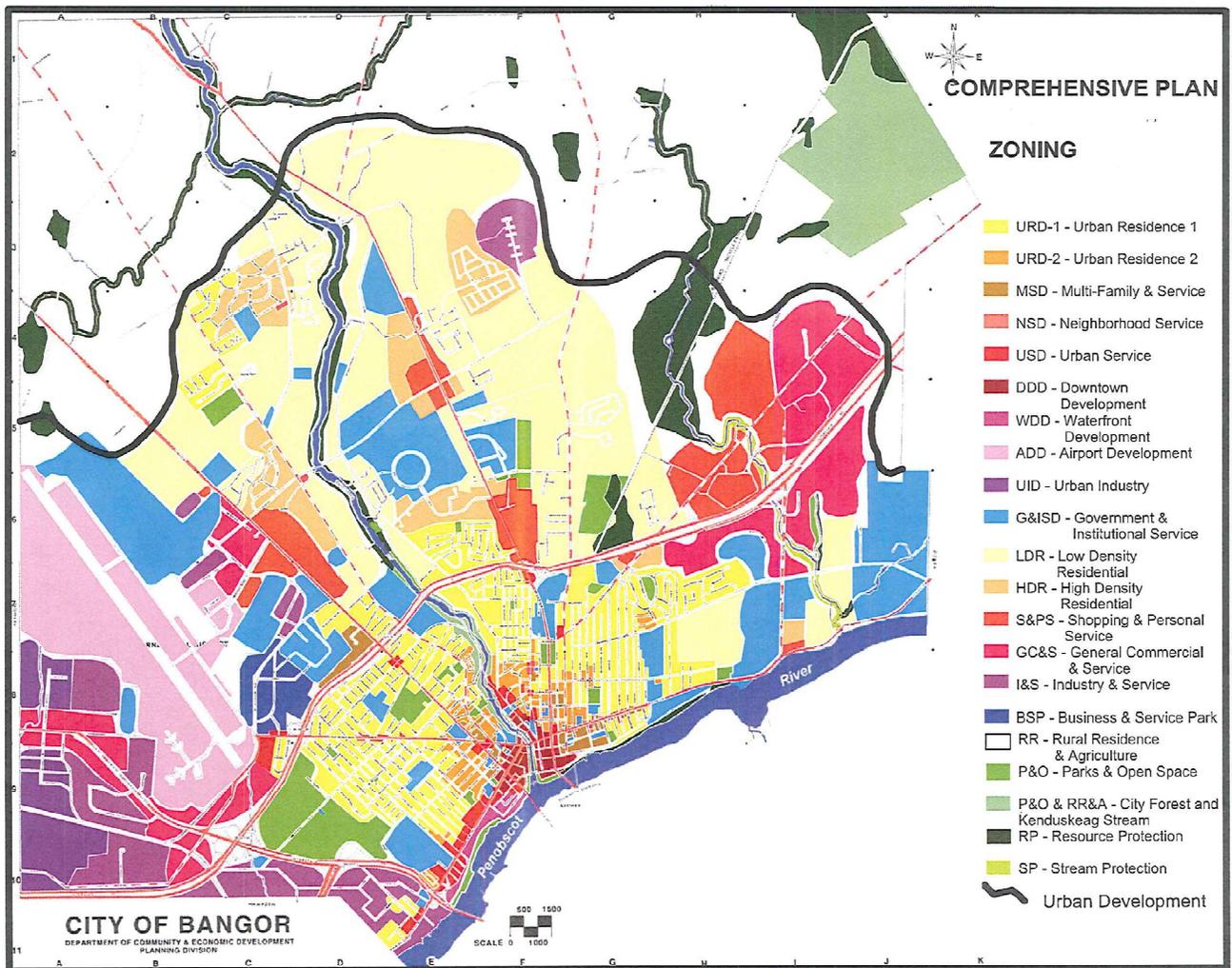
Fiscal Yr. End June 30,	State Revenue Sharing	State School Subsidy	Other School	Other State Aid	Reimbursement		Total From State
					BETE	Homestead Exemption	
2019	\$2,554,332	\$18,257,329	\$4,410,864	\$1,383,527	\$1,885,748	\$1,061,260	\$29,553,060
2018	2,506,552	18,483,961	4,437,304	1,559,863	1,629,299	1,109,727	29,726,706
2017	2,225,464	16,554,117	4,841,004	1,690,928	1,376,051	838,027	25,525,591
2016	2,297,163	18,152,412	3,559,434	1,741,592	1,293,028	557,079	27,600,708
2015	2,129,659	15,823,247	4,369,969	1,730,684	1,074,021	564,108	25,524,768

TAX BASE AND TAX BASE GROWTH

<u>By Land Area (acres)</u>		<u>% Total</u>
Greenspace	2,608	11.84%
Exempt	5,298	24.05%
Sub-total	7,906	35.89%
Undeveloped	5,791	26.28%
Developed	8,335	37.83%
Sub-total	15,126	64.11%
Total City	22,032	100.00%



ZONING



INDEBTEDNESS

LIMITATIONS AND EXCLUSIONS

In accordance with Title 30-A, Section 5702 of the Maine Revised Statutes, as amended, “No municipality shall incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary sewer purposes, for energy facility purposes or for municipal airport purposes to exceed 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full state valuation, or any lower percentage or amount that a municipality may set, for storm and sewer purposes to an amount outstanding at any time not exceeding 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set, and for municipal airport and special district purposes to an amount outstanding at any time not exceeding 3% of its last full state valuation, or any lower percentage or amount that a municipality may set; provided, however, that in no event shall any municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full state valuation, or any lower percentage or amount that a municipality may set.”

Title 30-A, Section 5703 of the Maine Revised Statutes, as amended, provides that the limitations on municipal debt contained in Section 5702 do not apply “... to any funds received in trust by any municipality, any loan which has been funded or refunded, notes issued in anticipation of federal or state aid or revenue sharing money, tax anticipation loans, notes maturing in the current municipal year, indebtedness of entities other than municipalities, indebtedness of any municipality to the Maine School Building Authority, debt issued under Chapter 235 and Title 10, Chapter 110, Subchapter IV, obligations payable from revenues of the current municipal year or from other revenues previously appropriated by or committed to the municipality, and the state reimbursable portion of school debt.” In addition, pursuant to P&SL 15, the City’s \$53,800,000 Arena Project Bonds are excluded from the debt limit established pursuant to Title 30-A, Section 5702 of the Maine Revised Statutes, as amended. See “CITY FINANCES - TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE DEVELOPMENT HOUSING DISTRICTS” herein.

The City’s 2020 equalized state valuation (“equalized State Valuation”) is listed at \$2,667,150,000. The 15% debt limit is \$400,072,500. As of June 30, 2019 the City’s long term general obligation debt outstanding was \$128,290,800, or 4.81% of the 2020 equalized State Valuation.

The City will certify on the date of issue of the Bonds that the City has not exceeded the foregoing debt limits and that issuance of the Bonds will not cause the City to exceed the debt limit.

DEBT SUMMARY

Year Issued	Amount Issued (\$/000)	Final Date	FY end	FY end June 30, 2020	
			June 30, 2019 Balance	Payments	Balance
2001 ⁽¹⁾	699.9	9/1/2021	\$156,220	(\$49,799)	\$106,421
2002(POB) ⁽⁵⁾	34,030.0	6/1/2026	20,238,286	(2,085,000)	18,153,286
2003(SRF) ⁽²⁾	3,000.0	10/1/2022	673,806	(164,117)	509,689
2003 ⁽³⁾	1,300.0	3/1/2023	372,542	(87,014)	285,528
2005(SRF) ⁽²⁾	2,650.0	10/1/2024	904,380	(143,583)	760,797
2006 ⁽²⁾	2,250.0	12/1/2025	1,044,705	(128,311)	916,394
2006(SRF) ⁽²⁾	2,000.0	4/1/2027	878,761	(103,694)	775,067
2007(SRF) ⁽²⁾	2,000.0	4/1/2028	989,088	(102,180)	886,908
2009ARRA ⁽⁴⁾	1,960.0	4/1/2029	484,454	(48,445)	436,009
2009ARRA ⁽⁴⁾	1,040.0	4/1/2030	282,568	(25,688)	256,880
2009B	14,425.0	9/1/2019	915,000	(915,000)	0
2011	6,391.0	4/1/2021	1,255,000	(730,000)	525,000
2011 QSCB	5,610.0	7/15/2028	5,595,000	(5,000)	5,590,000
2012	6,525.0	4/1/2022	1,785,000	(605,000)	1,180,000
2012B	53,800.0	7/15/2042	48,390,000	(1,255,000)	47,135,000
2012 QSCB	2,800.0	7/15/2035	2,790,000	(5,000)	2,785,000
2013A	9,030.0	11/1/2032	5,410,000	(740,000)	4,670,000
2013B	4,300.0	11/1/2033	3,130,000	(250,000)	2,880,000
2014A	8,669.0	3/1/2034	6,220,000	(485,000)	5,735,000
2014(SRF) ⁽²⁾	2,500.0	11/1/2034	2,003,990	(124,313)	1,879,677
2015A	3,120.0	4/1/2030	2,220,000	(220,000)	2,000,000
2015B	1,600.0	4/1/2035	1,280,000	(80,000)	1,200,000
2016A	3,294.0	9/1/2030	2,540,000	(265,000)	2,275,000
2016B	920.0	9/1/2027	680,000	(80,000)	600,000
2016(SRF) ⁽²⁾	4,280.0	9/1/2036	3,852,000	(214,000)	3,638,000
2017	6,772.0	3/1/2037	5,945,000	(415,000)	5,530,000
2018	3,355.0	9/1/2033	3,355,000	(285,000)	3,070,000
2019(SRF) ⁽²⁾	500.0	3/11/2019	500,000	(50,000)	450,000
2019(SRF) ⁽²⁾	4,400.0	3/11/2019	4,400,000	(220,000)	4,180,000
Fiscal Year Sub-Totals			128,290,800	(9,881,144)	118,409,656
2020	7,427.00	9/1/2039			7,427,000
Totals			\$128,290,800	(\$9,881,144)	\$125,836,656

NOTE: ⁽¹⁾ Indicates series of general obligation notes held as investments by the City's Airport Fund at fixed, taxable market rates of interest. The notes are structured with a put feature, which, upon certain precedent conditions, allows the Airport to present the notes for redemption to the City's General Fund. It is the City's intention, should a put occur, to fund the put by issuing a note to its Sewer Fund, converted to a three to five year note with level debt service, without put option.

⁽²⁾ Indicates State Revolving Loan Fund Program (the "SRF") administered jointly by the Maine Municipal Bond Bank (the "MMBB") and the State of Maine, acting by and through its Department of Environmental Protection.

⁽³⁾ The Briggs Building Note is a 20-year obligation funded by the City's Workers Compensation Reserve.

⁽⁴⁾ "ARRA" indicates American Recovery and Reinvestment Act of 2009 loans administered through the Maine Municipal Bond Bank. Portions of principal are forgiven; the loan is at 0%.

⁽⁵⁾ "POB" indicates Pension Obligation Bonds.

**CITY OF BANGOR, MAINE
GENERAL OBLIGATION BONDS
PROJECTED PRINCIPAL PAYMENTS BY ISSUE
(\$/000)**

FY End June 30,	2002 POB	2003 SRF	2005 SRF	2007 SRF	2008 SRF	2009 B	2009 ARRA	2009 ARRA	2011	2011 QSCB	2012	2012 B	2012 QSCB	2013 Sr A	2013 Sr B	2014 Sr A	2014 SRF	2015 Sr A	2015 Sr B	2016 Sr A	2016 Sr B	2016 SRF	2017	2018	2019 SRF	2019 SRF	Sub- Total	2020	Total Debt
2020	2,085	164	144	104	102	915	48	26	730	5	605	1,255	5	740	250	485	124	220	80	265	80	214	415	285	25	220	9,591	9,591	
2021	2,320	167	146	105	104		48	26	525	5	595	1,315	5	735	250	485	124	220	80	265	75	214	410	285	25	220	8,750	507	9,257
2022	2,575	170	149	107	106		48	26		5	585	1,385	5	730	250	480	125	220	80	265	75	214	410	285	25	220	8,540	510	9,050
2023	2,850	173	152	109	108		48	26		5		1,455	5	725	250	480	125	220	80	265	75	214	410	270	25	220	8,290	510	8,800
2024	3,145		155	111	110		48	26		5		1,520	5	720	250	480	125	220	80	265	75	214	410	270	25	220	8,478	510	8,988
2025	3,460		158	112	112		48	26		5		1,585	5	560	255	480	125	220	80	265	75	214	410	270	25	220	8,710	510	9,220
2026	3,803			114	114		48	26		5		1,650	5	415	150	480	125	180	80	265	75	214	410	270	25	220	8,674	505	9,179
2027				116	116		48	26		5		1,715	5	285	160	450	125	180	80	265	75	214	410	265	25	220	4,785	505	5,290
2028					118		48	26		5		1,780	5	285	165	450	125	180	80	120	75	214	410	265	25	220	4,596	505	5,101
2029							48	26		5,550		1,830	5	40	170	450	125	180	80	100		214	410	265	25	220	9,739	505	10,244
2030								26				1,890	5	40	180	300	126	180	80	100		214	355	125	25	220	3,865	505	4,370
2031												1,945	5	45	185	300	126		80	100		214	355	125	25	220	3,725	505	4,230
2032												2,005	5	45	195	300	126		80			214	355	125	25	220	3,695	505	4,200
2033												2,065	5	45	205	300	126		80			214	155	125	25	220	3,565	215	3,780
2034												2,135	5		215	300	126		80			214	155	125	25	220	3,600	215	3,815
2035												2,205	5				126		80			214	155		25	220	3,030	215	3,245
2036												2,275	2,710									214	155		25	220	5,599	140	5,739
2037												2,350										214	155		25	220	2,964	140	3,104
2038												2,435													25	220	2,680	140	2,820
2039												2,520													25	220	2,765	140	2,905
2040												2,610															2,610	140	2,750
2041												2,710															2,710		2,710
2042												2,820															2,820		2,820
2043												2,935															2,935		2,935
20,238	674	904	879	989	915	484	283		1,255	5,595	1,785	48,390	2,790	5,410	3,130	6,220	2,004	2,220	1,280	2,540	680	3,852	5,945	3,355	500	4,400	126,717	7,427	134,144

City BIA Notes: 1,201
Briggs Building Note: 373
Total: 128,291

PROJECTED DEBT SERVICE REQUIREMENTS

Fiscal Yr. End June 30,	Prior Debt				The Bonds			Projected Total Debt Service
	Principal	Interest (and fees)	POBs (Total D/S)	Total Prior Debt	Principal	Interest	Total	
2020	\$7,771,146	\$3,002,966	\$3,390,158	\$14,164,270	\$0	\$0	\$0	\$14,164,270
2021	6,708,025	2,790,583	3,490,675	12,989,283	507,000	174,521	681,521	13,670,804
2022	6,255,749	2,629,387	3,596,035	12,481,171	510,000	163,900	673,900	13,155,071
2023	5,687,519	2,380,200	3,704,948	11,772,667	510,000	143,500	653,500	12,426,167
2024	5,489,406	2,201,396	3,816,122	11,506,924	510,000	123,100	633,100	12,140,024
2025	5,417,426	2,039,575	3,928,270	11,385,271	510,000	105,250	615,250	12,000,521
2026	5,040,258	1,881,730	4,048,100	10,970,088	505,000	92,550	597,550	11,567,638
2027	4,785,369	1,729,917	0	6,515,286	505,000	82,450	587,450	7,102,736
2028	4,596,391	1,594,351	0	6,190,742	505,000	72,350	577,350	6,768,092
2029	9,738,569	1,470,540	0	11,209,109	505,000	62,250	567,250	11,776,359
2030	3,865,249	1,354,846	0	5,220,095	505,000	52,150	557,150	5,777,245
2031	3,724,687	1,249,143	0	4,973,830	505,000	42,050	547,050	5,520,880
2032	3,694,813	1,147,247	0	4,842,060	505,000	31,950	536,950	5,379,010
2033	3,564,938	1,041,198	0	4,606,136	215,000	24,750	239,750	4,845,886
2034	3,600,065	937,005	0	4,537,070	215,000	20,450	235,450	4,772,520
2035	3,030,190	835,629	0	3,865,819	215,000	16,150	231,150	4,096,969
2036	5,599,000	750,482	0	6,349,482	140,000	12,600	152,600	6,502,082
2037	2,964,000	665,964	0	3,629,964	140,000	9,800	149,800	3,779,764
2038	2,680,000	576,871	0	3,256,871	140,000	7,000	147,000	3,403,871
2039	2,765,000	487,586	0	3,252,586	140,000	4,200	144,200	3,396,786
2040	2,610,000	384,275	0	2,994,275	140,000	1,400	141,400	3,135,675
2041	2,710,000	284,400	0	2,994,400				2,994,400
2042	2,820,000	173,800	0	2,993,800				2,993,800
2043	2,935,000	58,700	0	2,993,700				2,993,700
TOTAL	\$108,052,800	\$31,667,791	\$25,974,308	\$165,694,899	\$7,427,000	\$1,242,371	\$8,669,371	\$174,364,270

DEBT RATIOS

Bonded Debt to Equalized State Valuation and Per Capita Debt Ratios

Fiscal Yr. End June 30,	Pop	Equal. State Val. (000)	Assessed Valuation (000)	Total Debt	Gross Debt	
					as % Eq. Val.	Per Capita
2019	31,997	\$2,616,650	\$2,577,441	\$128,290,800	4.90%	\$4,009.46
2018	31,903	2,575,100	2,571,894	130,885,863	5.08	4,102.62
2017	31,985	2,553,900	2,566,222	134,045,613	5.25	4,190.89
2016	32,391	2,543,700	2,600,203	140,744,237	5.53	4,345.16
2015	32,568	2,481,850	2,561,275	145,681,059	5.87	4,473.13
2014	32,673	2,464,250	2,550,820	146,954,498	5.96	4,497.74
2013	32,963	2,462,650	2,528,249	145,219,790	5.90	4,405.54
2012	33,000	2,456,450	2,522,711	109,382,148	4.45	3,314.61
2011	33,039	2,466,650	2,517,705	90,441,003	3.67	2,737.40
2010	31,450	2,436,000	2,556,404	96,645,995	3.97	3,073.00

Bonded Debt to Equalized State Valuation and Per Capita Debt Ratios by Fund Type

Fiscal Yr. End June 30,	Debt, by Fund Type (\$/000)				As % Valuation, by Fund Type				Per Capita, by Fund Type (\$)			
	General Fund		Ent'p Fund	Total Debt	General Fund		Ent'p Fund	Total Debt	General Fund		Ent'p Fund	Total Debt
	City	School			City	School			City	School		
2019	\$38,962	\$12,434	\$76,895	\$128,291	1.5%	0.5%	2.9%	4.9%	\$1,218	\$389	\$2,403	\$4,009
2018	41,644	13,558	75,683	130,885	1.6%	0.5%	2.9%	5.1%	1,305	425	2,372	4,103
2017	40,732	14,257	79,057	134,046	1.6%	0.6%	3.1%	5.2%	1,273	446	2,472	4,191
2016	46,505	15,563	78,676	140,744	1.8%	0.6%	3.1%	5.5%	1,436	480	2,429	4,345
2015	47,656	16,862	81,163	145,681	1.9%	0.7%	3.3%	5.9%	1,463	518	2,492	4,473
2014	48,808	17,711	80,436	146,954	2.0%	0.7%	3.3%	6.0%	1,494	542	2,462	4,498
2013	45,040	17,688	82,492	145,220	1.8%	0.7%	3.3%	5.9%	1,366	537	2,503	4,406
2012	64,434	16,240	28,708	109,382	2.6%	0.7%	1.2%	4.5%	1,953	492	870	3,315
2011	46,585	11,870	31,985	90,441	1.9%	0.5%	1.3%	3.7%	1,410	359	968	2,737

DEBT SERVICE COMPONENT OF OPERATING EXPENSES

(\$ in thousands)	Audited				Budgeted	
	2015	2016	2017	2018	2019	2020
Gross Current Debt Service:	\$13,839	\$14,332	\$15,916	\$14,159	\$14,118	\$14,899
(less Self Support Enterprise):	(6,234)	(6,492)	(6,137)	(6,684)	(6,224)	(6,359)
(less State Qual. School):	(0)	(0)	(0)	(0)	(0)	(0)
(less POB):	(2,974)	(3,063)	(3,151)	(3,198)	(3,290)	(3,390)
(less Refunded Debt):	(0)	(0)	(1,555)	(0)	(0)	(0)
Tax Backed Current Debt Service:	\$4,631	\$4,777	\$5,073	\$4,277	\$4,604	\$5,150
Budgeted Operating Expense:	95,204	97,233	98,647	101,068	104,380	108,250
Debt Service as % Oper. Expense:	4.86%	4.91%	5.14%	4.23%	4.41%	4.76%

OVERLAPPING DEBT

The City is subject to an annual assessment of its proportional share of the County of Penobscot's expenses, including debt repayment, as determined by the percentage of the City's to the County's equalized State Valuation. On January 1, 2020, the City's equalized State Valuation of \$2,667,150,000 was 23.81% of the County's 2020 equalized State Valuation of \$11,199,100,000 (excluding Unorganized Territories). The County has \$0 long-term debt outstanding as of June 30, 2019.

CONTINGENT DEBT

The City has no debt or obligations for which it is responsible for on a contingent basis.

TOTAL GENERAL OBLIGATION, OVERLAPPING AND CONTINGENT DEBT

	<u>General Fund</u>	<u>Enterprise</u>	<u>Overlapping</u>	<u>Total Debt</u>
C/O Bangor-School	\$12,433,592			\$12,433,592
C/O Bangor-Other Gen'l Fund	38,962,074			38,962,074
C/O Bangor- Enterprise		\$76,895,134		76,895,134
County of Penobscot			\$0	0
Total A/O June 30, 2019	\$51,395,666	\$76,895,134	\$0	\$128,290,800
% 2020 ESV	1.93%	2.88%	0.00%	4.81%
Per Capita (2019)	\$1,606.26	\$2,406.20	\$0.00	\$4,009.46

FUTURE FINANCING

The City's CIP includes an inventory of possible capital projects that may be financed through the issuance of indebtedness. The issuance of debt, however, is subject to the prior review and approval of the City Council. The following are projects for which the respective debt is authorized but has not been issued; or projects for which the respective debt is not yet authorized, but for which the City expects that such authorization will be approved imminently and that debt will be issued.

Penobscot River Remediation

On August 8, 2011, the City Council authorized the issuance of up to \$2,000,000 of bonds to remediate the Penobscot River. As of June 30, 2019, \$1,590,000 remains authorized and unissued. The City will continue to monitor when and if further debt will be issued. See "ENVIRONMENTAL MATTERS - Penobscot River Remediation" herein.

Clean Water State Revolving Fund

On February 22, 2016, the City Council adopted Order #16-089 and approved a borrowing not to exceed \$2,145,000 from the Clean Water State Revolving Fund ("CWSRF") administered jointly by the Maine Municipal Bond Bank and the State Department of Environmental Protection ("DEP") to finance a bio meter tower. As of June 30, 2019, \$1,735,000 remains authorized but unissued. The City does not expect to issue the remaining authorized debt, as the project has now been completed.

On August 27, 2018, the City Council adopted Order #18-320 and approved a borrowing not to exceed \$3,300,000 from the CWSRF to finance sewer infrastructure improvements, including a Long-Term Control Plan Design, emergency generator design and the regulator structure replacement. The City expects to borrow these funds in the spring of 2020.

On August 12, 2019, the City Council adopted Order #19-285 and approved a borrowing not to exceed \$15,775,000, from the CWSRF to finance sewer infrastructure improvements, including a portion of the costs of the Davis Brook storage tank, installation of an emergency generator, and a portion of the costs of SCADA (Supervisory Control and Data Acquisition) instrumentation upgrades. The City expects to begin borrowing these funds in calendar 2020. The Davis Brook Tank project is expected to be completed over a two year period. The balance of the funds needed to complete this project, of approximately \$15 million in additional funds, is expected to be authorized by the City Council as part of the FY 2021 budget process.

Capital Improvements

On August 12, 2019, the City Council adopted Order #19-286 authorizing the issuance of up to \$6,000,000 in general obligation bonds to rehabilitate City Hall and replace/upgrade building-wide systems. Pursuant to Article VIII. Section 19(a)(1) of the City Charter, this Order was approved by the voters of the City of Bangor at a November 5, 2019 City referendum. The City expects to borrow these funds during calendar year 2021.

RETIREMENT

The City provides retirement pensions for its employees through a number of vehicles, including a defined contribution plan, defined benefit pension plan and social security. Effective April 1, 2001, all new eligible employees are covered by the City's defined contribution plan. Prior to that date, the City's primary retirement vehicle was the Maine State Retirement System's ("MSRS") predecessor to Maine Public Employees Retirement System ("MainePERS") defined benefit plan (as discussed below). Existing

employees were given the choice of remaining in the defined benefit plan or entering the new defined contribution plan.

Effective July 1, 2018, Police Command, Police Patrol and Firefighters have the one-time option to enroll in either the ICMA-RC 401(a) direct contribution plan or the MPERS defined benefit plan. Existing employees that did not have MPERS previously, had a one-time option to opt into MPERS or remain in the ICMA- RC 401(a) plan.

A. DEFINED CONTRIBUTION PLAN

Description of the Plan - The City provides pension benefits for certain employees through a 401(a) defined contribution plan administered by the International City Managers Association Retirement Corporation (“ICMA/RC”). In addition, certain full-time employees are covered through both a 401(a) and 457 Deferred Compensation Plans (“DCP”) also administered by ICMA/RC. In a DCP, benefits depend solely on amounts contributed to the plan plus investment earnings. Covered employees are eligible to participate and are fully vested from the date of employment.

Funding Policy - Plan members not covered by employment contracts are required to contribute 6.5% of their annual covered salary and the City is required to contribute either 8% or 10% depending upon the employee’s classification. For fiscal year 2019 covered payroll was \$21,122,263 and City contributions were \$1,531,355. For those plan members that have employment contracts, the City contributes at various rates from 10% to 15% of annual earnings. The covered payroll and City contributions for those employees with employment contracts were \$248,184 and \$36,657, respectively, in fiscal year 2019.

B. DEFINED BENEFIT PENSION PLAN

Description of the Plan - For certain employees the City contributes to the Maine Public Employees Retirement System (“MainePERS”) Consolidated Plan for Local Participating Districts (“PLD”) and MainePERS State Employee and Teacher Plan (“SET”). MainePERS is successor to the Maine State Retirement System (“MSRS”), a cost-sharing multiple-employer defined benefit pension plan. The MSRS was established in 1942, and effective September 20, 2007, by virtue of Chapter 58 of the Public Laws of 2007, MSRS was renamed MainePERS. MainePERS was established and is administered under the Maine State Retirement System Laws, Title 5, Chapters 421, 423 and 425 of the Maine Revised Statutes, as amended. The CPPLD 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. MainePERS issues a publicly available financial report that includes financial statements and required supplementary information for the CPPLD. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

In June 2012, the GASB issued GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* an amendment of GASB Statement No. 27. This statement improves accounting and financial reporting by state and local governments for pensions. The new statement is effective for periods beginning after June 15, 2014.

Benefits Provided – The PLD and SET Plans provide defined retirement benefits based on members’ average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of credit service. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 20 or 25 years of service for certain public safety employees; for SET members, normal retirement age is 60, 62 or 65. The normal retirement

age is determined by whether a member had certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below his/her normal age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (for the PLD Plan) or by statute (for the SET Plan).

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

PLD Plan – Employees are required to contribute 8.0% of their annual pay. The City’s contractually required contribution rate for the year June 30, 2019 ranged from 10.0% to 16.3% depending on the applicable benefit structure. The City’s contributions to the pension plan were \$1,253,074 for the year ended June 30, 2019.

SET Plan – Maine statute requires the State to contribute a portion of the City’s contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City’s contractually required contribution rate for the year ended June 30, 2019 was 15.05% of annual payroll of which 3.97% of payroll was required from the City and 11.08% was required from the State. Contributions to the pension plan from the City were \$1,103,483 for the year ended June 30, 2019.

Pension Liabilities, Expense and Deferred Outflows and Inflows of Resources – The net pension liabilities were measured as of June 30, 2018, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City’s proportion of the net pension liabilities were based on projections of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan – At June 30, 2019, the City’s reported liability of its proportionate share of the net pension liability was \$3,647,271. At June 30, 2018, the City’s proportion of the PLD plan was 1.33269%.

SET Plan – At June 30, 2019, the City’s reported liability of its proportionate share of the net pension liability was reduced to reflect the State support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability associated with the City were as follows:

City’s proportionate share of the net pension liability:	\$1,879,396
State’s proportionate share of the net pension liability:	<u>27,470,793</u>
Total:	\$29,350,189

At June 30, 2018, the City’s proportion of the SET Plan was 0.13927%.

For the year ended June 30, 2019, the City recognized pension expense of \$4,404,632 for the PLD Plan and pension expense of \$4,898,056 and revenue of \$3,079,745 for support provided by the State for the SET Plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the PLD Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:	\$ -	\$ 28,640
Changes of Assumptions:	582,129	-
Net difference between projected and actual earnings on pension investments:	-	880,672
Changes in proportion and differences between contributions and proportionate share of contributions:	-	868,424
The City's contributions subsequent to the measurement date:	1,253,074	-
Total:	<u>\$1,835,203</u>	<u>\$1,777,736</u>

\$1,253,074 is reported as deferred outflows of resources related to the PLD Plan resulting from the City's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>PLD Plan</u>
2020	(\$225,587)
2021	(143,291)
2022	(599,116)
2023	(227,613)

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the SET Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:	\$ 57,400	\$ -
Changes of Assumptions:	118,219	-
Net difference between projected and actual earnings on pension investments:	-	244,322
Changes in proportion and differences between contributions and proportionate share of contributions:	129,789	-
The City's contributions subsequent to the measurement date:	1,103,483	-
Total:	<u>\$1,408,890</u>	<u>\$244,322</u>

\$1,103,483 is reported as deferred outflows of resources related to the SET Plan resulting from the City's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>PLD Plan</u>
2020	\$243,011
2021	57,640
2022	(173,930)
2023	(65,636)

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2018, methodology and assumptions are detailed in "APPENDIX A - CITY OF BANGOR, MAINE, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019" pages II - 56 et seq, herein.

C. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, 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.

D. SOCIAL SECURITY

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

E. OTHER 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 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 post-employment benefits (“OPEB”) be determined on an actuarial basis and reported similar to pension plans.

Other Post-employment Benefits (“OPEB”)

Description of the Plan – The City sponsors two post-retirement benefit plans providing group term life insurance to retiring employees. For municipal employees and certain School Department employees the City contributes to the Group Life Insurance Plan for Participating Local District (PLD). Teachers also participate in the Group Term Life Insurance Plan for State Employees and Teachers (SET). Both plans are a cost-sharing multiple-employer defined benefit OPEB plan administered by the MainePERS. MainePERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for each plan. MainePERS issues financial reports that are publicly available at www.mainePers.org.

The City sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the City Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the City. The City Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

The City School Department sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the School Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (“MEABT”). The State Legislature has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Benefits Provided – Under both the PLD and SET OPEB plans, MainePERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount, or \$2,500.

Under the City Health Plan, CIGNA provides healthcare benefits for retirees and their dependents. Fulltime City employees age 55 or older, with 5 years of service, and covered under the active medical plan are eligible to participate in the plan. Retirees that are designated in a plan pay 100% of the coverage premium. A Medicare Supplement plan is available for eligible retirees. For retirees without Medicare, coverage is available without a Medicare offset.

City Employees Covered by Benefit Terms – At June 30, 2019, the following employees were covered by the City Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>416</u>
Total	469

Under the School Health Plan, MEABT provides healthcare insurance benefits for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State laws, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium rate for coverage selected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and or spouse.

School Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the School Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	271
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>455</u>
Total	726

Contributions – Premium rates for both the PLD and SET OPEB plans are determined by the MainePERS Board of Trustees to be actuarially sufficient to pay anticipated claims.

PLD OPEB Plan - The City is required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the PLD OPEB plan from the City were \$31,989 for the year ended June 30, 2019. Employees are not required to contribute to the PLD OPEB plan.

SET OPEB Plan - The State is required to remit the total dollar amount of each year’s annual required contribution. Contributions to the SET OPEB plan by the State of Maine on-behalf of the City were \$62,031 for the year ended June 30, 2019. Employers and employees are not required to contribute to the SET OPEB plan.

City Health OPEB Plan – Contributions to the City Health OPEB plan from the City were \$0.00 for the year ended June 30, 2018. Retirees are required to pay 100% of the premiums.

School Health OPEB Plan – Contributions to the School Health OPEB plan from the City were \$0.00 for the year ended June 30, 2018. Premiums are paid 100% by the State and the retiree or spouse.

OPEB Liabilities, Expense and Deferred Outflows and Inflows of Resources Related to OPEB – The net OPEB liability for both the PLD and SET OPEB plans was measured as of June 30, 2018, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The City’s proportion of the net OPEB liabilities was based on a projection of the City’s long-term share of contributions to the PLD and SET OPEB plans relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan – At June 30, 2019, the City reported a liability of \$1,429,224 for its proportionate share of the net OPEB liability. At June 30, 2018, the City’s proportion was 7.075%.

SET OPEB Plan – At June 30, 2019, the City reported no liability related to the plan. The State of Maine’s proportionate share of the net OPEB liability associated with the City was \$679,803 as of June 30, 2019. At June 30, 2018, the City’s proportion was 0.00%.

The City’s total City Health Plan OPEB liability of \$8,769,075 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Balance at June 30, 2018:	\$8,000,393
Changes for the year:	
Service costs	248,260
Interest	311,870
Changes in benefit terms	-
Changes in assumptions	350,297
Differences between expected and actual experience	241,872
Benefit payments	<u>(383,617)</u>
Net changes	<u>768,682</u>
Balance at June 30, 2019:	\$8,769,075

Change in assumptions reflects a change in the discount rate from 3.87% to 3.51%.

The City’s total School Health Plan OPEB liability of \$8,043,520 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Balance at June 30, 2018:	\$8,314,590
Changes for the year:	
Service costs	41,698
Interest	294,863
Changes in assumptions	(365,749)
Benefit payments	<u>(241,882)</u>
Net changes	<u>(271,070)</u>
Balance at June 30, 2019:	\$8,043,520

Change in assumptions reflects a change in the discount rate from 3.58% to 3.87%.

For the year ended June 30, 2019, the City recognized OPEB gain of \$42,002 for the PLD OPEB Plan. For the year ended June 30, 2019, the City recognized OPEB expense of \$62,031 and also revenues of \$62,031 for support provided by the State related to the SET OPEB plan. At June 30, 2019, the City reported no deferred outflows of resources or deferred inflows of resources related to the SET OPEB plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:	\$120,610	\$ -
Changes of Assumptions:	-	172,095
Net difference between projected and actual earnings on OPEB investments:	-	75,003
Changes in proportion and differences between City contributions and proportionate share of contributions:	-	117,453
Contributions subsequent to the measurement date:	31,989	-
Total:	<u>\$152,599</u>	<u>\$364,551</u>

\$31,989 is reported as deferred outflows of resources related to the PLD OPEB plan resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	<u>PLD Plan</u>
2020	(\$71,924)
2021	(71,924)
2022	(71,924)
2023	(57,764)
2024	29,595

For the year ended June 30, 2019, the City recognized an OPEB expense of \$366,089 related to the City Health Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:	\$989,109	\$ -
Changes of assumptions or other inputs:	<u>222,368</u>	<u>-</u>
Total:	\$1,211,477	\$ -

Deferred outflows of resources and deferred inflows of resources related to the City Health Plan will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	<u>PLD Plan</u>
2020	\$189,576
2021	189,576
2022	189,576
2023	189,576
2024	189,576
Thereafter	263,597

For the year ended June 30, 2019, the City School Department recognized an OPEB expense of \$12,870. At June 30, 2019, the City School Department deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:	\$ -	\$292,599
Changes of assumptions or other inputs:	<u>250,541</u>	<u>-</u>
Total:	\$250,541	\$292,599

\$250,541 is reported as deferred outflows of resources related to the School Health Plan plan resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	<u>PLD Plan</u>
2020	(\$73,150)
2021	(73,150)
2022	(73,150)
2023	(73,149)

Actuarial Methods and Assumptions

The total OPEB liabilities June 30, 2018, methodology and assumptions are detailed in “APPENDIX A - CITY OF BANGOR, MAINE, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019” pages II - 63 et seq, herein.

ENVIRONMENTAL MATTERS

Securities and Exchange Commission Regulation 229.103 (the “Regulation”) requires that issuers subject to the disclosure requirements of the Securities Exchange Act of 1934 disclose, among other things, any material pending legal proceedings, including without limitation, legal proceedings involving environmental issues. The Regulation states that no information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed ten percent (10%) of the current assets of the issuer, and, if a governmental authority is a party to such proceeding and such proceeding involves potential monetary sanctions, unless the issuer reasonably believes that such proceeding will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than \$100,000. Although the City, as an issuer of municipal securities, is not subject to the provisions of the Regulation or the Securities Exchange Act of 1934, the City is voluntarily making the following disclosure with respect to environmental liabilities described below:

Penobscot River Remediation

In late 2002, the City filed suit against Citizens Communications Company (“Citizens”) to force a cleanup remediation of the contamination of the Penobscot River because of the inability to reach a settlement. Trial was held in the U. S. District Court for the District of Maine in September 2005. The Court issued an Order finding that Citizens is responsible for 60% of the remediation costs and the City is responsible for 40%. The City and Citizens reached a settlement agreement that wherein Citizens paid to the City \$7.625 million which was used towards payment of costs to remediate the contamination.

The parties also negotiated a Consent Decree with the Maine Department of Environmental Protection (“DEP”) for the remediation to be done in stages. The City contracted with RMT of Madison, Wisconsin to perform the remediation and the first two stages of the remediation have been completed. The effectiveness of the remediation is being monitored.

There now are discussions between the City, its consultants and the DEP to determine what, if any, additional remediation of the remaining signs of coal tar is necessary due to its location in the river and the relatively minor, if any impact of it. It is anticipated that those discussions could be concluded in 2020.

Wastewater Discharge Consent Decree Compliance

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

<http://www.bangormaine.gov/filestorage/318/368/7761/ConsentDecreeCA00350.pdf>

LITIGATION

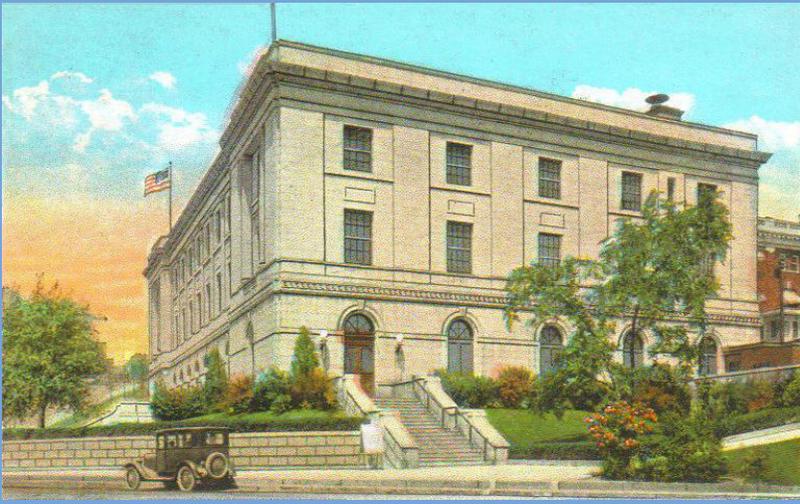
In the opinion of City officials there is no litigation pending or threatened against the City which, either individually or in the aggregate, would result in judgments that would have a materially adverse effect on the City’s financial position or its ability to meet its debt service obligations.

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APPENDIX A

**CITY OF BANGOR, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR
FISCAL YEAR ENDED JUNE 30, 2019**

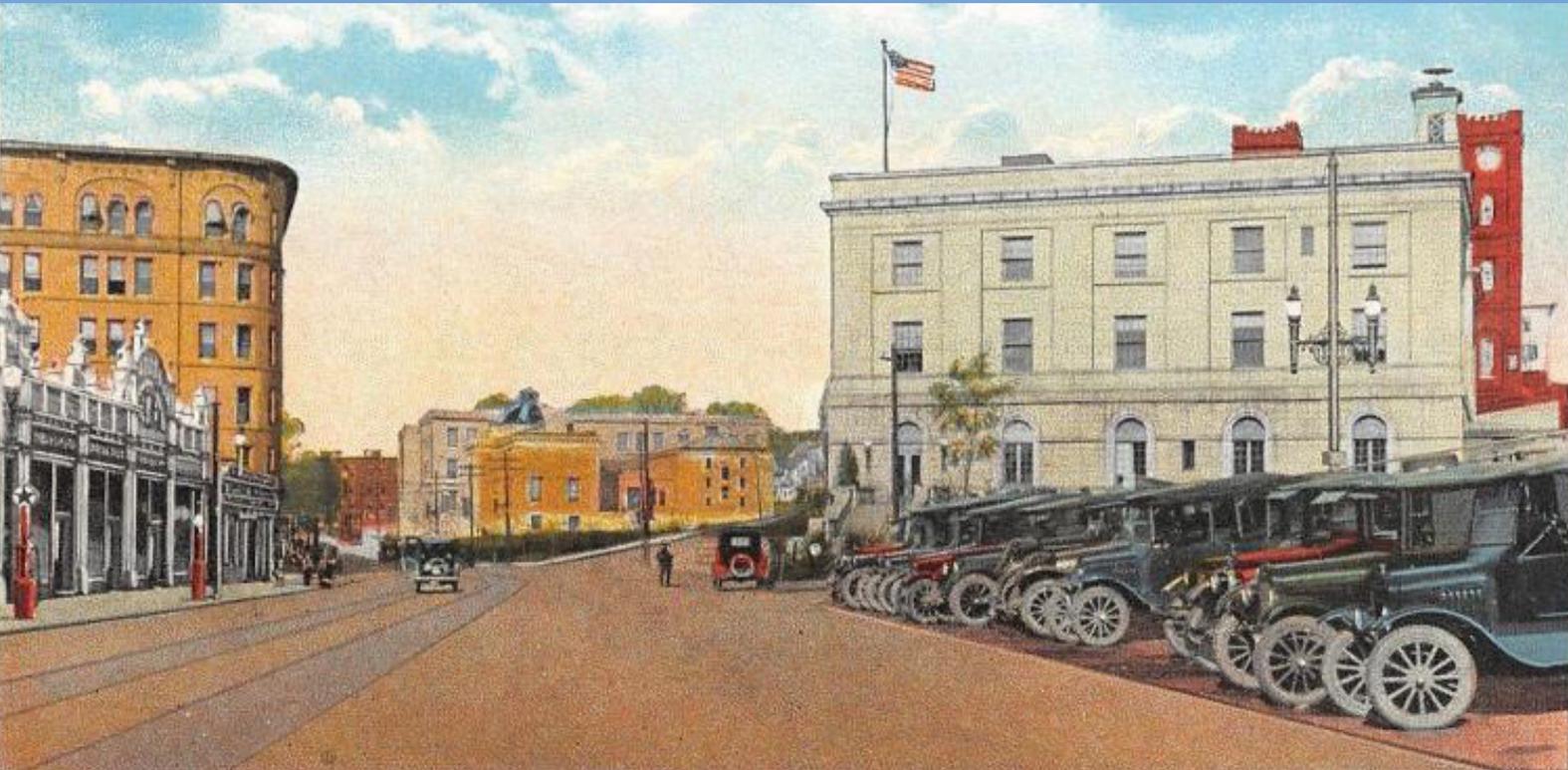
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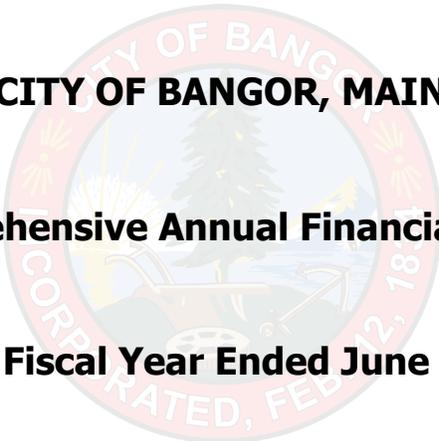
CITY OF BANGOR
MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR JUNE 30, 2019



CELEBRATING 50 YEARS OF BANGOR CITY HALL



CITY OF BANGOR, MAINE

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

CITY OF BANGOR

Prepared by:

Debbie Laurie, Finance Director

David Little, Deputy Finance Director

CITY OF BANGOR, MAINE
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INTRODUCTORY SECTION

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DEPARTMENT OF FINANCE

CITY OF BANGOR

DEBBIE A. LAURIE
DIRECTOR

December 27, 2019

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

In accordance with the City Charter and state statutes, the City of Bangor's comprehensive annual financial report for the fiscal year ended June 30, 2019 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Bangor. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the City of Bangor on a government wide and fund basis.

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

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

Further, the City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget's Uniform Guidance. Information related to this single audit, including a schedule of expenditures of federal awards, findings, questioned costs, recommendations, and the independent auditor's reports on the internal control structure and compliance with applicable laws and regulations, is included in a separately issued single audit report.

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

Profile of the Government

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

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

The School Department is governed by a seven-member School Committee with the Superintendent responsible for the day to day operations of the schools. Members of the school committee are elected at large to staggered three-year terms. By Charter, the School Committee has all the powers and responsibility for the care and management of the public schools of the City. By Charter, the Committee annually furnishes to the City Council an estimate of sums required for school purposes for the ensuing municipal year.

The City Council makes a single gross appropriation for this purpose. Once approved, the expenditure of this appropriation is under the direction and control of the School Committee. The School Committee employs the Superintendent of Schools as its chief operating officer.

The City provides a full range of municipal services including police and fire, highways, sanitation, health and welfare, parks and recreation, education, public transportation, planning, business and economic development, code enforcement, and general administrative services which are accounted for in the City's General Fund. Additionally, the City of Bangor owns and operates the Bangor International Airport, sanitary sewer, storm water, the Bass Park Complex (Cross Insurance Center), parking facilities, golf course, and economic development (properties), which are accounted for in the City's enterprise funds.

The City's fiscal year begins on July 1 and the annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function, and department and the City Manager may transfer resources within a department; however, transfers between departments require Council action.

The City Charter requires that the City Manager submit a recommended budget to the Council by the second Monday in April, which includes the general fund, school budget, and seven enterprise funds. The budget, which must be in balance, contains estimates of all non-tax revenues and receipts expected to be received during the next fiscal year, the expenditures necessary to support City operations, debt service requirements, and the tax levy required to achieve balance between revenues and expenditures. The Council may modify recommended expenditures and as well as the recommended tax levy. In accordance with the City Charter, if the Council fails to adopt a budget by June 30, the City Manager's proposed budget is enacted. The appropriate property tax levy is established and filed with the City Assessor, who then sets the necessary property tax rate.

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

Factors Affecting Financial Condition

Local Economy. The City of Bangor serves as the major service center in central, northern and eastern Maine for a variety of services including communications, banking, retail, industrial, transportation, and healthcare. Additionally, the City serves as the center for federal, state and county governments. Bangor also serves as northern New England's economic link to the Canadian Maritimes and eastern Quebec.

Bangor has a stable and varied economic base. Major employers include a diversified mix of health care, educational, professional, retail, manufacturing, and governmental entities. Bangor's 2018 unemployment rate of 3.2% was on par with the state rate of 3.2% and lower than the national of 3.7%.

Bangor serves as one of the largest retail markets in Maine. The Bangor Mall, Airport Mall, Broadway commercial center, Union Street commercial corridor, and the Bangor Center Development District (downtown) have long established Bangor as the hub of the six county eastern Maine retail market. Bangor's retail sector serves an extensive geographic area ranging from eastern Maine to the Canadian Maritimes, with a population exceeding 3.1 million. With less than three percent of the State's population, Bangor's share of the State's retail sales is proportionally higher. In FY 2019, Bangor's retail taxable sales were \$1.82 billion and represent 7.82% of total State retail taxable sales. Shifts in the retail market have created challenges in some of our large retail centers. Specifically, the Bangor Mall is facing the same challenges that are being faced by retail centers around the country. The implications of this challenge are being monitored closely and the city will be working proactively with mall owners to seek new uses for important retail properties.

The City is committed to preserving its viable economic base while creating new opportunities for future residential and commercial growth. The City is proactive in supporting economic activity through planned capital improvements, innovative financing, and aggressive marketing as well as enhancing our citizens' quality of life. Bangor is experiencing significant growth in the downtown area including retail, dining, residential, and office space. New mixed-use redevelopment projects completed over the past 5 years has led to low vacancy rates. Public and private developments

along Main Street including development of the Cross Insurance Center, Marriot Residence Inn and the relocation of corporate headquarters for Cross Insurance and Bangor Savings Bank have contributed to the growth. In addition, over the past year, other developments including the opening of Soft Tissue and the relocation of Getchell Ice, and CES, has resulted in low levels of office space vacancies as well as the depletion of available industrial space.

Further evidence of continuing sustained growth is the change that can be measured by the City's assessed value of real and personal property. The annual increase in assessed value is a combination of three factors: 1) market adjustments to existing property, 2) new construction/additions, and 3) personal property depreciation. Assessed valuations have remained relatively flat since the FY 2011 economic downturn. However, personal property enrolled in the Business Equipment Tax Exempt program (BETE) continues to increase annually, an indication of continued commercial investment within the City. As the City's assessed valuation has remained flat, the City continues to be impacted by reductions in State-funded revenue sharing, aid to education and has absorbed additional tax shifts related to general assistance and Medicare/Medicaid. The reductions in revenues and cost shifts are the major contributing factor in the overall increase of 20.47% in the tax rate from 2009 to 2019.

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

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

- \$3.0 million invested in streets, sidewalks, traffic control, and other infrastructure;
- \$1.3 million invested in upgrades to Community Connector vehicles;
- \$5.6 million invested in the plant and pump station upgrades, sewer replacements and separation projects;
- \$4.9 million invested in airport equipment and infrastructure; and
- \$600 thousand invested in school facilities.

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

- Participation in the AARP age-friendly community initiative;
- Proactive approach to blighted properties;
- Provided assistance to homeowners and designated neighborhoods through CDBG funding;
- Leadership in the Community Health Leadership Board to address community health issues including; substance abuse, hunger and mental health;
- Development of housing work group to focus on the issue of quality, affordable housing;
- Sustained commitment to academic excellence for all;
- Energy efficiency initiatives for residential and City properties; and
- Continued support of arts and culture.

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

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

By Charter, the City is to maintain an unassigned fund balance of no more than 16.66% and no less than 8.33% of prior year expenditures and the Council has determined that a reasonable target is 8.33%. Unassigned fund balance – City in the General Fund as of June 30, 2019 was 13.26% of expenditures, net of debt service.

Awards and Acknowledgements. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bangor for its comprehensive annual financial report for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Debbie Laurie
Finance Director



Government Finance Officers Association

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

Presented to

**City of Bangor
Maine**

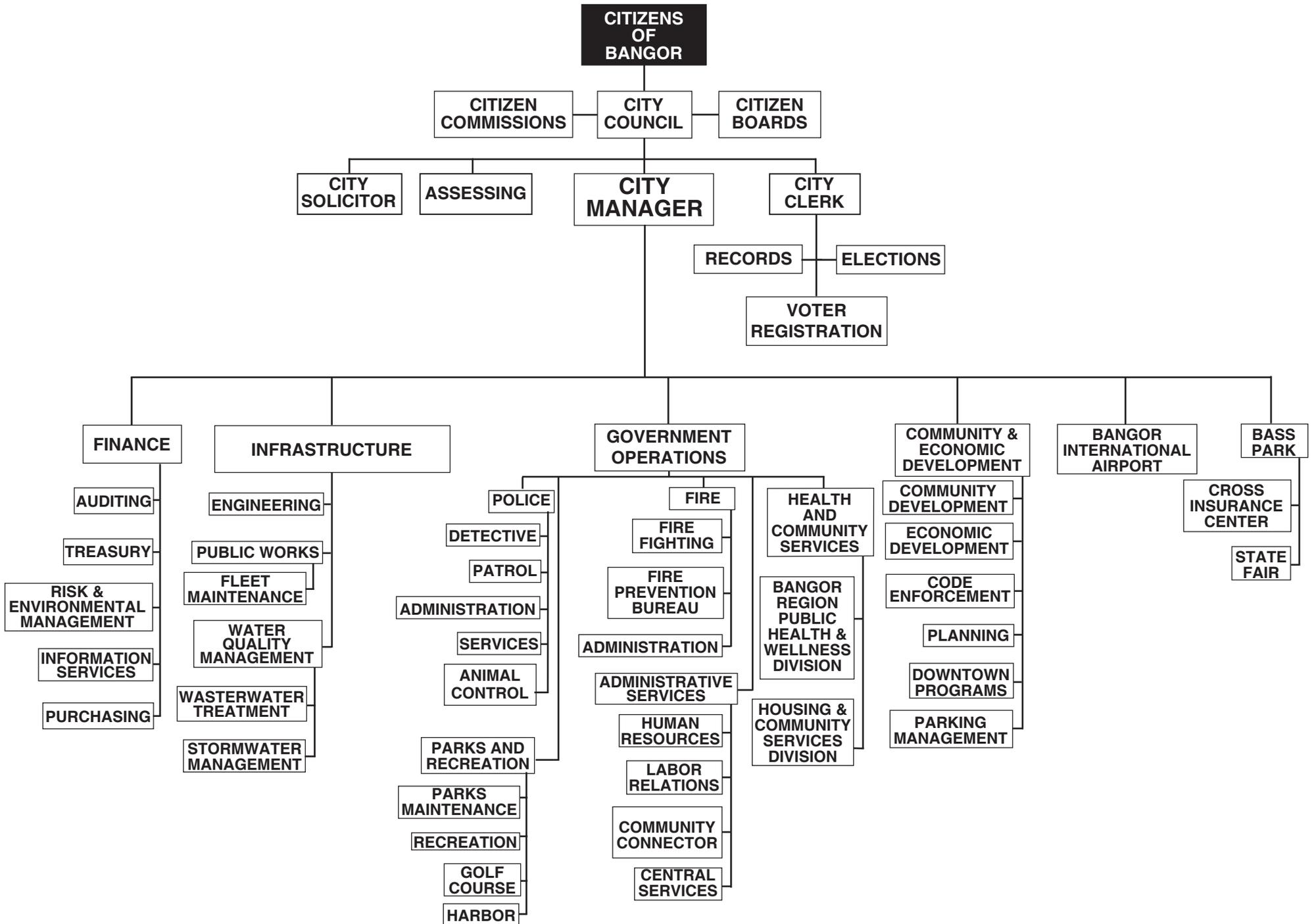
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

CITY OF BANGOR ORGANIZATIONAL CHART Revised (10-15)



**City of Bangor, Maine
Elected Officials and Principal Administrative Officers
June 30, 2019**

City Council

Sarah Nichols, Chair

Clare Davitt
David Nealley
Benjamin Sprague
Daniel Tremble

Gibran Graham
Gretchen Schaefer
Laura Supica
Cary Weston

City Staff

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

School Committee

Susan Hawes, Chair

Warren Caruso
Susan Sorg, Vice Chair
Marlene Susi

John Hiatt
Timothy Surette
Carin Sychterz

School Staff

Betsy Webb, Superintendent of Schools

FINANCIAL SECTION

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Independent Auditor's Report

City Council
City of Bangor, Maine:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison information for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

City Council
City of Bangor, Maine

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, on our consideration of the City of Bangor, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City of Bangor, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bangor, Maine's internal control over financial reporting and compliance.



December 23, 2019
South Portland, Maine

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Bangor offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. In addition to comparative information from the government-wide statements, comparative data is also presented on key information from the fund financial statements. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in our letter of transmittal, which can be found on pages I-1 to I-5 of this report.

Financial Highlights

- The assets and deferred outflows of the City of Bangor exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$212.1 million (net position).
- At the close of fiscal year 2019, the City of Bangor's governmental funds reported combined ending fund balances of \$41.5 million, an increase of \$2.2 million over the prior year balance of \$39.3 million. The Capital Projects Fund fund balance increased by \$1.9 million, as projects that have been funded were not completed at year end. The General Fund fund balance increased by \$100 thousand. General Fund revenues exceeded estimates by \$2.2 million as follows; excise taxes \$950 thousand and intergovernmental revenues \$1.36. During fiscal year 2019, \$1.86 million of the General Fund unassigned fund balance was transferred to various assigned fund balances to fund future capital improvements in accordance with the City's Fund Balance policy. All other governmental fund fund balances remained relatively unchanged from prior year amounts. Approximately 75% of the total amount, or \$31.2 million, is either committed, assigned or unassigned and is available for spending at the City Council's discretion, if needed.
- The City of Bangor has a fund balance policy. By Charter, the City is to maintain an unassigned fund balance of no more than 16.66% and no less than 8.33% of prior year expenditures, net of debt service. At the end of the current fiscal year, unassigned fund balance – City for the General Fund was \$13.4 million, or 13.26% of the general fund expenditure base. The annual calculation is included within the financial statements as Schedule F-2.
- The total liabilities and deferred inflows of resources of the City's governmental activities as restated decreased by \$1.7 million and business-type activities increased \$1.6 million. The decrease in governmental activities is related to the \$1.4 million decrease in net pension liability. For business-type activities, general obligation bonds increased as proceeds from newly issued bonds exceed principal payments, but this increase was offset by a decrease in liabilities related to pension and OPEB. The overall increase is a result of an increase in accounts payable, which is due to significant capital investments undertaken this year.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages II-19 to II-20 of this report.

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

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

The City of Bangor maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital

Projects Fund, both of which are considered to be major funds. Data from the other eight governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements (Schedule B) elsewhere in this report.

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

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

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

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

Government-wide Financial Analysis

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018*	2019	2018	2019	2018*
Current & other assets	\$ 51,172,202	\$ 47,629,450	\$ 40,411,930	\$ 35,896,965	\$ 91,584,132	\$ 83,526,415
Capital assets, net of						
accumulated depreciation	78,401,164	78,401,733	216,045,967	216,888,151	294,447,131	295,289,884
Total assets	129,573,366	126,031,183	256,457,897	252,785,116	386,031,263	378,816,299
Total deferred outflows of resources	4,338,264	2,714,002	520,446	499,792	4,858,710	3,213,794
Long-term debt outstanding*	79,420,529	83,143,552	82,564,279	82,217,040	161,984,808	165,360,592
Other liabilities	8,041,717	7,000,338	6,018,952	4,552,595	14,060,669	11,552,933
Total liabilities	87,462,246	90,143,890	88,583,231	86,769,635	176,045,477	176,913,525
Total deferred inflows of resources*	2,491,742	1,465,248	217,596	423,002	2,709,338	1,888,250
Net position:						
Net investment in capital assets	49,657,039	49,138,743	145,420,656	146,713,851	195,077,695	195,852,594
Restricted	7,162,489	7,831,587	-	-	7,162,489	7,831,587
Unrestricted*	(12,861,886)	(19,834,283)	22,756,860	19,378,420	9,894,974	(455,863)
Total net position	\$ 43,957,642	\$ 37,136,047	\$ 168,177,516	\$ 166,092,271	\$ 212,135,158	\$ 203,228,318

* Restated for 2018 - Refer to Note G Restatement

By far, the largest portion of the City's net position reflects its net investment in capital assets (i.e., land, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to satisfy these liabilities. Restricted net position refers to those resources that are subject to external restrictions on how they may be used; such as donor, legal or granting agency restrictions. The remaining balance of unrestricted net position is \$9.9 million, the governmental activities deficit of \$12.9 million is offset by the business type activities balance of \$22.8 million. The governmental activities deficit is primarily due to \$16.8 million in outstanding pension obligation bonds.

Governmental activities net position increased \$6.8 million. The major components associated with the increase in governmental activities net position are due to expenses being below estimates in the areas of public services, health and recreation, and debt service, due to savings realized related to vacancies, fewer services required and the timing of the debt issuance. There were also a couple specific areas where revenues exceeded estimates, including excise taxes of \$950 thousand, and an increase in interest earnings of \$218 thousand.

Business-type net position increased \$2.1 million. Due to the capital intensive requirements of the Airport and Sewer Funds, the net position within business-type activities can vary significantly from year to year depending upon grant fund cycles and levels of infrastructure investments.

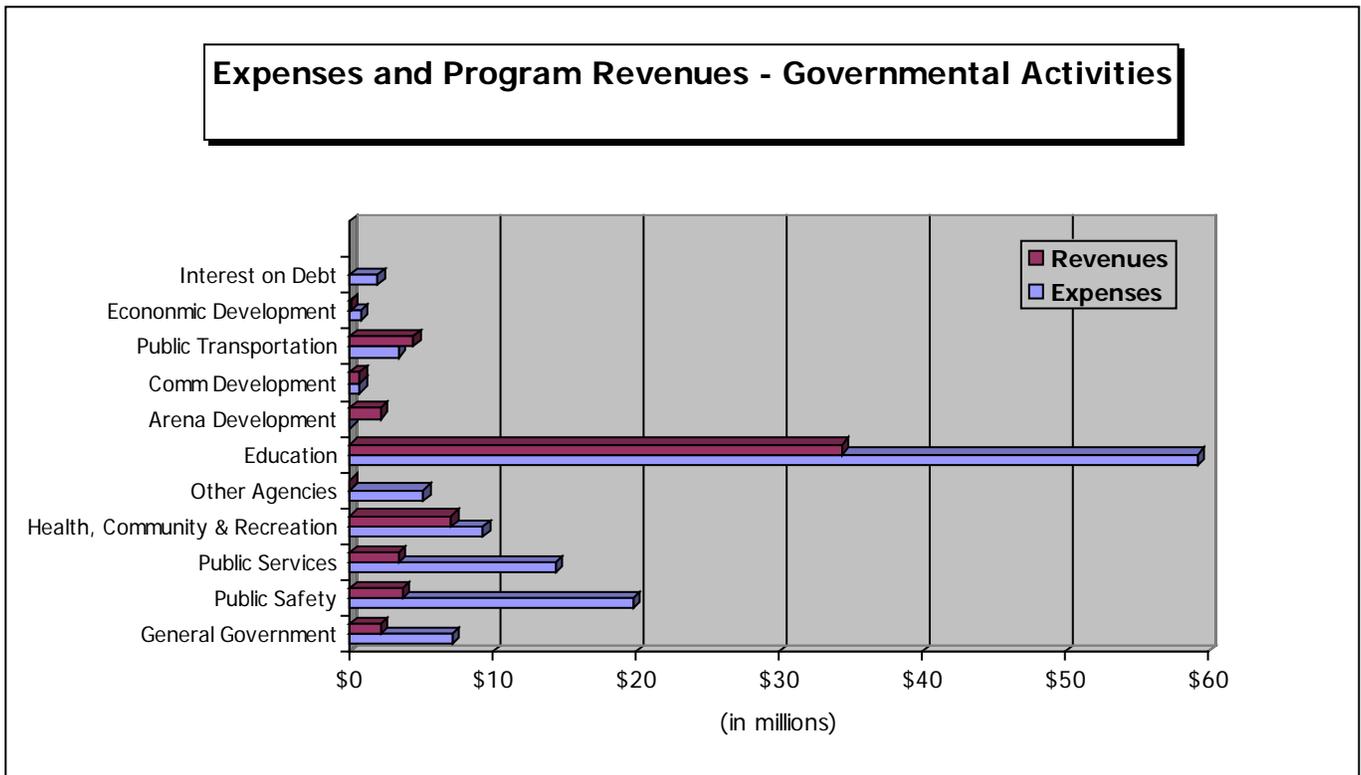
Changes in Net Position

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

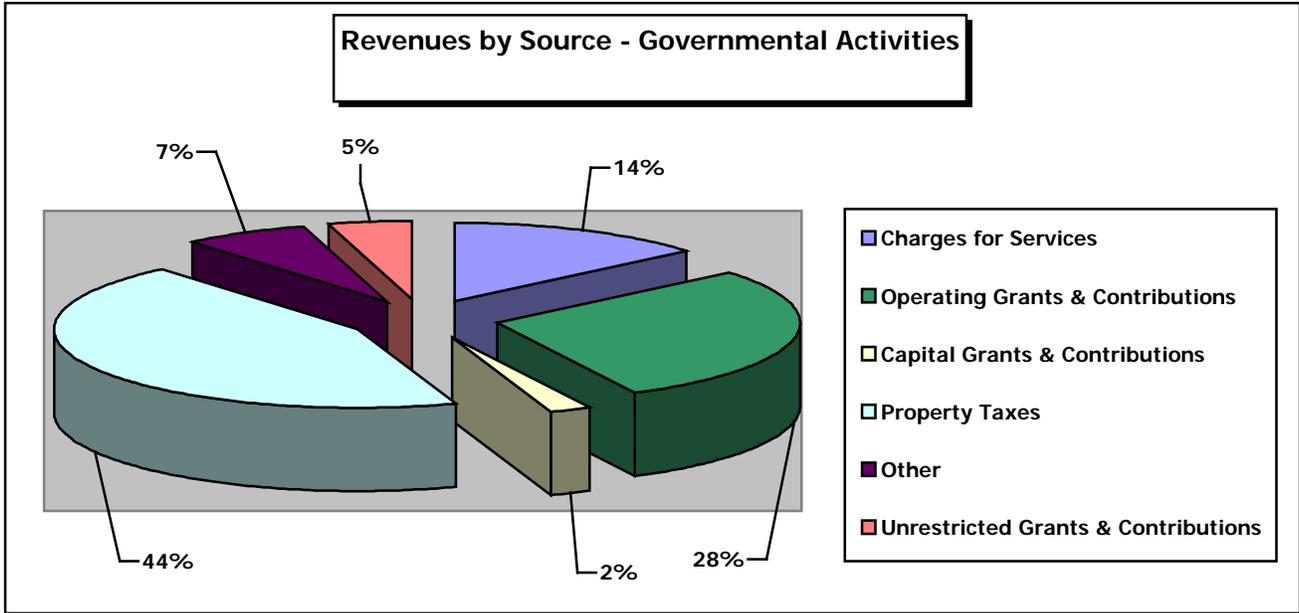
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for services	\$ 18,190,492	\$ 19,193,320	\$ 34,819,642	\$ 32,373,368	\$ 53,010,134	\$ 51,566,688
Operating grants & contributions	37,158,903	35,577,981	-	-	37,158,903	35,577,981
Capital grants & contributions	2,983,206	3,499,613	3,327,180	1,789,607	6,310,386	5,289,220
General Revenues						
Property and other taxes	65,433,795	63,865,201	1,255,000	1,100,000	66,688,795	64,965,201
Grants and contributions not restricted to specific programs	5,861,782	5,273,333	-	-	5,861,782	5,273,333
Other	892,161	674,137	965,025	521,200	1,857,186	1,195,337
Total Revenues	130,520,339	128,083,585	40,366,847	35,784,175	170,887,186	163,867,760
Expenses						
General government	7,179,064	6,916,390	-	-	7,179,064	6,916,390
Public safety	19,814,567	20,802,943	-	-	19,814,567	20,802,943
Health, community and recreation	9,273,091	9,705,672	-	-	9,273,091	9,705,672
Public services	14,443,215	14,427,613	-	-	14,443,215	14,427,613
Other agencies	5,208,400	4,943,064	-	-	5,208,400	4,943,064
Education	59,205,165	55,799,044	-	-	59,205,165	55,799,044
Arena development	14,961	62,748	-	-	14,961	62,748
Community development	685,926	1,090,372	-	-	685,926	1,090,372
Waterfront	221,839	1,077,972	-	-	221,839	1,077,972
Public transportation	3,447,181	3,071,020	-	-	3,447,181	3,071,020
Interest on debt	2,001,201	1,983,492	-	-	2,001,201	1,983,492
Economic development (tif)	757,396	632,185	-	-	757,396	632,185
Sewer Utility	-	-	6,760,227	6,861,750	6,760,227	6,861,750
Airport	-	-	22,478,598	21,827,174	22,478,598	21,827,174
Stormwater Utility	-	-	901,614	692,174	901,614	692,174
Parking	-	-	872,502	1,001,359	872,502	1,001,359
Bass Park	-	-	7,567,090	7,571,370	7,567,090	7,571,370
Municipal Golf Course	-	-	711,448	703,104	711,448	703,104
Economic Development	-	-	477,066	394,026	477,066	394,026
Total Expenses	122,252,006	120,512,515	39,768,545	39,050,957	162,020,551	159,563,472
Excess (deficiency) before transfers	8,268,333	7,571,070	598,302	(3,266,782)	8,866,635	4,304,288
Gain (loss) on disposition of asset	35,349	(6,771)	4,856	14,807	40,205	8,036
Transfers	(1,482,087)	(1,793,227)	1,482,087	1,793,227	-	-
Change in net position	6,821,595	5,771,072	2,085,245	(1,458,748)	8,906,840	4,312,324
Beginning net position	37,136,047	39,437,683	166,092,271	167,551,019	203,228,318	206,988,702
Restatement - Note G	-	(8,072,708)	-	-	-	(8,072,708)
Ending net position	\$ 43,957,642	\$ 37,136,047	\$ 168,177,516	\$ 166,092,271	\$ 212,135,158	\$ 203,228,318

Governmental Activities

The cost of all governmental activities was \$122.3 million. As shown on the Statement of Activities, the total amount financed by the property tax was \$57.9 million, or 47% of expenses. Those who directly benefit from an activity provided \$18.2 million in payments. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$37.2 million. Capital grants and contributions accounted for \$3.0 million. The City also received \$14.3 million in other general revenues such as state revenue sharing, motor vehicle and boat excise taxes, reimbursement for homestead exemptions, and interest earnings.



Total governmental activities expenses increased \$1.8 million or 1.4% over prior year levels. The majority of the increase is related to increased wage and benefits costs. Employees were provided with a 1% cost of living increase for fiscal year 2019, and health insurance rates increased 12.5% effective January 1, 2019.

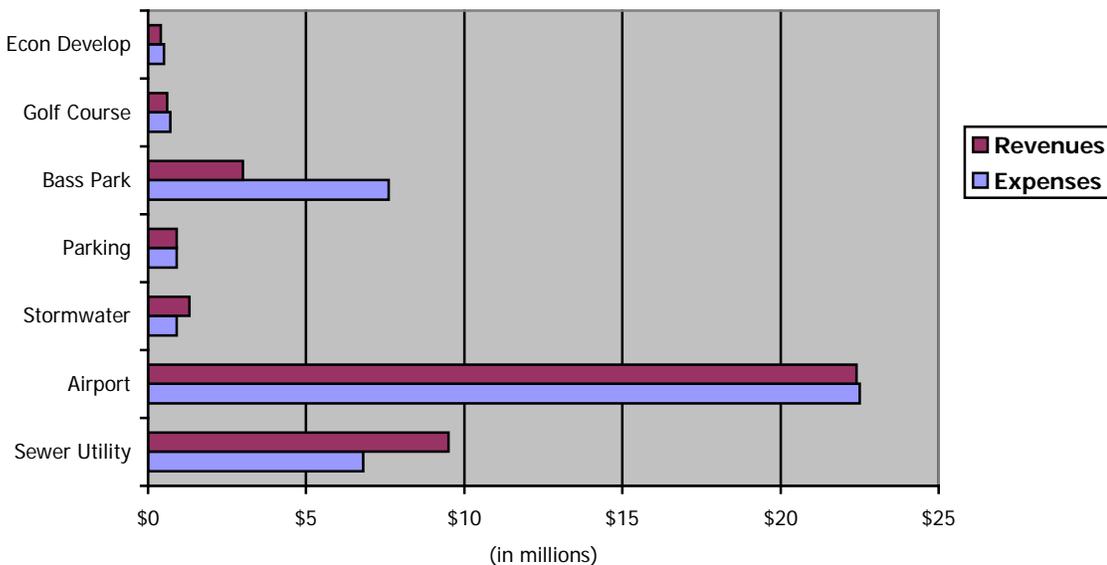


Total governmental activities' revenues increased \$2.4 million over prior year total of \$128.1 million. The largest single source of revenue continues to be the property and other taxes, which increased \$1.6 million. Capital grants and contributions decreased \$516 thousand due to decrease in grant funded capital investment. Operating grants and contributions increased \$1.6 million due to increased education funding from the State of Maine. Charges for services decreased \$1.0 million, due to a hiatus in the billing of third party trash haulers. This reduction is offset by a similar decrease in expenses.

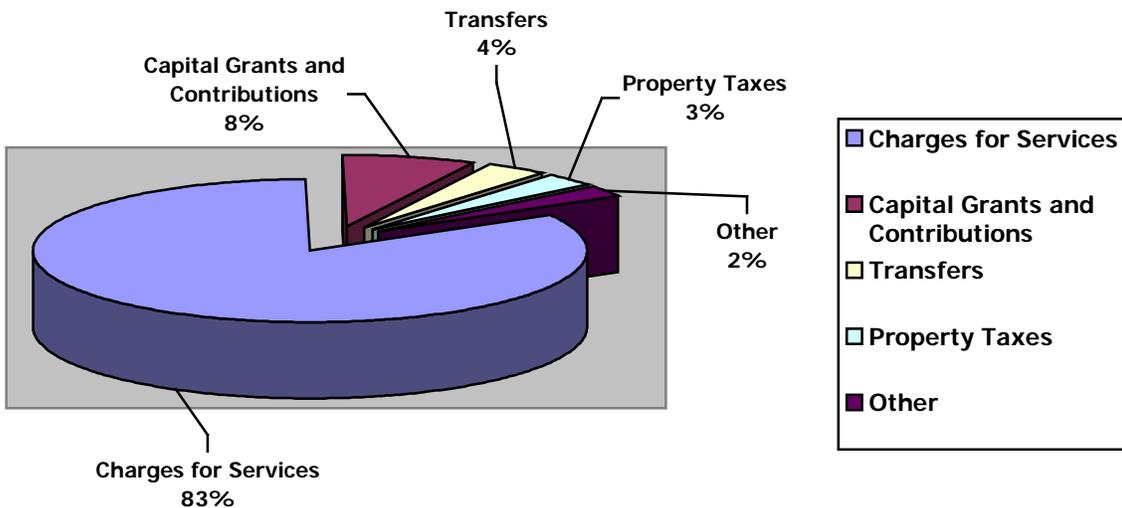
Business-type Activities

Total business-type activities expenses remained relatively flat over prior year levels, with an increase of \$717 thousand or 1.8%. Similar to governmental activities, the majority of the increase is related to increased wage and benefits costs. Employees were provided with a 1% cost of living increase for fiscal year 2019, and health insurance rates increased 12.5% effective January 1, 2019.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



In total, business-type activities revenue increased \$4.6 million or 12.8%. This increase is due in part to a \$1.5 million increase in grant contributions received for capital assets. Due to the significant cost associated with infrastructure improvements funded through the Federal Airport Improvement Plan grant program, it is not unusual that revenues realized from year to year vary significantly. Sewer user fees increased \$736 thousand due to the annual rate increase to keep pace with the rate of inflation in build resources in advance of an upcoming significant capital investment. In addition, Airport operating revenues increased \$2.0 million, due to increased fuel sales and rental associated with airport operations.

Financial Analysis of the Government's Funds

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

At fiscal year end, the City of Bangor's governmental funds reported combined ending fund balances of \$41.5 million, an increase of \$2.2 million over the prior year balance. During the year, the Capital Projects funds received funding for projects that would be completed after the fiscal year end, which resulted in an increase in its fund balance of \$1.9 million. All other governmental fund fund balances remained relatively unchanged from prior year amounts. Of the combined ending balance of \$41.5 million, approximately 75% (\$31.2 million) is either committed, assigned or unassigned and \$6.6 million, or 16%, is restricted. Committed, assigned and unassigned fund balances are available for spending by formal action of the City Council. The remainder is nonspendable, indicating that it is in the form of nonspendable assets such as inventory, prepaid expenditures, nonexpendable trust principal balances and allowance for advances made to other funds.

The General Fund is the chief operating fund of the City and is comprised of two major functions; education and municipal services. At the end of the fiscal year, the General Fund's total fund balance was \$26.1 million, a \$100 thousand increase from the prior year's balance of \$26.0 million.

The Capital Projects Fund varies significantly from year to year depending upon City Council priorities and available funding opportunities. While total expenditures decreased \$696 thousand over the prior year capital expenditures decreased \$2.24 million but debt service increased by \$1.55 million due to a debt refunding. Significant expenditures in FY 2019 included; \$4.8 million for streets/sidewalks and other infrastructure, \$1.6 million for equipment and vehicles, and \$1.4 in Community Connector vehicles.

Proprietary funds. Information on the City of Bangor's proprietary funds is similar to that found in the government-wide financial statements, but in more detail. The net position of the seven enterprise funds increased by \$2.1 million to \$168.2 million. The Sewer Utility fund net position increased \$2.9 million due to annual rate increases to keep pace with inflation and in advance of significant capital investments. The Airport Fund net position increased \$600 thousand due to higher capital contributions received. The Bass Park Fund net position decreased \$1.5 million, as operating income is not sufficient to offset depreciation expense.

General Fund Budgetary Highlights

For budgetary financial statement purposes, all balances carried from the prior year are added to the subsequent year's total appropriation. This resulted in an overall budgetary increase of \$2.9 million. The net impact of additional amendments were minimal. The City's commitment to budgetary integrity continues, actual operating revenues ended the year over budget estimates 2.0%, or \$2.2 million, municipal expenditures were under budget by 4.9%, or \$2.6 million. Education expenditures were under budget by \$2.4 million or 4.1% and by statute, education balances must be segregated from municipal balances.

Capital Asset and Debt Administration

Capital assets. As of June 30, 2019, the City of Bangor's investment in capital assets for its governmental and business-type activities amounted to \$294.4 million (net of accumulated depreciation), a decrease of \$900 thousand over the prior year. This investment includes land, buildings, machinery and equipment, roads, runways, and sewer lines. Depreciation expense of \$16.0 million exceeded the City's investment in capital assets for the current fiscal year of \$15.3 million. Governmental activities invested \$4.6 million, and business-type activities invested \$10.7 million and depreciation expense was \$4.4 million and \$11.6 million, respectively.

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

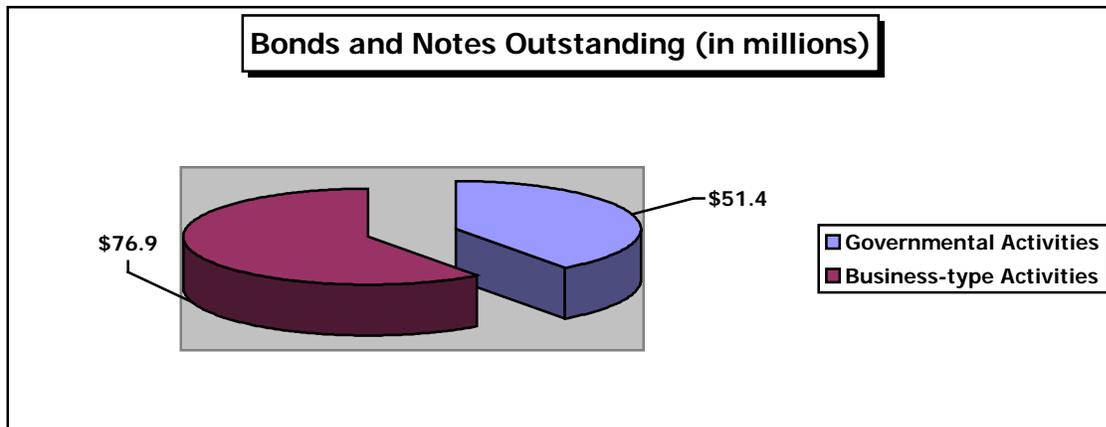
- The City continues to invest in its core functions of infrastructure, vehicles and equipment replacements. This year the City invested \$3.0 million in streets, sidewalks, traffic control and other infrastructure, as well as \$1.39 million in upgrades to Community Connector vehicles and \$373 thousand to replace public safety and services vehicles.
- During FY 2019, the School department invested \$616 thousand in school facilities, which included roofs, boiler replacement, generator installations and electrical and auditorium improvements. In addition, the department completed a facility assessment to determine physical plant needs into the future.
- The Airport Fund invested \$4.9 million in operational assets at Bangor International Airport. Investments included runway and building improvements as well as airfield operational equipment such as a baggage loader, belt loader, ground power units, and vehicles.
- The Sewer Fund invested \$5.6 million in plant and pump station upgrades, sewer replacement and separation projects. Of the total invested, \$2.6 million was expended as part of the Davis Brook improvements associated with the future construction of a 3.8 million gallon holding tank along the Penobscot River.

Capital Assets (net of depreciation)

	Governmental Activities	Business-type Activities
Land and improvements	\$13,753,935	\$4,253,560
Buildings and improvements	40,137,344	55,645,578
Machinery and equipment	1,898,802	4,291,123
Vehicles	9,605,384	-
Infrastructure	12,346,022	50,425,169
Parking structures	-	1,395,989
Aircraft operational assets	-	89,385,566
Construction in process	659,677	10,648,982
Total	\$78,401,164	\$216,045,967

Additional information on the City's capital assets can be found in Note C, Detailed Notes on all funds, of this report.

Debt Administration



At fiscal year end, the City had a total outstanding bonds and notes of \$128.3 million, a decrease of \$2.6 million over the previous year.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total State assessed valuation. The current debt limit for the City is \$392.5 million, which is significantly in excess of existing general obligation debt of \$128.3 million.

Additional information on the City's long-term debt can be found in Note I, Detailed Notes on all funds, of this report.

Goals and Accomplishments

On an annual basis, the City Council in conjunction with management develop a list of goals for the coming year and review accomplishments achieved in the prior year. For the 2019-2020 year, the following goals have been identified:

- Improve and Develop a Safe and Accessible Multi-Modal Transportation System;
- Improve Economic Vitality of the City and Promote, Job Growth, Economic Development, Cultural and Housing Opportunities;
- Ensure Development of Sustainable Practices Towards Resource Utilization and Protection;
- Ensure Management and Financial Stability of City Government;
- Improve the Health, Safety and Vitality of All who Live, Work and Visit in Bangor; and
- Support Educational Excellence.

Within each articulated goal, the City has identified specific areas of focus. There are two areas in particular to which a significant amount of resources have been/will be invested.

Improve public transit, connection, and ridership. The City of Bangor, in collaboration with local partners, has been operating a fixed route public transit system and paratransit service within the communities of the Greater Bangor Urbanized Area (Bangor, Brewer, Veazie, Old Town, Orono, University of Maine and Hampden) since 1972. In July 2012, the State of Maine ceased being the lead agency for Federal Transit Administration (FTA) funding and the responsibility was shifted to each fixed route operator, including the Community Connector. This shift created the need for additional resources to ensure compliance with the myriad of FTA requirements.

For the past several years, there was a lack of resources to invest in the rolling stock and transit facilities. Public transit buses are a significant investment for the Community partners, in excess of \$400,000 per vehicle, to bear in light of reduced State and Federal funding. But the cost to operate an aging fleet is also significant. Since 2015, the City has aggressively pursued any and all grant opportunities and to date the transit system has been awarded 5 grants totaling in excess of \$7.9 million to fund the replacement of buses, transit facilities, and to implement transit technology. By the end of calendar 2019, the system will have taken delivery of 12 buses since 2016.

The current transit system design concept, routes, schedules, operating days and times, and flag stop configuration has been generally unchanged since the inception of the transit system. As a result of becoming a direct FTA recipient, a stagnation in ridership, and the changing employment, demographic and lifestyle needs of the communities served, a Transit Study was undertaken. The study was to evaluate the current system design and operations, and identify opportunities for improvements and/or system design changes to create a framework for short-range and long range strategies aimed at managing and operating the system in the most efficient and effective manner (a copy of the completed study is available on the City's website www.bangormaine.gov).

In the coming months, the City and community partners will focus on the immediate needs of the transit system that deliver the greatest impact on service. This includes the development and implementation of a capital plan, design of a new hub, identification of technology investments, and the establishment of a designated stop system.

Improve quality and quantity of housing to meet demand for workforce, life cycle and supportive housing. In FY 2019, the City convened a work group to focus on the issue of quality, affordable housing in the City and the region. The work group included representatives from the public and private sector, including individuals, landlords, renters, housing developers and nonprofit agencies. The work group presented recommendations for local programs and/or policy to the City Council to address the shortage of quality and affordable housing in the region.

The City is developing of a variety of policy and ordinance changes that will facilitate redevelopment and housing density that will encourage affordable housing in walkable, transit-served neighborhoods. In addition, options are being evaluated for a potential rental registration and inspection program, ensuring quality in the units available for income production. Lastly, the City is also looking at partnerships with several other organizations such as banks, non-profits, and the real estate community to help address the vacant, abandoned, or placarded properties that still remain.

Over the past few years, Bangor's homeless population has been growing and creating service capacity issues within the existing system. Many of the folks that are homeless are difficult to shelter due to severe mental illness, substance use disorder, and physical health complications. Up until FY2020, the police department provided outreach to this population but their efforts were limited due to a lack of time and resources.

The City applied for and received a \$25,000 grant from the John T. Gorman Foundation for the purpose of partially funding a homeless outreach caseworker. This position locates and engages homeless individuals and works to address the individual's barriers to housing and other services. The end goal being to move these individuals into permanent housing and collaborate with other organizations to ensure the individual has the support required including case management, mental health care, substance abuse treatment, daily living support; and health care. Within the first two months of work, this position was able to assist ten individuals find housing. Once housed, the caseworker continues to monitor their progress and act as liaison with landlords, to support each individual's reentry into permanent housing.

Tax Shift

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

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the City of Bangor in FY 2019 was 3.2%, which continues to be on par or below both the national and State rates of 3.7% and 3.2%, respectively.
- While Bangor represents less than 3% of the State's population, businesses within the City generate 7.82% of the State's retail sales tax.
- Residential and commercial valuations continue to remain relatively flat in the coming year.
- Bangor businesses continue to reinvest in personal property. While not subject to local taxation, the value of BETE property (net of depreciation) in FY 2019 increased \$13.2 million, or 10.6%, for a total of \$138.3 million.

The fiscal year 2020 budget reflects the City's historical results for these revenue sources, and actual results to date appear to be on track with budgetary estimates. User fees for governmental and business-type activities are reviewed on an annual basis to ensure that fee structures are sufficient to cover service costs. Many fees are adjusted annually for inflation.

In fiscal year 2020, the City's taxable assessed value increased 2.0%. The impact of the increase in taxable value was not sufficient to offset increased operating costs. The primary area of increased expense were wages and benefits, healthcare costs continue to increase at a double digit pace. State mandated increases in minimum wages, wages are increasing \$1 per hour per year for temporary and on-call part time positions, creating compression within regular full time pay rates. The budget allowed the City Council to provide at least a 1.50% increase to employees, maintain increased levels of investment in infrastructure, as well as fund assigned fund balances for future capital purchases on a current basis.

Both residential and commercial construction and permitting remain generally flat. We continue to monitor key revenue areas such as: raising interest rates, automobile excise taxes, and property tax collection rates.

Bangor serves as one of the largest retail markets in Maine. The Bangor Mall, Airport Mall, Broadway commercial center, Union Street commercial corridor, and the Bangor Center Development District (downtown) have long established Bangor as the hub of the six county eastern Maine retail market. Unfortunately, properties at the Bangor Mall are facing the same challenges that are facing retail centers around the country. Changes in retail markets due to the effects of on-line retail and the growth of experiential shopping trends has resulted in several stores, such as Macy's and Sears closing their doors. The City is committed to working with owners of retail properties to identify opportunities for redevelopment. Recently, the city entered into a contract with a consumer analytics company that works with communities and retailers to attract, retain and expand business. Additional resources to support retail markets may include investment of infrastructure and/or review of zoning requirements. The rest of the City's commercial real estate vacancy rates are in-line and industrial properties are quite low.

Like most of the country, the City and region face extremely low unemployment rates, but there is a mismatch between workforce skills and available employment opportunities.

Beginning in the spring of 2020, the City will begin an estimated \$31 million sewer infrastructure project, the Davis Brook tank installation. This project is expected to span twenty-four months and involves the installation of a large 3.8 million gallon holding tank along the Penobscot River. This additional capacity is required to further reduce the number of discharges to the river of combined sewer overflows that occur within the City's system during high flow events (i.e. rain, snow melt). This investment is being made to ensure continued compliance with the City's consent decree with the Federal Environmental Protection Agency (a copy of which is available at the Wastewater Treatment Plant page of the City's website www.bangormaine.gov).

While the State of Maine's 2020-2021 Biennial budget has been adopted, it is fairly common for the Legislature to enact supplemental budget provisions to the second year. The 2020 budget includes additional funding to municipalities beyond the 2019 level. If a supplemental budget is adopted at the State level, it is likely that Legislative actions could negatively impact municipalities. Accordingly, city and school staff and elected officials will closely monitor legislative actions and continue to work collaboratively with other municipalities and professional organizations and actively participate in any upcoming legislative hearings.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



CITY OF BANGOR

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CITY OF BANGOR, MAINE
Statement of Net Position
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bangor Public Library
ASSETS				
Cash and cash equivalents	\$ 31,134,706	\$ 12,135,471	\$ 43,270,177	\$ 152,184
Investments	186,815	14,841,961	15,028,776	12,601,515
Receivables:				
Accounts (net of allowance of \$533,530 and \$183,110, respectively)	1,493,271	10,405,586	11,898,857	8,239
Intergovernmental	7,942,405	1,188,604	9,131,009	-
Taxes and liens - prior years	968,892	-	968,892	-
Taxes receivable - current year	1,118,573	-	1,118,573	-
Special assessments	30,130	-	30,130	-
Loans and notes	5,293,527	1,478,283	6,771,810	-
Internal balances	1,700,000	(1,700,000)	-	-
Inventories	658,707	284,474	943,181	-
Prepaid items	645,176	596,251	1,241,427	-
Other assets	-	1,181,300	1,181,300	-
Non-depreciable capital assets	5,723,345	14,377,950	20,101,295	-
Depreciable capital assets, net	72,677,819	201,668,017	274,345,836	12,006,579
Total assets	\$ 129,573,366	\$ 256,457,897	\$ 386,031,263	\$ 24,768,517
DEFERRED OUTFLOWS OF RESOURCES				
Net OPEB	\$ 1,319,946	\$ 294,671	\$ 1,614,617	\$ -
Net pension	3,018,318	225,775	3,244,093	-
Total deferred outflows of resources	\$ 4,338,264	\$ 520,446	\$ 4,858,710	\$ -
LIABILITIES				
Accounts payable and other current liabilities	\$ 3,143,100	\$ 5,025,619	\$ 8,168,719	\$ 159,751
Accrued wages and benefits payable	4,806,278	325,154	5,131,432	-
Unearned revenues	92,339	668,179	760,518	-
Noncurrent liabilities:				
Due within one year	8,082,702	4,936,822	13,019,524	-
Due in more than one year	71,337,827	77,627,457	148,965,284	59,235
Total liabilities	\$ 87,462,246	\$ 88,583,231	\$ 176,045,477	\$ 218,986
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues - assessments	\$ 30,130	\$ -	\$ 30,130	\$ -
Net OPEB	657,150	-	657,150	-
Net pension	1,804,462	217,596	2,022,058	-
Total deferred inflows of resources	\$ 2,491,742	\$ 217,596	\$ 2,709,338	\$ -
NET POSITION				
Net investment in capital assets	\$ 49,657,039	\$ 145,420,656	\$ 195,077,695	\$ 12,006,579
Restricted for:				
Nonexpendable trust principal	518,144	-	518,144	-
Expendable income	542,248	-	542,248	-
Grants and other balances	6,102,097	-	6,102,097	11,971,763
Unrestricted	(12,861,886)	22,756,860	9,894,974	571,189
Total net position	\$ 43,957,642	\$ 168,177,516	\$ 212,135,158	\$ 24,549,531

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Activities
For the Fiscal Year Ended June 30, 2019

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position			Component Unit Bangor Public Library
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total	
					Governmental activities	Business-type activities		
Primary government								
Governmental activities:								
General government	\$ 7,179,064	\$ 2,215,075	\$ -	\$ -	\$ (4,963,989)	\$ -	\$ (4,963,989)	\$ -
Public safety	19,814,567	3,121,187	250,023	345,258	(16,098,099)	-	(16,098,099)	-
Health, community services, and recreation	9,273,091	1,529,894	5,560,020	8,780	(2,174,397)	-	(2,174,397)	-
Public services	14,443,215	1,688,725	82,006	1,585,185	(11,087,299)	-	(11,087,299)	-
Other agencies	5,208,400	20,234	-	-	(5,188,166)	-	(5,188,166)	-
Education	59,205,165	6,476,809	27,907,516	-	(24,820,840)	-	(24,820,840)	-
Arena development	14,961	2,212,753	-	-	2,197,792	-	2,197,792	-
Community development	685,926	25,190	673,106	-	12,370	-	12,370	-
Waterfront	221,839	21,248	-	-	(200,591)	-	(200,591)	-
Public transportation	3,447,181	751,711	2,686,232	1,043,983	1,034,745	-	1,034,745	-
Economic development (TIF)	757,396	127,666	-	-	(629,730)	-	(629,730)	-
Interest on debt	2,001,201	-	-	-	(2,001,201)	-	(2,001,201)	-
Total governmental activities	122,252,006	18,190,492	37,158,903	2,983,206	(63,919,405)	-	(63,919,405)	-
Business-type activities:								
Sewer Utility	6,760,227	9,451,741	-	-	-	2,691,514	2,691,514	-
Airport	22,478,598	19,032,646	-	3,327,180	-	(118,772)	(118,772)	-
Stormwater Utility	901,614	1,289,953	-	-	-	388,339	388,339	-
Parking	872,502	947,136	-	-	-	74,634	74,634	-
Bass Park	7,567,090	3,045,740	-	-	-	(4,521,350)	(4,521,350)	-
Municipal Golf Course	711,448	649,698	-	-	-	(61,750)	(61,750)	-
Economic Development	477,066	402,728	-	-	-	(74,338)	(74,338)	-
Total business-type activities	39,768,545	34,819,642	-	3,327,180	-	(1,621,723)	(1,621,723)	-
Total primary government	\$ 162,020,551	\$ 53,010,134	\$ 37,158,903	\$ 6,310,386	(63,919,405)	(1,621,723)	(65,541,128)	-
Component unit								
Bangor Public Library	\$ 2,947,119	\$ 64,712	\$ 1,702,549	\$ -				\$ (1,179,858)
General revenues:								
Property taxes, levied for general purposes					57,897,028	1,255,000	59,152,028	-
Payment in lieu of taxes					290,489	-	290,489	-
Excise taxes					6,876,000	-	6,876,000	-
Franchise taxes					370,278	-	370,278	-
Grants and contributions not restricted to specific programs:								
Homestead/BETE exemption					3,273,316	-	3,273,316	-
Other State aid					34,134	-	34,134	-
State Revenue Sharing					2,554,332	-	2,554,332	-
Unrestricted investment earnings					892,161	965,025	1,857,186	514,586
Gain (loss) on sale of assets					35,349	4,856	40,205	-
Transfers					(1,482,087)	1,482,087	-	-
Total general revenues and transfers					70,741,000	3,706,968	74,447,968	514,586
Change in net position					6,821,595	2,085,245	8,906,840	(665,272)
Net position, beginning of year - Restated Note G					37,136,047	166,092,271	203,228,318	25,214,803
Net position, end of year					\$ 43,957,642	\$ 168,177,516	\$ 212,135,158	\$ 24,549,531

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Balance Sheet
Governmental Funds
June 30, 2019

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 22,269,687	\$ 7,200,566	\$ 1,664,453	\$ 31,134,706
Investments	50,000	-	136,815	186,815
Receivables:				
Accounts (net of allowance of \$533,530)	715,331	93,664	684,276	1,493,271
Intergovernmental	6,083,214	1,672,017	187,174	7,942,405
Taxes	2,087,465	-	-	2,087,465
Special assessments	-	30,130	-	30,130
Loans and notes	-	-	5,293,527	5,293,527
Interfund	1,877,830	-	1,000	1,878,830
Inventory, at cost	658,707	-	-	658,707
Prepaid items	645,176	-	-	645,176
Total assets	\$ 34,387,410	\$ 8,996,377	\$ 7,967,245	\$ 51,351,032
LIABILITIES				
Accounts payable	\$ 1,535,401	\$ 1,218,329	\$ 56,859	\$ 2,810,589
Accrued wages and benefits payable	4,801,728	-	4,550	4,806,278
Interfund loans payable	-	-	178,830	178,830
Unearned revenues	-	42,523	49,816	92,339
Due to rehabilitation recipients	-	-	2,019	2,019
Total liabilities	6,337,129	1,260,852	292,074	7,890,055
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	1,910,609	-	-	1,910,609
Unavailable revenues - special assessments	-	30,130	-	30,130
Total deferred inflows of resources	1,910,609	30,130	-	1,940,739
FUND BALANCES (Note J)				
Nonspendable	3,204,383	-	518,144	3,722,527
Restricted	299,252	-	6,345,093	6,644,345
Committed	233,988	-	811,934	1,045,922
Assigned	9,296,241	7,705,395	-	17,001,636
Unassigned - City & School	13,105,808	-	-	13,105,808
Total fund balances	26,139,672	7,705,395	7,675,171	41,520,238
Total liabilities, deferred inflows of resources and fund balances	\$ 34,387,410	\$ 8,996,377	\$ 7,967,245	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	78,401,164
Unavailable revenues - property taxes are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,910,609
Long-term liabilities, including bonds and notes payable \$51,395,666, accrued interest \$330,492, accrued compensated absences \$2,140,081, self insurance liability \$3,184,942, bond premium \$933,113, capital leases \$484,747, and net pension \$3,866,385 and OPEB \$15,538,943 liabilities, including deferred outflows and inflows of resources are not due and payable in the current period and therefore, are not reported in the funds.	(77,874,369)
Net position of governmental activities	\$ 43,957,642

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 63,144,634	\$ 1,827,650	\$ -	\$ 64,972,284
Intergovernmental	35,142,361	2,983,206	7,577,427	45,702,994
Licenses and permits	741,027	-	-	741,027
Charges for services	14,024,323	-	758,307	14,782,630
Program income	-	-	11,006	11,006
Revenue from use of money and property	1,236,818	94,008	2,319,852	3,650,678
Other	63,520	21,151	284,079	368,750
Total revenues	114,352,683	4,926,015	10,950,671	130,229,369
Expenditures				
Current:				
General government	5,420,213	-	-	5,420,213
Public safety	19,594,743	-	-	19,594,743
Health, community services, and recreation	4,838,006	-	-	4,838,006
Public services	9,662,829	-	-	9,662,829
Other agencies	5,159,254	-	-	5,159,254
Education	59,315,126	-	-	59,315,126
Tax increment financing	757,396	-	-	757,396
Unclassified	29,818	-	-	29,818
Restricted grants	-	-	8,609,435	8,609,435
Capital outlay	545,177	9,171,157	-	9,716,334
Debt service	5,814,719	1,792,623	130,538	7,737,880
Total expenditures	111,137,281	10,963,780	8,739,973	130,841,034
Excess (deficiency) of revenues over (under) expenditures	3,215,402	(6,037,765)	2,210,698	(611,665)
Other financing sources (uses)				
General obligation bonds issued	-	1,616,124	-	1,616,124
Refunding bonds issued	-	1,550,000	-	1,550,000
Capital leases	617,101	-	-	617,101
Premium on debt issuance	-	298,334	-	298,334
Sale of assets	76,732	134,256	-	210,988
Transfers to other funds	(3,818,238)	(106,230)	(2,050,281)	(5,974,749)
Transfers from other funds	18,344	4,474,318	-	4,492,662
Total other financing sources (uses)	(3,106,061)	7,966,802	(2,050,281)	2,810,460
Net change in fund balances	109,341	1,929,037	160,417	2,198,795
Fund balances, beginning of year	26,030,331	5,776,358	7,514,754	39,321,443
Fund balances, end of year	\$ 26,139,672	\$ 7,705,395	\$ 7,675,171	\$ 41,520,238

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2019

Net change in fund balances - total governmental funds (from Exhibit 4)	\$	2,198,795
<p>Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$4,580,411 exceeds loss on disposal of assets of \$175,639 and depreciation expense of \$4,405,341.</p>		
		(569)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This represents the change in unavailable revenues.</p>		
		290,970
<p>Financing proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Governmental funds report the effects of premiums and discounts when debt is issued, but these amounts are deferred and amortized in the statement of activities. The City received \$298,334 in bond premiums and amortized \$80,473 of bond premiums. During the year, \$3,166,124 in bond proceeds were received and capital lease's increased \$617,101. Repayments of bond, note, and capital lease principal are expenditures in the governmental funds, but the repayment reduces long--term liabilities in the statement of net postion. For the year, repayments were \$7,129,837.</p>		
		3,128,751
<p>Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental fund statements. The differences are as follows: decreases in net pension liability including deferred outflows and inflows of (\$1,769,507), accrued interest, (\$11,609) and accrued compensated absences (\$135,858) and increases in OPEB liability including deferred outflows and inflows of (\$254,323) and self insurance liability (\$459,003).</p>		
		1,203,648
Change in net position of governmental activities (see Exhibit 2)		\$ 6,821,595

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Revenues, Expenditures and Changes in
Unassigned Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2019

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 62,410,493	\$ 62,410,493	\$ 63,144,634	\$ 734,141
Intergovernmental	29,923,224	29,923,224	31,281,637	1,358,413
Licenses and permits	622,143	622,143	741,027	118,884
Charges for services:				
Municipal	8,396,146	8,396,146	7,313,905	(1,082,241)
School	5,740,195	5,740,195	6,476,809	736,614
Fines, forfeits and penalties	23,000	23,000	22,364	(636)
Revenue from use of money and property				
Municipal	815,640	815,640	1,121,704	306,064
Total revenues	107,930,841	107,930,841	110,102,080	2,171,239
Expenditures				
Current:				
General government	5,895,405	5,990,405	5,658,148	332,257
Public safety	19,303,120	19,311,703	19,294,797	16,906
Health, community services, and recreation	5,434,047	5,434,047	4,850,596	583,451
Public services	11,183,346	11,183,346	9,679,490	1,503,856
Other agencies	5,146,932	5,163,665	5,159,254	4,411
Education	54,817,212	57,603,341	55,252,104	2,351,237
Unclassified	810,323	810,323	787,214	23,109
Debt service	5,989,961	5,989,961	5,814,719	175,242
Total expenditures	108,580,346	111,486,791	106,496,322	4,990,469
Excess (deficiency) of revenues over (under) expenditures	(649,505)	(3,555,950)	3,605,758	7,161,708
Other financing sources (uses)				
Appropriation from restricted, committed, and assigned fund balances	1,344,504	1,344,504	7,480	(1,337,024)
Appropriation to assigned fund balance	-	-	(1,855,700)	(1,855,700)
Appropriation from unassigned fund balance	86,992	86,992	-	(86,992)
Sale of assets	60,000	60,000	53,761	(6,239)
Contributions	5,500	7,500	3,610	(3,890)
Insurance settlements	27,500	27,500	45,242	17,742
Transfers to other funds	(901,991)	(901,991)	(1,901,991)	(1,000,000)
Transfers from other funds	27,000	27,000	2,114	(24,886)
Total other financing sources (uses)	649,505	651,505	(3,645,484)	(4,296,989)
Net change in fund balances	\$ -	\$ (2,904,445)	(39,726)	\$ 2,864,719
Unassigned fund balance, beginning of year			14,064,283	
Changes in fund balance classification in accordance with GAAP				
Changes in balances carried			(425,241)	
Inventory and prepaids (GASB 54)			(195,358)	
Unassigned fund balance - City, end of year			\$ 13,403,958	

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2019

Business-type Activities - Enterprise Funds					
	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 5,305,543	\$ 1,990,562	\$ 911,363	\$ 3,928,003	\$ 12,135,471
Investments	-	8,924,882	-	-	8,924,882
Accounts receivable	3,094,471	6,485,602	568,292	440,331	10,588,696
Less allowance for uncollectible accounts	(45,000)	(138,110)	-	-	(183,110)
Accounts receivable (net of allowance)	3,049,471	6,347,492	568,292	440,331	10,405,586
Due from other governments	206,702	981,902	-	-	1,188,604
Inventories, at cost	-	245,843	38,631	-	284,474
Prepaid items	43,002	364,684	60,889	127,676	596,251
Total current assets	8,604,718	18,855,365	1,579,175	4,496,010	33,535,268
Noncurrent assets					
Capital assets:					
Land and improvements	683,865	-	579,157	5,008,359	6,271,381
Buildings and improvements	29,052,578	-	68,845,407	4,587,330	102,485,315
Machinery and equipment	9,113,274	-	2,132,902	655,585	11,901,761
Infrastructure	65,834,124	-	-	683,189	66,517,313
Aircraft operational assets	-	297,155,601	-	-	297,155,601
Parking structures	-	-	-	11,372,837	11,372,837
Construction in process	6,797,762	3,851,016	-	204	10,648,982
Total capital assets	111,481,603	301,006,617	71,557,466	22,307,504	506,353,190
Less accumulated depreciation	(50,162,482)	(207,770,035)	(17,787,858)	(14,586,848)	(290,307,223)
Net capital assets	61,319,121	93,236,582	53,769,608	7,720,656	216,045,967
Investments	-	5,917,079	-	-	5,917,079
Loans receivable	-	156,400	-	1,321,883	1,478,283
Due from bond trustee	1,181,300	-	-	-	1,181,300
Total noncurrent assets	62,500,421	99,310,061	53,769,608	9,042,539	224,622,629
Total assets	\$ 71,105,139	\$ 118,165,426	\$ 55,348,783	\$ 13,538,549	\$ 258,157,897
DEFERRED OUTFLOWS OF RESOURCES					
Net OPEB	\$ 71,394	\$ 206,576	\$ -	\$ 16,701	\$ 294,671
Net pension	65,531	158,438	-	1,806	225,775
Total deferred outflows of resources	\$ 136,925	\$ 365,014	\$ -	\$ 18,507	\$ 520,446

See accompanying notes to financial statements.

Continued on next page

CITY OF BANGOR, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2019

Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
LIABILITIES					
Current liabilities					
Accounts payable	\$ 857,527	\$ 2,820,508	\$ 113,803	\$ 194,349	\$ 3,986,187
Accrued wages and benefits payable	53,058	173,949	80,042	18,105	325,154
Accrued interest	65,674	47,174	887,572	39,012	1,039,432
Workers' compensation	20,000	175,012	-	-	195,012
Interfund loans payable	-	-	1,700,000	-	1,700,000
General obligation debt payable	1,698,513	650,129	1,284,492	611,640	4,244,774
Capital lease obligation payable	-	-	2,910	12,576	15,486
Accrued compensated absences	69,424	304,749	-	16,666	390,839
Unearned revenue	-	-	668,179	-	668,179
Other liabilities	-	-	90,711	-	90,711
Total current liabilities	2,764,196	4,171,521	4,827,709	892,348	12,655,774
Long-term liabilities					
Workers' compensation	-	86,203	-	-	86,203
General obligation debt payable	15,790,102	6,770,334	47,391,450	2,698,474	72,650,360
Capital lease obligation payable	-	-	-	26,688	26,688
Accrued compensated absences	58,409	150,148	-	9,428	217,985
Net OPEB obligation	464,242	1,460,025	-	115,812	2,040,079
Net pension liability	129,478	313,301	-	3,647	446,426
Other long-term liabilities	156,498	-	2,003,218	-	2,159,716
Total long-term liabilities	16,598,729	8,780,011	49,394,668	2,854,049	77,627,457
Total liabilities	\$ 19,362,925	\$ 12,951,532	\$ 54,222,377	\$ 3,746,397	\$ 90,283,231
DEFERRED INFLOWS OF RESOURCES					
Net pension	\$ 63,110	\$ 152,708	\$ -	\$ 1,778	\$ 217,596
Total deferred inflows of resources	\$ 63,110	\$ 152,708	\$ -	\$ 1,778	\$ 217,596
NET POSITION					
Net investment in capital assets	\$ 45,638,278	\$ 88,146,582	\$ 6,333,177	\$ 5,302,619	\$ 145,420,656
Unrestricted	6,177,751	17,279,618	(5,206,771)	4,506,262	22,756,860
Total net position	\$ 51,816,029	\$ 105,426,200	\$ 1,126,406	\$ 9,808,881	\$ 168,177,516

See accompanying notes to financial statements.

Continued from previous page

CITY OF BANGOR, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

Business-type Activities - Enterprise Funds					
	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Operating revenues					
Charges for services	\$ 9,451,741	\$ 19,032,646	\$ 3,045,740	\$ 3,289,515	\$ 34,819,642
Total operating revenues	9,451,741	19,032,646	3,045,740	3,289,515	34,819,642
Operating expenses					
Operating expenses other than depreciation	5,295,271	15,246,390	2,913,339	2,314,095	25,769,095
Depreciation	1,174,035	6,895,333	2,952,372	526,165	11,547,905
Total operating expenses	6,469,306	22,141,723	5,865,711	2,840,260	37,317,000
Operating income (loss)	2,982,435	(3,109,077)	(2,819,971)	449,255	(2,497,358)
Nonoperating revenue (expenses)					
Interest income	184,188	623,695	-	157,142	965,025
Interest expense	(290,921)	(336,875)	(1,701,379)	(122,370)	(2,451,545)
Taxes (Downtown TIF)	-	-	1,255,000	-	1,255,000
Gain on sale of assets	4,856	-	-	-	4,856
Total nonoperating revenue (expenses)	(101,877)	286,820	(446,379)	34,772	(226,664)
Net income (loss) before grants/contributions and transfers	2,880,558	(2,822,257)	(3,266,350)	484,027	(2,724,022)
Grants/contributions received for capital assets	-	3,327,180	-	-	3,327,180
Transfers to other funds	(29,062)	-	-	(460,724)	(489,786)
Transfers from other funds	-	75,000	1,783,437	113,436	1,971,873
Change in net position	2,851,496	579,923	(1,482,913)	136,739	2,085,245
Net position, beginning of year	48,964,533	104,846,277	2,609,319	9,672,142	166,092,271
Net position, end of year	\$ 51,816,029	\$ 105,426,200	\$ 1,126,406	\$ 9,808,881	\$ 168,177,516

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2019
Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Cash flows from operating activities					
Cash received from customers	\$ 9,364,469	\$ 16,596,143	\$ 2,659,880	\$ 3,316,239	\$ 31,936,731
Cash paid to suppliers for goods and services	(3,468,290)	(6,181,797)	(3,023,343)	(1,411,564)	(14,084,994)
Cash paid to employees for services	(2,121,258)	(8,549,377)	-	(867,835)	(11,538,470)
Net cash provided by (used for) operating activities	3,774,921	1,864,969	(363,463)	1,036,840	6,313,267
Cash flows from noncapital financing activities					
Interfund loans (repayments)	(206,702)	-	-	-	(206,702)
Taxes (Downtown TIF)	-	-	1,255,000	-	1,255,000
Transfers in	-	75,000	1,783,437	113,436	1,971,873
Transfers out	(29,062)	-	-	(460,724)	(489,786)
Net cash provided by (used for) noncapital financing activities	(235,764)	75,000	3,038,437	(347,288)	2,530,385
Cash flows from capital and related financing activities					
Proceeds from general obligation bonds	5,088,876	-	-	-	5,088,876
Acquisition and construction of capital assets	(5,810,524)	(4,620,777)	-	307,963	(10,123,338)
Principal paid on general obligation bonds/notes/capital leases	(1,436,417)	(624,792)	(1,224,019)	(611,388)	(3,896,616)
Interest paid on general obligation bonds/notes/capital leases	(281,582)	(338,989)	(1,821,981)	(128,880)	(2,571,432)
Proceeds from sale of property	4,856	-	-	-	4,856
Grant/contribution monies received for capital assets	-	3,110,808	-	-	3,110,808
Net cash (used for) capital and related financing activities	(2,434,791)	(2,473,750)	(3,046,000)	(432,305)	(8,386,846)
Cash flows from investing activities					
Net sales (purchases) of investments	-	(573,043)	-	-	(573,043)
Investment of unexpended bond proceeds	(1,113,737)	-	-	-	(1,113,737)
Interest on investments	184,188	623,695	-	157,142	965,025
Loan repayments	-	47,654	-	22,368	70,022
Net cash provided by (used for) investing activities	(929,549)	98,306	-	179,510	(651,733)
Net increase (decrease) in cash and cash equivalents	174,817	(435,475)	(371,026)	436,757	(194,927)
Cash and cash equivalents, beginning of year	5,130,726	2,426,037	1,282,389	3,491,246	12,330,398
Cash and cash equivalents, end of year	\$ 5,305,543	\$ 1,990,562	\$ 911,363	\$ 3,928,003	\$ 12,135,471

Schedule of noncash investing, capital and financing activities:

During the year, the Airport Fund had an unrealized gain on investments in the amount of \$455,319 and expended \$697,634 in capital asset acquisition costs to be reimbursed by Federal and State grants in a subsequent year.

During the year, the Golf Course entered into a capital lease in the amount of \$62,975 to partially finance the acquisition of capital assets.

See accompanying notes to financial statements.

Continued on next page

CITY OF BANGOR, MAINE
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 2,982,435	\$ (3,109,077)	\$ (2,819,971)	\$ 449,255	\$ (2,497,358)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	1,174,035	6,895,333	2,952,372	526,165	11,547,905
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(87,272)	(2,483,390)	(107,065)	10,275	(2,667,452)
(Increase) decrease in inventories	-	(31,580)	1,291	-	(30,289)
(Increase) decrease in prepaid items	5,289	24,887	9,716	(12,211)	27,681
Increase (decrease) in accounts payable	(27,227)	1,198,246	(55,692)	111,190	1,226,517
Increase (decrease) in unearned revenue	-	-	(278,795)	-	(278,795)
Increase (decrease) in other liabilities	(272,339)	(629,450)	(65,319)	(47,834)	(1,014,942)
Total adjustments	792,486	4,974,046	2,456,508	587,585	8,810,625
Net cash provided by operating activities	\$ 3,774,921	\$ 1,864,969	\$ (363,463)	\$ 1,036,840	\$ 6,313,267

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 137,666
Total assets	137,666
LIABILITIES	
Amounts held for others	137,666
Total liabilities	\$ 137,666

See accompanying notes to financial statements.

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CITY OF BANGOR, MAINE
Notes to the Financial Statements
June 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The Bangor Public Library is a nonprofit organization, which operates under the control of a nine-member Board of Trustees. The Bangor City Council appoints all members of the Library Board in accordance with the City of Bangor Charter. The Board has the power to hire officers, approve the budget and direct the operations of the Library. However, the Library is financially dependent upon the City in that the City provides approximately 60% of the operating financial support received by the Library during the year ended June 30, 2019. The City believes that the financial statements would be incomplete without the inclusion of the Library as a discretely presented component unit. Complete financial statements may be obtained from the Bangor Public Library, 145 Harlow Street, Bangor, ME 04401.

The City of Bangor is a member of the Joint Venture of the Equity Charter Municipalities of Municipal Review Committee, Inc (Joint Venture). The Joint Venture was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of non-hazardous municipal solid waste. As of June 30, 2019 (most recent data available) the City of Bangor's share of the Joint Venture's net position was \$4,874,037. Complete financial statements may be obtained from Municipal Review Committee, 395 State Street, Ellsworth, ME 04605.

B. Government-wide and Fund Financial Statements

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund type:

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

1. Deposits and Investments

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

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

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

2. Interfund Receivables and Payables

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

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

3. Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption and are valued at cost using the weighted average method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

The cost of inventories and prepaid items are recognized as expenditures/expenses when consumed or used rather than when purchased.

4. Capital Assets

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

Buildings and improvements	25 – 50 years
Land improvements	25 – 50 years
Machinery/Equipment/Vehicles	5 – 20 years
Infrastructure	10 – 50 years
Airport Operational	5 – 40 years
Parking Structures	10 – 20 years

5. Deferred Inflows/Outflows of Resources

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

6. Compensated Absences

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

7. Long-term Obligations

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

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

8. Fund Equity

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

9. Allowance for Uncollectible Accounts and Loans

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

10. Pensions

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

10. Other Post Employment Benefits (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined based on actuary reports prepared by the OPEB Plan's actuary. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Use of Estimates

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

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

Maine Public Employees Retirement contributions are made by the State of Maine on behalf of the School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$3,860,724. These amounts have been included as intergovernmental revenue and education expenditures in the general fund on the Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit 4) and in the entity-wide Statement of Activities (Exhibit 2). There is no effect on fund balance or net position at the end of the year.

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

B. Reconciliation of Budgetary Basis Statements

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

Excess of revenues and other financing sources over expenditures and other financing uses (Budget)	\$ (39,726)
Activity in assigned and committed fund balances	703,374
2019 encumbrances	541,222
2018 encumbrances paid	(1,092,065)
2018 encumbrances lapsed	<u>(3,464)</u>
Excess of revenues and other financing sources over expenditures and other uses (GAAP)	<u>\$ 109,341</u>

C. Excess of Expenditures Over Appropriations

The following General Fund departments were over-expended by the indicated dollar amounts; Public transportation \$59,471, Fire \$184,780, Parks and Recreation \$7,290 and School special revenue accounts \$941,297. These over-expenditures were funded by receipt of revenues in excess of appropriations and under-expenditures.

D. Restricted Assets

Donations received by the City whose use is limited are placed in the appropriate Special Revenue fund, depending upon whether or not the principal can be expended. All changes in market value are added to the earnings, which is allowable by State Statute. As these amounts are invested in a note receivable, there was no change in market value for fiscal year 2019.

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

DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a policy with respect to custodial credit risk for deposit accounts. The City maintained certain accounts whose balances were fully covered, for other accounts in which the balance exceeded the \$250,000 provided by the Federal Deposit Insurance Corporation (FDIC), pledged collateral securities were held in the City's name. As of June 30, 2019, none of the City's bank balance of \$47,336,161 was exposed to custodial credit.

Fair Value – Investments

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

At June 30, 2019, the City had the following investments and maturities:

Investment types	Rating	Fair Value	Not Applicable	Maturity (years)		
				<1	1-5	6-10
Mutual Funds		\$ 3,815,041	\$ 3,815,041	\$ -	\$ -	\$ -
US Treasuries	AA+	8,266,051	-	2,348,972	5,917,079	-
Corporate Bonds	A/AA-/BBB	2,487,504	-	149,919	1,515,393	822,192
Common Stock		410,180	410,180	-	-	-
Certificate of Deposit		50,000	-	50,000	-	-
Totals		<u>\$ 15,028,776</u>	<u>\$ 4,225,221</u>	<u>\$ 2,548,891</u>	<u>\$ 7,432,472</u>	<u>\$ 822,192</u>

Investment types	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual Funds	\$ 3,815,041	\$ 3,815,041	\$ -	\$ -
US Treasuries	8,266,051	8,266,051	-	-
Corporate Bonds	2,487,504	2,487,504	-	-
Common Stock	410,180	410,180	-	-
Totals	<u>\$ 14,978,776</u>	<u>\$ 14,978,776</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

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

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Credit Risk

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

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. As of June 30, 2019, the City had no investments that were subject to custodial risk. The City's investment policy states that all security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a "delivery vs. payment" basis.

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

Concentration of Credit Risk

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

B. Property Tax

Property taxes for the current year were levied July 31, 2018, on the assessed value listed as of the prior April 1st for all real and personal property located in the City. Assessed values are periodically established by the City's Assessor at 100% of assumed market value. Taxes were due in two installments: September 17, 2018 and March 15, 2019. Interest was charged at 8.00% on all taxes unpaid as of the due date.

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

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

C. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,092,368	\$ -	\$ 28,700	\$ 5,063,668
Construction in process	863,858	1,157,534	1,361,715	659,677
Total capital assets not being depreciated	5,956,226	1,157,534	1,390,415	5,723,345
Capital assets, being depreciated:				
Land improvements	15,404,031	471,634	-	15,875,665
Buildings and improvements	73,607,274	697,889	-	74,305,163
Machinery and equipment	12,969,329	662,194	-	13,631,523
Vehicles	19,143,825	2,306,338	267,161	21,183,002
Infrastructure	25,063,227	646,537	370	25,709,394
Total capital assets being depreciated	146,187,686	4,784,592	267,531	150,704,747
Less accumulated depreciation for:				
Land improvements	(6,506,802)	(678,596)	-	(7,185,398)
Buildings and improvements	(32,587,918)	(1,579,901)	-	(34,167,819)
Machinery and equipment	(11,400,994)	(331,727)	-	(11,732,721)
Vehicles	(10,266,127)	(1,431,713)	(120,222)	(11,577,618)
Infrastructure	(12,980,338)	(383,404)	(370)	(13,363,372)
Total accumulated depreciation	(73,742,179)	(4,405,341)	(120,592)	(78,026,928)
Total capital assets being depreciated, net	72,445,507	379,251	146,939	72,677,819
Governmental activities capital assets, net	\$ 78,401,733	\$ 1,536,785	\$ 1,537,354	\$ 78,401,164

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,728,968	\$ -	\$ -	\$ 3,728,968
Construction in process	2,128,237	8,867,360	346,615	10,648,982
Total capital assets not being depreciated	5,857,205	8,867,360	346,615	14,377,950
Capital assets, being depreciated:				
Land improvements	2,542,413	-	-	2,542,413
Buildings and improvements	102,459,315	26,000	-	102,485,315
Machinery and equipment	11,820,136	81,625	-	11,901,761
Infrastructure	66,101,061	416,252	-	66,517,313
Airport operational assets	295,522,499	1,661,099	27,997	297,155,601
Parking structures	11,372,837	-	-	11,372,837
Total capital assets being depreciated	489,818,261	2,184,976	27,997	491,975,240
Less accumulated depreciation for:				
Land improvements	(1,961,545)	(56,276)	-	(2,017,821)
Buildings and improvements	(43,743,855)	(3,095,882)	-	(46,839,737)
Machinery and equipment	(7,056,763)	(553,875)	-	(7,610,638)
Infrastructure	(15,420,684)	(671,460)	-	(16,092,144)
Airport operational assets	(200,902,699)	(6,895,333)	(27,997)	(207,770,035)
Parking structures	(9,701,769)	(275,079)	-	(9,976,848)
Total accumulated depreciation	(278,787,315)	(11,547,905)	(27,997)	(290,307,223)
Total capital assets being depreciated, net	211,030,946	(9,362,929)	-	201,668,017
Business-type activities capital assets, net	\$ 216,888,151	\$ (495,569)	\$ 346,615	\$ 216,045,967

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

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

Governmental Activities:	
General government	\$ 1,533,861
Public safety	747,082
Health, community services and recreation	197,441
Public services	592,913
Education	<u>1,334,044</u>
Total depreciation expense - governmental activities	<u>\$ 4,405,341</u>
Business-type activities:	
Sewer Utility Fund	\$ 1,174,035
Airport Fund	6,895,333
Bass Park Fund	2,952,372
Stormwater	16,493
Economic Development Fund	157,195
Parking Fund	275,079
Municipal Golf Course	<u>77,398</u>
Total depreciation expense - business-type activities	<u>\$ 11,547,905</u>

Construction commitments:

At June 30, 2019, the City had entered into contracts or otherwise committed to various construction projects:

	Contract Amount	Paid To Date	Balance Remaining
Building Improvements	\$ 1,780,089	\$ 1,277,975	\$ 502,114
Land Improvements	1,187,301	672,029	515,272
Infrastructure	404,298	340,890	63,408
Aircraft Operational Upgrades	2,412,945	494,693	1,918,252
Sewer Upgrades	4,895,991	4,196,187	699,804

D. Interfund Transactions

Individual fund interfund receivable and payable transactions are described in the Summary of Significant Accounting Policies Note D2. As of June 30, 2019, the balances were as follows:

	Receivable	Payable
General Fund	\$ 1,877,830	\$ -
Nonmajor Governmental Funds	1,000	178,830
Bass Park Fund	-	1,700,000
	<u>\$ 1,878,830</u>	<u>\$ 1,878,830</u>

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Individual fund transfers to and from other funds for the fiscal year ended June 30, 2019 are comprised primarily of transfers from fund balances to fund capital projects and to provide operating subsidies to certain proprietary funds.

	Transfers to	Transfers from
General Fund	\$ 3,818,238	\$ 18,344
Capital Projects Fund	106,230	4,474,318
Nonmajor Governmental Funds	2,050,281	-
Sewer Fund	29,062	-
Airport Fund	-	75,000
Bass Park Fund	-	1,783,437
Nonmajor Enterprise Funds	460,724	113,436
	\$ 6,464,535	\$ 6,464,535

E. Due From Other Governments

Due from other governments is comprised of the following amounts at June 30, 2019:

	Federal Government	State of Maine	Other	Total
General Fund	\$ 2,594,286	\$ 2,446,854	\$ 1,042,074	\$ 6,083,214
Capital Projects Fund	-	1,672,017	-	1,672,017
Nonmajor Special Revenue Funds	166,142	21,032	-	187,174
Sewer Fund	-	-	206,702	206,702
Airport Fund	765,614	216,288	-	981,902
Total	\$ 3,526,042	\$ 4,356,191	\$ 1,248,776	\$ 9,131,009

Amounts due from Federal Government are comprised of operating and capital grants for all fund types. Of the General Fund's \$2,446,854 due from State of Maine, \$2,143,407 represents school grant and State agency billings, and \$201,561 represents general assistance claims. Amounts owed to the Capital Projects and the Airport Funds by the State of Maine are for capital grant purposes. Amounts due from other communities for tuition reimbursement to Bangor account for \$502,845 of the Due from Other in the General Fund.

F. Leases

Operating Leases

The Airport and Economic Development Proprietary Funds are the lessors of various buildings and land parcels under operating leases expiring in various years through 2069 and 2041, respectively. Minimum future rentals to be received on noncancelable leases as of June 30, 2019 are:

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Fiscal year ending June 30,	Airport	Economic Development
2020	\$ 3,806,097	\$ 466,339
2021	2,730,940	375,678
2022	1,422,771	336,092
2023	1,345,867	302,726
2024	1,166,950	289,305
Subsequent to 2025	12,726,338	2,142,161
	<u>\$ 23,198,963</u>	<u>\$ 3,912,301</u>

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. The Airport received \$3,480,658 in contingent rentals in fiscal year 2019.

The carrying amounts of the leased assets are as follows:

	Airport	Economic Development
Land	\$ 565,532	\$ 2,515,911
Buildings	22,688,118	3,674,723
Less accumulated depreciation	(15,879,889)	(1,792,842)
Total	<u>\$ 7,373,761</u>	<u>\$ 4,397,792</u>

Capital Leases

The City entered into several leases for financing the acquisition of heavy equipment and landscaping equipment. These lease agreements qualify as capital leases for accounting purposes whereas they contain a bargain purchase option. Leased equipment below the City's capitalization policy has not been capitalized. The following is an analysis of the carrying value of the leased capitalized equipment as of June 30, 2019:

	Business-type Activities
Machinery and equipment	\$ 165,812
Less accumulated depreciation	(61,232)
Carrying value	<u>\$ 104,580</u>

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2019:

Fiscal Year ending June 30,	Governmental Activities	Business-type Activities
2020	\$ 132,354	\$ 17,093
2021	132,354	14,155
2022	132,354	14,154
2023	132,353	-
Total minimum lease payments	529,415	45,402
Less: amount representing interest	(44,668)	(3,228)
Present value of future minimum lease payments	<u>\$ 484,747</u>	<u>\$ 42,174</u>

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

G. Other Assets

Other assets are comprised of the following:

	Sewer Utility	
	Fund	
Due from bond trustee	\$ 1,181,300	
Total	\$ 1,181,300	

H. Unearned Revenue

Community Development Block Grant and Capital Projects Fund unearned revenues consist of \$49,816 and \$42,523 in advance deposits, respectively. Bass Park Fund unearned revenues consist of \$668,179 in advance sales.

I. Long-term Debt

General Obligation Bonds and Notes

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

The original amount of general obligation bonds and notes issued is \$193,040,915. The following is a summary of general obligation bond and note transactions of the City for the fiscal year ended June 30, 2019:

Bonds and notes payable at June 30, 2018	\$ 130,885,863	
Add: principal additions	8,255,000	
Less: principal repayments	10,850,063	
Bonds and notes payable at June 30, 2019	\$ 128,290,800	

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Bonds and notes payable at June 30, 2019 are comprised of the following:

Long-term debt	Fiscal year of maturity	Interest rate	Governmental Activities		Business-type Activities	Total June 30, 2019
			City	School		
Public improvements note*	2020	4.50%	156,220	-	-	156,220
Pension obligation bonds	2026	3.06% - 6.45%	15,814,736	1,016,071	3,407,479	20,238,286
Combined sewer overflow	2023	1.94%	-	-	673,806	673,806
Briggs building note*	2023	4.50%	-	-	372,542	372,542
Combined sewer overflow	2025	1.41%	-	-	904,380	904,380
Chancellor's property note*	2026	5.00%	-	-	1,044,705	1,044,705
Combined sewer overflow	2027	1.64%	-	-	878,761	878,761
Combined sewer overflow	2028	1.81%	-	-	989,088	989,088
ARRA - CWSRF	2029	0.00%	-	-	484,454	484,454
ARRA - CWSRF	2030	0.00%	-	-	282,568	282,568
Public improvements/refunding	2020	2.00% - 3.25%	252,001	662,999	-	915,000
Public improvements/refunding	2021	2.00% - 3.25%	348,730	-	906,270	1,255,000
Qualified school construction bond	2028	4.65%	-	5,595,000	-	5,595,000
Refunding/public improvements	2022	2.00% - 2.25%	716,821	641,584	426,595	1,785,000
Arena	2043	3.25% - 5.00%	-	-	48,390,000	48,390,000
Qualified school construction bond	2035	4.05%	-	2,790,000	-	2,790,000
Refunding/public improvements	2032	2.00% - 4.00%	4,398,579	-	1,011,421	5,410,000
Refunding/airport improvements	2033	.50% - 4.25%	-	-	3,130,000	3,130,000
Public improvements	2034	2.00% - 4.00%	5,095,000	900,000	225,000	6,220,000
Combined sewer overflow	2034	0.10%	-	-	2,003,990	2,003,990
Public improvements	2030	2.00% - 2.75%	1,980,000	240,000	-	2,220,000
Airport improvements	2035	3.00% - 3.65%	-	-	1,280,000	1,280,000
Refunding/public improvements	2030	2.00% - 3.00%	2,317,000	-	223,000	2,540,000
Airport improvements	2027	0.95% - 3.25%	-	-	680,000	680,000
Combined sewer overflow	2036	1.00%	-	-	3,852,000	3,852,000
Public improvements	2036	1.00%	4,716,863	587,938	640,199	5,945,000
Refunding/public improvements	2033	3.00% - 5.00%	3,166,124	-	188,876	3,355,000
Combined sewer overflow	2038	1.00%	-	-	4,400,000	4,400,000
Combined sewer overflow	2038	1.00%	-	-	500,000	500,000
Total bonds and notes payable			\$ 38,962,074	\$ 12,433,592	\$ 76,895,134	\$ 128,290,800

* Notes are held by City Funds at fixed, taxable market rates of interest.

Legal Debt Margin

The City is subject to the laws of the State of Maine, which limits the amount of long-term debt to 15% of the state's assessed valuation of the City. At June 30, 2019, the statutory limit for the City was \$392,497,500. The City's outstanding long-term debt of \$128,290,800 at June 30, 2019 was within the statutory limit.

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Annual Debt Service Requirements for Bonds and Notes

Fiscal year ending June 30,	Governmental Activities				Business-type Activities			
	Bonds		Notes from Direct Borrowings		Bonds		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 5,561,573	\$ 1,836,613	\$ 49,799	\$ 7,030	\$ 4,029,449	\$ 2,395,293	\$ 215,325	\$ 69,188
2021	4,725,524	1,627,167	52,039	4,789	4,024,763	2,270,489	225,699	58,813
2022	4,792,182	1,470,455	54,382	2,447	3,747,610	2,129,584	236,575	47,936
2023	4,557,183	1,206,018	-	-	3,732,358	1,992,595	247,978	36,535
2024	4,797,509	987,460	-	-	3,680,935	1,860,474	155,962	24,584
2025-2029	20,164,788	1,902,388	-	-	16,340,516	7,501,713	335,709	25,382
2030-2034	3,567,492	354,493	-	-	14,882,260	5,374,946	-	-
2035-2039	3,073,195	21,492	-	-	13,964,995	3,295,040	-	-
2040-2043	-	-	-	-	11,075,000	901,175	-	-
Total	\$ 51,239,446	\$ 9,406,086	\$ 156,220	\$ 14,266	\$ 75,477,886	\$ 27,721,309	\$ 1,417,248	\$ 262,438

Authorized and Unissued

On August 8, 2011, the City Council authorized the issuance of up to \$2,000,000 in general obligation bonds to provide funding for remediation of the Penobscot River. As of June 30, 2019, \$1,590,000 remains authorized and unissued. The City will continue to monitor when and if the debt will be issued.

On February 22, 2016, the City Council authorized the issuance of up to \$2,145,000 in general obligation bonds through the Maine Municipal Bond Bank State Revolving Fund to finance sewer infrastructure improvements. As of June 30, 2019, \$1,735,000 remains authorized and unissued. The City does not expect to issue the debt as the project cost was less than anticipated.

On August 28, 2017, the City Council authorized the issuance of up to \$3,068,000 in general obligation bonds for the purpose of funding street and sidewalk work, the City's annual fleet/equipment replacement and WWTP infrastructure improvements. As of June 30, 2019, \$1,016,700 remains authorized and unissued. The majority of the unissued bonds are expected to be issued in the next fiscal year.

On August 27, 2018, the City Council authorized the issuance of up to \$3,300,000 in general obligations bonds through the Maine Municipal Bond Bank State Revolving Fund to finance sewer infrastructure improvements. As of June 30, 2019, the bonds had not been issued. The City expects to issue the debt within the next eighteen months.

On August 27, 2018, the City Council authorized the issuance of up to \$4,506,000 in general obligation bonds for the purpose of funding City streets, its annual fleet/equipment replacement, building improvements and WWTP infrastructure improvements. As of June 30, 2019, the bonds had not been issued. The City expects to issue the debt in the next fiscal year.

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due within one year
Governmental activities:					
General obligation debt	\$ 54,998,844	\$ 3,166,124	\$ 6,925,522	\$ 51,239,446	\$ 5,561,573
Notes from direct borrowings	203,875	-	47,655	156,220	49,799
Accrued compensated absences*	2,275,939	1,462,397	1,598,255	2,140,081	1,393,008
Capital leases	24,306	617,101	156,660	484,747	114,977
Bond premium	715,252	298,334	80,473	933,113	101,627
OPEB obligation* - Restated, Note G	15,703,056	498,683	-	16,201,739	-
Net pension liability*	6,496,341	-	1,416,100	5,080,241	-
Self insurance liability	2,725,939	744,987	285,984	3,184,942	861,718
Governmental activities long-term liabilities	<u>\$ 83,143,552</u>	<u>\$ 6,787,626</u>	<u>\$ 10,510,649</u>	<u>\$ 79,420,529</u>	<u>\$ 8,082,702</u>
Business-type activities:					
General obligation debt	\$ 74,060,470	\$ 5,088,876	\$ 3,671,460	\$ 75,477,886	\$ 4,029,449
Notes from direct borrowings	1,622,674	-	205,426	1,417,248	215,325
Accrued compensated absences*	598,859	483,219	473,254	608,824	390,839
Capital leases	61,903	-	19,729	42,174	15,486
Bond premium	2,184,641	-	90,712	2,093,929	90,711
Net OPEB obligation	1,853,111	186,968	-	2,040,079	-
Net pension liability*	1,367,669	-	921,243	446,426	-
Self insurance liability	311,215	108,972	138,972	281,215	195,012
Other	156,498	-	-	156,498	-
Business-type activities long-term liabilities	<u>\$ 82,217,040</u>	<u>\$ 5,868,035</u>	<u>\$ 5,520,796</u>	<u>\$ 82,564,279</u>	<u>\$ 4,936,822</u>

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

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

J. Fund Balances

As of June 30, 2019, fund balances components consisted of the following:

	Nonspendable	Restricted	Committed	Assigned
General Fund:				
Advances to other funds	\$ 1,900,500	\$ -	\$ -	\$ -
Inventory and prepaid items	1,303,883	-	-	-
PEG capital support	-	20,617	-	-
School capital	-	83,635	-	-
School debt sinking fund	-	195,000	-	-
Cultural Comm/Public Transport	-	-	233,988	-
Subsequent year expenditures	-	-	-	60,142
Pooled equipment reserve	-	-	-	502,932
Bus equipment reserve	-	-	-	799,727
Fire equipment reserve	-	-	-	688,884
Self insurance reserve	-	-	-	3,184,942
Improvement reserve	-	-	-	1,705,656
Demolition reserve	-	-	-	105,107
Benefit reserve	-	-	-	1,331,031
Energy efficiency reserve	-	-	-	494,121
Parks & Recreation reserve	-	-	-	423,699
Subtotal	3,204,383	299,252	233,988	9,296,241
Capital Projects Fund	-	-	-	7,705,395
Other Governmental Funds:				
Nonexpendable trust principal	518,144	-	-	-
Nonmajor Special Revenue Funds				
Community development	-	3,979,186	-	-
Infrastructure	-	335,406	-	-
Public Safety	-	229,908	-	-
Transportation	-	121,582	-	-
Economic Develop	-	432,164	-	-
Parks	-	576,339	-	-
Health	-	67,403	-	-
Arena	-	-	811,934	-
Other Municipal	-	60,857	-	-
Nonmajor Permanent Funds				
Cemetery	-	90,887	-	-
Missionary	-	100,643	-	-
Education	-	127,957	-	-
Other Municipal	-	222,761	-	-
Subtotal	518,144	6,345,093	811,934	-
Total	\$ 3,722,527	\$ 6,644,345	\$ 1,045,922	\$ 17,001,636

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Encumbrances at year end were \$541,222 for the General Fund, \$4,653,198 for the Capital Projects Fund, \$5,547,112 for the Airport Fund, \$2,575,979 for the Sewer Utility Fund, \$234,072 for the Stormwater Fund, \$25,000 for the Parking Fund, \$1,335 for the Golf Fund and \$72,760 for the Economic Development Fund.

K. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City's net investment in capital assets was calculated as follows at June 30, 2019:

	Governmental	Business-type
Capital assets	\$ 156,428,092	\$ 506,353,190
Accumulated depreciation	(78,026,928)	(290,307,223)
Bonds and notes payable	(51,395,666)	(76,895,134)
Capital leases	(484,747)	(42,174)
Non capital related bonds payable	23,721,271	7,224,626
Premium on long term debt	(933,113)	(2,093,929)
Unspent bond proceeds	348,130	1,181,300
Net investment in capital assets	\$ 49,657,039	\$ 145,420,656

OTHER INFORMATION

A. Risk Management

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

The City purchases coverage under a number of commercially available insurance policies such as: commercial general liability, auto, property damage and crime and dishonesty, each with limits and deductibles deemed prudent given the risks, cost of coverage and the City's ability to fund certain types of losses. For those claims covered by commercial insurance, the amount of settlements has not exceeded the coverage for the years ended June 30, 2019, 2018 and 2017.

The City is self-insured for its workers' compensation liability. Reserves are actuarially determined each year to assure funding adequacy. In addition, the City purchases excess workers' compensation insurance to limit its financial risk. At June 30, 2019, the amount of self-insurance liability was \$3,466,157. This liability is the City's best estimate based on available information.

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

OTHER INFORMATION, CONTINUED

Changes in the reported liabilities since July 1, 2017 resulted from the following:

	Workers' Compensation	All other self- insured risks	Total
Unpaid claims as of July 1, 2017	\$ 2,589,898	\$ 293,462	\$ 2,883,360
Incurred claims	256,514	-	256,514
Payments	(453,330)	-	(453,330)
Changes in estimates and other adjustments	347,130	3,480	350,610
Unpaid claims as of July 1, 2018	2,740,212	296,942	3,037,154
Incurred claims	290,235	-	290,235
Payments	(432,435)	-	(432,435)
Changes in estimates and other adjustments	566,610	4,593	571,203
 Unpaid claims as of July 1, 2019	 \$ 3,164,622	 \$ 301,535	 \$ 3,466,157

B. Tax Increment Financing Districts

The City may provide financial assistance to local economic development projects by using the new property taxes that result from the commercial investment and corresponding increase in taxable property valuation. This is accomplished by utilizing municipal tax increment financing (TIF) districts in accordance with Chapter 260 of MRSA Title 30-A or via a City Council vote, which may result in the execution of a Credit Enhancement Agreement (CEA). The CEA is a mechanism to assist the development project by returning all or a portion of the incremental property tax revenues generated by the new investment directly to the developer. Incremental taxes within a TIF that are not returned to the developer may be retained by the City to fund eligible local expenses.

For FY 2019, the City captured \$3,720,594 in incremental property taxes and dispersed \$354,583 in CEA payments to fourteen (14) developers. The remaining \$3,366,011 was applied to eligible local expenses. The following are the CEA payments that exceed ten (10) percent of the total CEA payments.

The City dispersed \$93,665 to Volunteers of America Northern New England to reimburse for investments for affordable elderly housing funded through the HUD 202 Program, which represents a 100% TIF.

The City dispersed \$50,947 to Peoples United Bank to reimburse for investments for the rehabilitation and conversion of a historic building into office space, which represents a 100% CEA.

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

OTHER INFORMATION, CONTINUED

C. Contingent Liabilities

In 2002, the City filed suit against Citizens Communications Company ("Citizens") to force a cleanup remediation of the contamination of the Penobscot River because of the inability to reach a settlement. Trial was held in the U. S. District Court for the District of Maine in September 2005. The Court issued an Order finding that Citizens' Communications Company is responsible for 60% of the remediation costs and the City is responsible for 40%. The City and Citizens Communications Company reached a settlement agreement that wherein Citizens Communication Company paid to the City \$7.625 million to be held in escrow and to be used towards payment of the cost related to the remediation of the contamination.

The parties also negotiated a Consent Decree with the Maine Department of Environmental Protection ("DEP") for the remediation to be done in stages. The City contracted with RMT of Madison, Wisconsin to perform the remediation and the first two stages of the remediation have been completed. The effectiveness of the remediation is monitored.

There now are discussions between the City, its consultants and the DEP to determine what, if any, additional remediation is necessary. It is anticipated that those discussions will be concluded in 2020.

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

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

D. Retirement

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

Defined Contribution Plan

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

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

OTHER INFORMATION, CONTINUED

Funding Policy – Plan members not covered by employment contracts are required to contribute 6.5% of their annual covered salary and the City is required to contribute either 8% or 10.5% depending upon the employee’s classification. For fiscal year 2019, covered payroll was \$21,122,263 and City contributions were \$1,531,355. For those plan members that have employment contracts, the City contributes at various rates from 10% - 15% of annual earnings. The covered payroll and City contributions for those employees with employment contracts were \$248,184 and \$34,657 respectively, in fiscal year 2019.

Defined Benefit Pension Plan

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

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

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

PLD Plan – Employees are required to contribute 8.0% of their annual pay. The City’s contractually required contribution rate for the year June 30, 2019 ranged from 10.0% - 16.3% depending on the applicable benefit structure. The City’s contributions to the pension plan were \$1,253,074 for the year ended June 30, 2019.

SET Plan – Maine statute requires the State to contribute a portion of the City’s contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City’s contractually required contribution rate for the year ended June 30, 2019 was 15.05% of annual payroll of which 3.97% of payroll was required from the City and 11.08% was required from the State. Contributions to the pension plan from the City were \$1,103,483 for the year ended June 30, 2019.

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

OTHER INFORMATION, CONTINUED

Pension Liabilities, Expense and Deferred Outflows and Inflows of Resources – The net pension liabilities were measured as of June 30, 2018, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City’s proportion of the net pension liabilities were based on projections of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan – At June 30, 2019, the City’s reported liability of its proportionate share of the net pension liability was \$3,647,271. At June 30, 2018, the City’s proportion of the PLD plan was 1.33269%.

SET Plan – At June 30, 2019, the City’s reported liability of its proportionate share of the net pension liability was reduced to reflect the State support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability associated with the City were as follows:

City’s proportionate share of the net pension liability	\$1,879,396
State’s proportionate share of the net pension liability	<u>27,470,793</u>
Total	<u>\$29,350,189</u>

At June 30, 2018, the City’s proportion of the SET Plan was .13927%.

For the year ended June 30, 2019, the City recognized pension expense of \$4,404,632 for the PLD Plan and \$4,898,056 of pension expense and revenue of \$3,079,745 for support provided by the State for the SET Plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to PLD Plan from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 28,640
Changes of assumptions	582,129	-
Net difference between projected and actual earnings on pension plan investments	-	880,672
Changes in proportion and differences between City contributions and proportionate share of contributions	-	868,424
City contributions subsequent to the measurement date	1,253,074	-
	<u>\$ 1,835,203</u>	<u>\$ 1,777,736</u>

\$1,253,074 is reported as deferred outflows of resources related to the PLD Plan resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PLD Plan will be recognized in pension expense as follows:

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

OTHER INFORMATION, CONTINUED

Year ended June 30:		
2020	\$	(225,587)
2021		(143,291)
2022		(599,116)
2023		(227,613)

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to SET Plan from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 57,400	\$ -
Changes of assumptions	118,218	-
Net difference between projected and actual earnings on pension plan investments	-	244,322
Changes in proportion and differences between City contributions and proportionate share of contributions	129,789	-
City contributions subsequent to the measurement date	1,103,483	-
	\$ 1,408,890	\$ 244,322

\$1,103,483 is reported as deferred outflows of resources related to the SET Plan resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SET Plan will be recognized in pension expense as follows:

Year ended June 30:		
2020	\$	243,011
2021		57,640
2022		(173,930)
2023		(65,636)

Actuarial assumptions - The total pension liabilities in the June 30, 2018 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	2.75%	2.75%
Salary increases, per year	2.75% to 9.0%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.750%	6.750%
Cost of living benefit increases, per annum	1.91%	2.20%

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

OTHER INFORMATION, CONTINUED

Mortality rates were based on the RP2014 Total Data Set for Healthy Annuitant Mortality Table for males and females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real Assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%
	<u>100.0%</u>	

Discount rate - The discount rate used to measure the total pension liability was 6.750% for both the PLD and SET Plans. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the City's proportionate share of the net pension liabilities to changes in the discount rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.750%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.750% for PLD and SET Plans) or 1 percentage-point higher (7.750% for PLD and SET Plans) than the current rate:

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

OTHER INFORMATION, CONTINUED

	1% Decrease (5.750%)	Current Discount Rate (6.750%)	1% Increase (7.750%)
PLD Plan	\$ 8,596,133	\$ 3,647,271	\$(978,558)
	1% Decrease (5.750%)	Current Discount Rate (6.750%)	1% Increase (7.750%)
SET Plan	\$ 3,473,122	\$ 1,879,396	\$ 552,078

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

Payables to the pension plan - None as of June 30, 2019.

Deferred Compensation Plan

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

Social Security

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

E. Other Postemployment Benefits (OPEB)

Description of the Plan – The City sponsors two post-retirement benefit plans providing group term life insurance to retiring employees. For municipal employees and certain School Department employees the City contributes to the Group Life Insurance Plan for Participating Local District (PLD) (hereafter referred to as the PLD OPEB Plan). Teachers also participate in the Group Term Life Insurance Plan for State Employees and Teachers (SET) (hereafter referred to as the SET OPEB Plan). Both plans are a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for each plan. MPERS issues financial reports that are publicly available at www.maineipers.org.

The City sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the City Health Plan). The plan is a single-employer defined benefit OPEB

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

OTHER INFORMATION, CONTINUED

plan administered by the City. The City Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

The City School Department sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the School Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (MEABT). The State Legislature has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Benefits Provided – Under both the PLD and SET OPEB Plans, MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Under the City Health Plan, CIGNA provides healthcare benefits for retirees and their dependents. Full-time City employees age 55 or older, with 5 years of service, and covered under the active medical plan are eligible to participate in the plan. Retirees that are designated in a plan pay 100% of the coverage premium. A Medicare Supplement plan is available for eligible retirees. For retirees without Medicare, coverage is available without a Medicare offset.

Employees Covered by Benefit Terms – At June 30, 2019, the following employees were covered by the City Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>416</u>
Total	<u><u>469</u></u>

Under the School Health Plan, MEABT provides healthcare insurance benefits for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State laws, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium rate for coverage selected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and or spouse.

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

OTHER INFORMATION, CONTINUED

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	271
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>455</u>
Total	<u><u>726</u></u>

Contributions – Premium rates for both the PLD and SET OPEB Plans are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims.

PLD OPEB Plan - The City is required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the PLD OPEB Plan from the City were \$31,989 for the year ended June 30, 2019. Employees are not required to contribute to the PLD OPEB Plan.

SET OPEB Plan - The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the SET OPEB Plan by the State of Maine on-behalf of the City were \$62,031 for the year ended June 30, 2019. Employers and employees are not required to contribute to the SET OPEB Plan.

City Health Plan – Contributions to the City Health Plan from the City were \$0.00 for the year ended June 30, 2019. Retirees are required to pay 100% of the premiums.

School Health Plan – Contributions to the School Health Plan from the City were \$0.00 for the year ended June 30, 2019. Premiums are paid 100% by the State and the retiree and or spouse.

OPEB Liabilities, Expense and Deferred Outflows and Inflows of Resources Related to OPEB – The net OPEB liabilities for both the PLD and SET OPEB Plans were measured as of June 30, 2018, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liabilities was based on a projection of the City's long-term share of contributions to the PLD and SET OPEB Plans relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan – At June 30, 2019, the City reported a liability of \$1,429,224 for its proportionate share of the net OPEB liability. At June 30, 2018, the City's proportion was 7.0750%.

SET OPEB Plan – At June 30, 2019, the City reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the City was \$679,803 as of June 30, 2019. At June 30, 2018, the City's proportion was 0.00%.

The City's total City Health Plan OPEB liability of \$8,769,075 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

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

OTHER INFORMATION, CONTINUED

	Total OPEB Liability
Balance at June 30, 2018	\$ 8,000,393
Changes for the year:	
Service costs	248,260
Interest	311,870
Changes in benefit terms	-
Changes in assumptions	350,297
Differences between expected and actual experience	241,872
Benefit payments	(383,617)
Net Changes	768,682
Balance at June 30, 2019	\$ 8,769,075

Change in assumptions reflects a change in the discount rate from 3.87% to 3.51%.

The City School Department's total OPEB liability of \$8,043,520 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

	Total OPEB Liability
Balance at June 30, 2018	\$ 8,314,590
Changes for the year:	
Service costs	41,698
Interest	294,863
Changes in assumptions	(365,749)
Benefit payments	(241,882)
Net Changes	(271,070)
Balance at June 30, 2019	\$ 8,043,520

Change in assumptions reflects a change in the discount rate from 3.58% to 3.87%.

For the year ended June 30, 2019, the City recognized OPEB gain of \$42,002 for the PLD OPEB Plan. For the year ended June 30, 2019, the City recognized OPEB expense of \$62,031 and also revenues of \$62,031 for support provided by the State related to the SET OPEB Plan. At June 30, 2019, the City reported no deferred outflows of resources or deferred inflows of resources related to the SET OPEB Plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 120,610	\$ -
Changes of assumptions	-	172,095
Net difference between projected and actual earnings on OPEB plan investments	-	75,003
Changes in proportion and differences between City contributions and proportionate share of contributions	-	117,453
Contributions subsequent to the measurement date	31,989	-
Total	\$ 152,599	\$ 364,551

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

OTHER INFORMATION, CONTINUED

\$31,989 is reported as deferred outflows of resources related to the PLD OPEB Plan resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2020	\$	(71,924)
2021		(71,924)
2022		(71,924)
2023		(57,764)
2024		29,595

For the year ended June 30, 2019, the City recognized an OPEB expense of \$366,089 related to the City Health Plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the City Health Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 989,109	\$ -
Changes of assumptions or other inputs	222,368	-
Total	\$ 1,211,477	\$ -

Deferred outflows of resources and deferred inflows of resources related to the City Health Plan will be recognized in OPEB expense as follows:

Year ended June 30:		
2020	\$	189,576
2021		189,576
2022		189,576
2023		189,576
2024		189,576
Thereafter		263,597

For the year ended June 30, 2019, The City School Department recognized an OPEB expense of \$12,870. At June 30, 2019, The City School Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 292,599
Contributions subsequent to the measurement date	250,541	-
Total	\$ 250,541	\$ 292,599

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

OTHER INFORMATION, CONTINUED

\$250,541 is reported as deferred outflows of resources related to the School Health Plan resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the School Health Plan will be recognized in OPEB expense as follows:

Year ended June 30:		
2020	\$	(73,150)
2021		(73,150)
2022		(73,150)
2023		(73,149)

Actuarial Assumptions – The total OPEB liabilities in the June 30, 2018 actuarial valuations for both the PLD and SET OPEB Plans were determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	PLD OPEB Plan	SET OPEB Plan
Inflation	2.75%	2.75%
Salary Increases	2.75%-9.00%	2.75%-14.50%
Investment rate of return	6.750%	6.750%

Mortality rates for each plan were based on the RP-2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, with adjustments ranging 104% to 120% based on actuarially determined demographic differences.

The actuarial assumptions used in the June 30, 2018 valuations for both the PLD and SET OPEB Plans were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on both the PLD and SET OPEB Plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) which are developed for each major class of assets. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.00%	6.00%
Real estate	5.00%	5.20%
Traditional credit	15.00%	3.00%
US Government securities	10.00%	2.30%
	100.00%	

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

OTHER INFORMATION, CONTINUED

The total OPEB liability in the June 30, 2019 actuarial valuation for the City Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75% per year
Payroll growth	2.75% plus merit and productivity increases
Discount rate	3.51% as of June 30, 2019
Health care cost trends	8.50%, decreasing 0.5% per year
Retirees' share of the benefit related costs	Retirees pay 100% of premiums

Mortality rates for the City Health Plan were based on the SOA RPH-2017 Total Dataset Headcount-weighted Mortality fully generational using Scale MP-2017.

The actuarial assumptions used in the June 30, 2019 valuation for the City Health Plan represent a reasonable long-term expectation of future OPEB outcomes.

The total OPEB liability in the June 30, 2018 actuarial valuation for the School Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Not reported
Salary increases	2.75% - 14.50% per year
Discount rate	3.87% per annum
Healthcare cost trend rates - Pre-Medicare	5.55% for 2018 grading over 15 years to 3.73%
Healthcare cost trend rates - Medicare	3.72% for 2018 grading over 15 years to 2.81%
Retirees' share of the benefit related costs	55% of the blended premium rate with a State subsidy for the remaining 45% of the blended premium rate

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

Discount Rate – The rate used to measure the total OPEB liability for the PLD OPEB Plan was 5.13% which is a blend of the assumed long-term expected rate of return of 6.75% and a municipal bond index rate of 3.87%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2018. Projections of the plan's fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2047. Therefore, the portion of the future projected benefit payments after 2047 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

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

OTHER INFORMATION, CONTINUED

The rate used to measure the total OPEB liability for the SET OPEB Plan was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The rate used to measure the net OPEB liability for the City Health Plan was 3.51% as of the end of the year based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

The rate used to measure the total OPEB liability for the School Health Plan was 3.87% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net PLD OPEB Plan liability calculated using the discount rate of 5.13%, as well as what the City's proportionate share of the net PLD OPEB Plan liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.13%) or 1 percentage-point higher (6.13%) than the current rate:

	1% Decrease 4.13%	Discount Rate 5.13%	1% Increase 6.13%
Net OPEB liability	\$ 1,888,220	\$ 1,429,224	\$ 1,067,338

Sensitivity of the City's proportionate share of the net SET OPEB Plan liability to the changes in the discount rate are not presented as the City does not have any liability related to this plan given that the SET OPEB Plan is 100% funded by contributions from the State of Maine.

Sensitivity of the Total City Health Plan OPEB Liability and Total School Health Plan OPEB Liability to Changes in the Discount Rate – The following presents the City's total OPEB liability related to the City Health Plan calculated using the discount rate of 3.51%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.51%) or 1 percentage-point higher (4.51%) than the current rate:

	1% Decrease 2.51%	Discount Rate 3.51%	1% Increase 4.51%
Total OPEB liability	\$ 9,876,044	\$ 8,769,075	\$ 7,849,527

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

OTHER INFORMATION, CONTINUED

The following presents the City School Department's total OPEB liability related to the School Health Plan calculated using the discount rate of 3.87%, as well as what the Department's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.87%) or 1 percentage-point higher (4.87%) than the current rate:

	1% Decrease 2.87%	Discount Rate 3.87%	1% Increase 4.87%
Total OPEB liability	\$ 9,413,853	\$ 8,043,520	\$ 6,948,030

Sensitivity of the Total City Health Plan OPEB Liability and Total School Health Plan Liability to Changes in the Healthcare Cost Trend Rates – The following presents the City's total OPEB liability related to the City Health Plan calculated using the healthcare cost trend rates of 8.50% decreasing 0.5% per year, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (7.50% decreasing 0.5% per year) or 1 percentage-point higher (9.50% decreasing 0.5% per year) than the current healthcare cost trend rates:

	1% Decrease 7.50% decreasing 0.5% per year	Healthcare Cost Trend Rates 8.50% decreasing 0.5% per year	1% Increase 9.50% decreasing 0.5% per year
Total OPEB liability	\$ 8,250,220	\$ 8,769,075	\$ 9,380,690

The following presents the City School Department's total OPEB liability related to the School Health Plan calculated using the healthcare cost trend rates, as well as what the Department's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 6,897,454	\$ 8,043,520	\$ 9,475,317

OPEB Plan Fiduciary Net Position – Detailed information about both the PLD and SET OPEB Plan's fiduciary net positions are available in a separately issued MPERS financial report.

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

OTHER INFORMATION, CONTINUED

F. Subsequent Events

On August 12, 2019, the City Council authorized the issuance of up to \$3,913,000 in general obligation bonds for the purpose of funding street work, the City's annual fleet/equipment replacement, building improvements and WWTP infrastructure. In addition, the City Council authorized the issuance of up to \$15,775,000 in general obligation bonds through the Maine Municipal Bond Bank State Revolving Fund to finance sewer infrastructure improvements.

On August 12, 2019, the City Council authorized the issuance of up to \$6,000,000 in general obligation bonds to rehabilitate City Hall and replace/upgrade building-wide systems. Under Article VIII. Section 19(a)(1) of the City Charter, this authorization must be ratified by the voters of the City of Bangor. The item appeared on the November 5, 2019 City referendum ballot and was passed by the voters.

G. Restatement

For the fiscal year ended June 30, 2019, the City implemented *Statement No. 75 of the Governmental Accounting Standards Board – Accounting and Financial Reporting for Post-employment Benefits Other than Pensions* in regards to the School Department's single-employer defined benefit health plan for retirees administered by the Maine Education Association Benefits Trust (MEABT). As a result of implementing GASB Statement No. 75, the City has restated beginning net position in Exhibit 2 – Statement of Activities to account for the additional OPEB liability calculated under the pronouncement, which effectively decreased the City's net position for Governmental Activities as of June 30, 2018 by \$8,072,708.

CITY OF BANGOR, MAINE
Required Supplementary Information
Schedule of Changes in the Total City Health Plan OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Costs	\$ 248,260	\$ 236,094
Interest	311,870	249,384
Changes of benefit terms	-	-
Changes of assumptions	350,297	(112,190)
Differences between expected and actual experience	241,872	1,036,629
Benefit payments	(383,617)	(276,505)
Net change in total OPEB liability	<u>768,682</u>	<u>1,133,412</u>
Total OPEB liability - beginning of year	8,000,393	6,866,981
Total OPEB liability - end of year	<u>\$ 8,769,075</u>	<u>\$ 8,000,393</u>
Covered payroll	\$ 24,032,180	\$ 23,057,983
Total OPEB liability as a percentage of covered employee payroll	<u>36.49%</u>	<u>34.70%</u>

Only two years have been presented because 2018 was the year GASB Statement 75 was implemented.

CITY OF BANGOR, MAINE
Required Supplementary Information
Schedule of Changes in the Total School Health Plan OPEB Liability and
Related Ratios
For the Fiscal Year Ended June 30, 2019

	2019
Total OPEB Liability	
Service Costs	\$ 41,698
Interest	294,863
Changes of benefit terms	-
Changes of assumptions	(365,749)
Differences between expected and actual experience	-
Benefit payments	(241,882)
Net change in total OPEB liability	(271,070)
Total OPEB liability - beginning of year	8,314,590
Total OPEB liability - end of year	\$ 8,043,520
Covered payroll	\$ 21,842,057
Total OPEB liability as a percentage of covered employee payroll	36.83%

Only one year has been presented because 2019 was the year GASB Statement 75 was implemented for the School Health Plan.

CITY OF BANGOR, MAINE
Required Supplementary Information
Schedule of City's Proportionate Share of the Net OPEB Liability
For the Fiscal Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>
PLD OPEB Plan		
City's proportion of the net OPEB liability	7.08%	7.42%
City's proportionate share of net OPEB liability	\$ 1,429,224	\$ 1,241,184
City's covered payroll	15,785,764	15,156,532
City's proportionate share of net OPEB liability as a percentage of covered employee payroll	9.05%	8.19%
Plan fiduciary net position as a percentage of the OPEB liability	43.92%	47.42%
SET OPEB Plan		
City's proportion of the net OPEB liability	0.00%	0.00%
City's proportionate share of net OPEB liability	\$ -	\$ -
State's proportionate share of net OPEB liability associated with the City	679,803	659,610
Total	<u>\$ 679,803</u>	<u>\$ 659,610</u>
Plan fiduciary net position as a percentage of the OPEB liability	48.04%	47.29%

Only two years have been presented because 2018 was the year GASB Statement 75 was implemented.

CITY OF BANGOR, MAINE
Required Supplementary Information
Schedule of City's OPEB Contributions
For the Fiscal Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>
PLD OPEB Plan		
Contractually required contribution	\$ 31,989	\$ 29,765
Contributions in relation to the contractually required contribution	(31,989)	(29,765)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 16,201,857	\$ 15,785,764
Contributions as a percentage of covered employee payroll	0.20%	0.19%

Only two years have been presented because 2018 was the year GASB Statement 75 was implemented.

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

	2015	2016	2017	2018	2019
PLD Plan					
Proportion of the net pension liability	2.2584%	1.9745%	1.6638%	1.4542%	1.3327%
Proportionate share of the net pension liability	3,475,288	6,299,478	8,840,254	5,954,157	3,647,271
Covered payroll	10,645,005	9,799,964	8,662,976	7,963,681	7,528,843
Proportion share of the net pension liability as a percentage of its covered payroll	32.65%	64.28%	102.05%	74.77%	48.44%
Plan fiduciary net position as a percentage of the total pension liability	94.10%	88.27%	81.61%	86.43%	91.10%
SET Plan					
Proportion of the net pension liability	0.0936%	0.1096%	0.1200%	0.1315%	0.1393%
City's proportionate share of the net pension liability	\$1,011,232	\$1,479,608	\$2,120,647	\$1,909,853	\$1,879,396
State's proportionate share of the net pension liability	22,516,392	28,378,344	35,661,692	29,009,028	27,470,793
Total	<u>23,527,624</u>	<u>29,857,952</u>	<u>37,782,339</u>	<u>30,918,881</u>	<u>29,350,189</u>
Covered payroll	24,415,639	25,212,217	25,111,931	25,731,918	26,702,523
Proportion share of the net pension liability as a percentage of its covered payroll	4.14%	5.87%	8.44%	7.42%	7.04%
Plan fiduciary net position as a percentage of the total pension liability	83.91%	81.18%	76.21%	83.35%	82.90%

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
PLD Plan										
Contractually required contributions	474,008	584,306	724,134	769,519	782,913	807,117	779,134	745,366	740,057	1,253,074
Contributions in relation to the contractually required contribution	474,008	584,306	724,134	769,519	782,913	807,117	779,134	745,366	740,057	1,253,074
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	14,731,041	14,777,273	13,201,233	11,867,248	10,645,005	9,799,964	8,662,976	7,963,681	7,528,843	12,116,999
Contributions as a percentage of covered payroll	3.22%	3.95%	5.49%	6.48%	7.35%	8.24%	8.99%	9.36%	9.83%	10.34%
SET Plan*										
Contractually required contributions	-	-	-	-	647,014	668,126	843,679	865,039	1,060,090	1,103,483
Contributions in relation to the contractually required contribution	-	-	-	-	647,014	668,126	843,679	865,039	1,060,090	1,103,483
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	-	-	-	-	24,415,639	25,212,217	25,111,931	25,731,918	26,702,523	27,795,537
Contributions as a percentage of covered payroll	-	-	-	-	2.65%	2.65%	3.36%	3.36%	3.97%	3.97%

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

CITY OF BANGOR, MAINE
Notes to Required Supplementary Information
June 30, 2019

Net Pension Liability

Change of benefit terms - None

Changes of assumptions -

The PLD and SET net pension changed the discount rate from 6.875% in the 2016 valuation to 6.75% in the 2018 valuation.

The PLD Plan decreased the COLA assumption from 2.20% in the 2016 valuation to 1.91% in the 2018 valuation.

The PLD and SET OPEB Plans changed the discount rate from 7.125%, the inflation rate of 3.5% and the cost of living increase of 2.55% in the 2015 valuation to 6.875%, 2.75% and 2.20%, respectively in the 2016 valuation. The PLD OPEB Plan changed the salary increases in the 2015 valuation from 3.5% - 9.5% to 2.75% - 9.0% in the 2016 valuation. The SET OPEB plan changed the salary increases in the 2015 valuation from 3.5% - 13.5% to 2.75% - 14.5% in the 2016 valuation. In addition, the mortality rates were previously based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA, which, in the 2016 valuation was changed to mortality rates that were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table.

The PLD OPEB Plan changed the discount rate from 7.25% in the 2014 valuation to 7.125% in the 2015 valuation. The PLD OPEB Plan also changed the cost of living benefits increase from 3.12% in the 2014 valuation to 2.55% in the 2015 valuation.

The SET OPEB Plan changed the discount rate from 7.25% in the 2013 valuation to 7.125% in the 2014 valuation.

Net OPEB Liability

Change of benefit terms - None

Changes of assumptions -

The PLD plan reduced the blended discount rate from 5.41% in the 2017 valuation to 5.13% in the 2018 valuation.

The SET plan reduced the discount rate from 6.875% in the 2017 valuation to 6.75% in the 2018 valuation.

CITY OF BANGOR, MAINE
Notes to Required Supplementary Information (con't)
June 30, 2019

Total OPEB Liability - City Health Plan

Change of benefit terms - None

Changes of assumptions -

Under the Health Plan, numerous assumptions and other inputs reflect the changes in the discount rate each period. The following are the discount rates used each period:

	2019	2018	2017
Discount rate	0.0351	0.0387	0.0358

The valuation method was changed from Projected Unit Credit with linear proration to decrement in the 2017 valuation to Entry Age Normal Level % of Salary in the 2018 valuation.

Mortality assumptions have been updated from RPH-2015 Total Dataset Mortality Table fully generational using scale MP-2015 in the 2017 valuation to RPH-2017 Total Dataset Mortality Table generational using scale MP-2017 in the 2018 valuation.

For the 2018 valuation, Health care cost trend rates have been reset to an initial trend of 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0%

Total OPEB Liability - School Health Plan

Change of benefit terms - None

Changes of assumptions -

Under the Health Plan, numerous assumptions and other inputs reflect the changes in the discount rate each period. The following are the discount rates used each period:

	2018	2017
Discount rate	0.0387	0.0358

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GENERAL FUND

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



CITY OF BANGOR

CITY OF BANGOR, MAINE
Balance Sheet
General Fund
June 30, 2019

ASSETS		
Cash and cash equivalents	\$	22,269,687
Investments		50,000
Receivables:		
Taxes		2,087,465
Accounts (net of allowance of \$533,530)		715,331
Interfund		1,877,830
Intergovernmental		6,083,214
Inventory, at cost		658,707
Prepaid items		645,176
Total assets	\$	34,387,410
LIABILITIES		
Accounts payable	\$	1,535,401
Accrued wages and benefits payable		4,801,728
Total liabilities		6,337,129
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues - property taxes		1,910,609
Total deferred inflows of resources		1,910,609
FUND BALANCES		
Nonspendable		3,204,383
Restricted		299,252
Committed		233,988
Assigned		9,296,241
Unassigned - City		13,403,958
Unassigned - School		(298,150)
Total fund balance		26,139,672
Total liabilities, deferred inflows of resources and fund balances	\$	34,387,410

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Changes in Unassigned
Fund Balance - Budget and Actual - Budgetary Basis
General Fund
For the Fiscal Year Ended June 30, 2019

	Balances			Variance	
	Carried 7/1/2018	Budget	Actual	Surplus	Carried
Revenues					
Taxes					
Real and personal property	\$ -	\$ 58,827,355	\$ 58,876,881	\$ 49,526	\$ -
Change in unavailable property tax	-	-	(290,970)	(290,970)	-
Tax increment financing district	-	(2,816,512)	(2,807,503)	9,009	-
Payment in lieu of taxes	-	249,150	290,489	41,339	-
Excise	-	5,925,500	6,876,000	950,500	-
Interest on delinquent taxes	-	225,000	199,737	(25,263)	-
Total taxes	-	62,410,493	63,144,634	734,141	-
Intergovernmental					
State revenue sharing	-	2,480,000	2,554,332	74,332	-
School subsidy	-	18,180,865	18,257,329	-	76,464
Other -					
Municipal	-	4,741,303	4,680,513	(92,790)	32,000
School	-	4,521,056	5,789,463	-	1,268,407
Total intergovernmental	-	29,923,224	31,281,637	(18,458)	1,376,871
Other revenue					
Licenses and permits	-	622,143	741,027	118,884	-
Charges for service -					
Municipal	-	8,396,146	7,313,905	(1,082,241)	-
School	-	5,740,195	6,476,809	-	736,614
Fines, forfeits and penalties	-	23,000	22,364	(636)	-
Revenue from use of money and property					
Municipal	-	815,640	1,121,704	306,064	-
Total other revenue	-	15,597,124	15,675,809	(657,929)	736,614
Total revenues	-	107,930,841	110,102,080	57,754	2,113,485

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Changes in Unassigned
Fund Balance - Budget and Actual - Budgetary Basis
General Fund
For the Fiscal Year Ended June 30, 2019

	Balances			Variance	
	Carried 7/1/2018	Budget	Actual	Surplus	Carried
Expenditures					
General government					
Council	-	34,051	32,531	1,520	-
Executive	-	662,047	659,745	2,302	-
Public Transportation	95,000	651,669	711,140	(59,471)	95,000
City clerk	-	401,462	384,253	17,209	-
Assessing	-	415,088	386,068	420	28,600
Legal	-	284,335	264,174	20,161	-
Finance	-	1,871,734	1,769,174	102,560	-
Insurance	-	225,000	177,746	47,254	-
Planning, econ dev, code enforcement	-	1,350,019	1,273,317	76,702	-
Total general government	95,000	5,895,405	5,658,148	208,657	123,600
Public safety					
Police	-	9,500,157	9,303,099	127,058	70,000
Fire	6,583	9,804,963	9,991,698	(184,780)	4,628
Total public safety	6,583	19,305,120	19,294,797	(57,722)	74,628
Health, community services and recreation					
Health and community services	-	3,265,713	2,674,972	590,741	-
Parks and recreation	-	2,168,334	2,175,624	(7,290)	-
Total health, commun. serv and rec.	-	5,434,047	4,850,596	583,451	-
Public services	-	11,183,346	9,679,490	1,503,856	-

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Changes in Unassigned
Fund Balance - Budget and Actual - Budgetary Basis
General Fund
For the Fiscal Year Ended June 30, 2019

	Balances			Variance	
	Carried 7/1/2018	Budget	Actual	Surplus	Carried
Expenditures, continued					
Other agencies					
County tax	-	3,587,935	3,587,935	-	-
Downtown Development District	-	63,438	63,438	-	-
Public library	-	1,380,189	1,380,189	-	-
Other agencies	16,733	115,370	127,692	651	3,760
Total other agencies	16,733	5,146,932	5,159,254	651	3,760
Education					
Regular instruction	-	20,654,111	20,327,834	-	-
Special education	-	7,733,949	7,670,038	-	-
Instructional support	-	4,170,092	3,997,989	-	-
System administration	-	1,194,877	1,194,200	-	-
CTE instruction	-	20,000	17,259	-	-
School administration	-	2,581,911	2,488,234	-	-
Facilities maintenance	-	5,110,858	5,090,309	-	-
Transportation	-	2,040,000	2,018,388	-	-
Other instruction	-	1,431,384	1,353,917	-	-
Debt service	-	1,506,948	1,476,380	-	-
Contingency & other	-	116,807	114,302	-	-
Regular	1,920,176	46,560,937	45,748,850	-	2,732,263
Adult education	223,003	657,759	549,965	-	330,797
School lunch	154,844	1,470,150	1,515,468	-	109,526
Special revenue	112,922	3,037,366	4,091,585	-	(941,297)
Trust and agency	375,184	3,091,000	3,346,236	-	119,948
Total education	2,786,129	54,817,212	55,252,104	-	2,351,237
Other appropriations					
Pensions and other fringe benefits	-	2,489,417	2,470,347	19,070	-
Debt service	-	3,394,359	3,218,495	175,864	-
Tax increment financing payments	-	916,508	913,091	3,417	-
Total other appropriations	-	6,800,284	6,601,933	198,351	-
Total expenditures	2,904,445	108,582,346	106,496,322	2,437,244	2,553,225
Excess (deficiency) of revenues over/under expenditures	(2,904,445)	(651,505)	3,605,758	2,494,998	4,666,710

CITY OF BANGOR, MAINE
Schedule of Revenues, Expenditures and Changes in Unassigned
Fund Balance - Budget and Actual - Budgetary Basis
General Fund
For the Fiscal Year Ended June 30, 2019

	Balances			Variance	
	Carried 7/1/2018	Budget	Actual	Surplus	Carried
Other financing sources (uses)					
Appropriation from restricted, committed and assigned fund balances	-	1,344,504	7,480	-	(1,337,024)
Appropriation from unassigned fund balance	-	86,992	-	(86,992)	-
Appropriation to assigned fund balances	-	-	(1,855,700)	(1,855,700)	-
Sale of assets	-	60,000	53,761	(6,239)	-
Contributions	-	7,500	3,610	(3,890)	-
Insurance settlements	-	27,500	45,242	17,742	-
Transfers to other funds	-	(901,991)	(1,901,991)	(1,000,000)	-
Transfers from other funds	-	27,000	2,114	(24,886)	-
Total other financing sources (uses)	-	651,505	(3,645,484)	(2,959,965)	(1,337,024)
Net change in unassigned fund balance	\$ (2,904,445)	\$ -	\$ (39,726)	\$ (464,967)	\$ 3,329,686
Unassigned fund balance, beginning of year				14,064,283	
Changes in amounts required to be shown as nonspendable fund balance					
Inventory and prepaids				(195,358)	
Unassigned fund balance - City, end of year				\$ 13,403,958	

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

Permanent 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.

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CITY OF BANGOR, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,664,453	\$ -	\$ 1,664,453
Investments	-	136,815	136,815
Receivables:			
Accounts	684,276	-	684,276
Interfund	1,000	-	1,000
Loans and notes	4,369,950	923,577	5,293,527
Intergovernmental	187,174	-	187,174
Total assets	\$ 6,906,853	\$ 1,060,392	\$ 7,967,245
LIABILITIES			
Accounts payable	\$ 56,859	\$ -	\$ 56,859
Accrued wages and benefits payable	4,550	-	4,550
Interfund loans payable	178,830	-	178,830
Unearned revenues	49,816	-	49,816
Due to rehabilitation recipients	2,019	-	2,019
Total liabilities	292,074	-	292,074
FUND BALANCES			
Nonspendable	-	518,144	518,144
Restricted	5,802,845	542,248	6,345,093
Committed	811,934	-	811,934
Total fund balances	6,614,779	1,060,392	7,675,171
Total liabilities and fund balances	\$ 6,906,853	\$ 1,060,392	\$ 7,967,245

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues			
Intergovernmental	\$ 7,577,427	\$ -	7,577,427
Charges for services	758,307	-	758,307
Program income	11,006	-	11,006
Revenue from use of money and property	2,275,882	-	2,275,882
Other revenue	283,779	300	284,079
Interest revenue	-	43,970	43,970
Total revenues	10,906,401	44,270	10,950,671
Expenditures			
Current:			
Personnel	1,437,193	-	1,437,193
Payments to beneficiaries	53,523	4,633	58,156
Other	3,065,623	-	3,065,623
Restricted grant	684,043	-	684,043
Bus operations	3,364,420	-	3,364,420
Debt service	130,538	-	130,538
Total expenditures	8,735,340	4,633	8,739,973
Excess of revenues over expenditures	2,171,061	39,637	2,210,698
Other financing (uses)			
Transfers to other funds	(2,035,281)	(15,000)	(2,050,281)
Total other financing uses	(2,035,281)	(15,000)	(2,050,281)
Net change in fund balances	135,780	24,637	160,417
Fund balances, beginning of year	6,478,999	1,035,755	7,514,754
Fund balances, end of year	\$ 6,614,779	\$ 1,060,392	\$ 7,675,171

CITY OF BANGOR, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	Other HUD Funds	Community Development Block Grant	Arena Fund	Grant Fund	Dedicated Revenue Funds	Other	Totals
ASSETS							
Cash and cash equivalents	\$ 271,164	\$ 568	\$ 228,076	\$ 2,811	748,429	\$ 413,405	\$ 1,664,453
Receivables:							
Accounts	-	-	562,970	121,306	-	-	684,276
Interfund loans	1,000	-	-	-	-	-	1,000
Loans and notes	160,000	3,983,828	-	-	121,129	104,993	4,369,950
Intergovernmental	-	66,575	21,032	99,567	-	-	187,174
Total assets	\$ 432,164	\$ 4,050,971	\$ 812,078	\$ 223,684	\$ 869,558	\$ 518,398	\$ 6,906,853
LIABILITIES							
Accounts payable	\$ -	\$ 14,400	\$ 144	\$ 18,898	\$ -	\$ 23,417	\$ 56,859
Accrued wages and benefits payable	-	4,550	-	-	-	-	4,550
Interfund loans payable	-	1,000	-	177,830	-	-	178,830
Unearned revenues	-	49,816	-	-	-	-	49,816
Due to rehabilitation recipients	-	2,019	-	-	-	-	2,019
Total liabilities	-	71,785	144	196,728	-	23,417	292,074
FUND BALANCES							
Restricted	432,164	3,979,186	-	26,956	869,558	494,981	5,802,845
Committed	-	-	811,934	-	-	-	811,934
Total fund balances	432,164	3,979,186	811,934	26,956	869,558	494,981	6,614,779
Total liabilities and fund balances	\$ 432,164	\$ 4,050,971	\$ 812,078	\$ 223,684	\$ 869,558	\$ 518,398	\$ 6,906,853

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2019

	Other HUD Funds	Community Development Block Grant	Arena Fund	Grant Fund	Dedicated Revenue Funds	Other	Totals
Revenues							
Intergovernmental	\$ -	\$ 543,137	\$ -	\$ 7,034,290	\$ -	\$ -	7,577,427
Charges for services	-	-	-	758,307	-	-	758,307
Program income	-	11,006	-	-	-	-	11,006
Revenue from use of money and property	-	-	2,212,753	-	60,804	2,325	2,275,882
Other	-	12,200	-	161,619	1,645	108,315	283,779
Total revenues	-	566,343	2,212,753	7,954,216	62,449	110,640	10,906,401
Expenditures							
Current:							
Personnel	-	-	-	1,437,193	-	-	1,437,193
Payments to beneficiaries	-	-	-	-	14	53,509	53,523
Other	2,374	-	14,961	3,048,288	-	-	3,065,623
Restricted grant	-	684,043	-	-	-	-	684,043
Bus operations	-	-	-	3,364,420	-	-	3,364,420
Debt service	-	37,503	-	93,035	-	-	130,538
Total expenditures	2,374	721,546	14,961	7,942,936	14	53,509	8,735,340
Excess (deficiency) of revenues over (under) expenditures	(2,374)	(155,203)	2,197,792	11,280	62,435	57,131	2,171,061
Other financing (uses)							
Transfers to other funds	-	-	(1,783,437)	-	(2,114)	(249,730)	(2,035,281)
Total other financing uses	-	-	(1,783,437)	-	(2,114)	(249,730)	(2,035,281)
Net change in fund balances	(2,374)	(155,203)	414,355	11,280	60,321	(192,599)	135,780
Fund balances, beginning of year	434,538	4,134,389	397,579	15,676	809,237	687,580	6,478,999
Fund balances, end of year	\$ 432,164	\$ 3,979,186	\$ 811,934	\$ 26,956	\$ 869,558	\$ 494,981	\$ 6,614,779

CITY OF BANGOR, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2019

	Other Funds	Revolving Loan Funds	Totals
ASSETS			
Investments	\$ -	\$ 136,815	\$ 136,815
Loans receivable	923,577	-	923,577
Total assets	\$ 923,577	\$ 136,815	\$ 1,060,392
FUND BALANCES			
Nonspendable	\$ 381,329	\$ 136,815	\$ 518,144
Restricted	542,248	-	542,248
Total fund balances	923,577	136,815	1,060,392
Total fund balances	\$ 923,577	\$ 136,815	\$ 1,060,392

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the Fiscal Year Ended June 30, 2019

	Other Funds	Revolving Loan Funds	Totals
Revenues			
Investment income	\$ 34,236	\$ 9,734	\$ 43,970
Lot sales	300	-	300
Total revenues	34,536	9,734	44,270
Expenditures			
Current:			
Payments to beneficiaries	124	4,509	4,633
Total expenditures	124	4,509	4,633
Excess of revenues over expenditures	34,412	5,225	39,637
Other financing uses			
Transfer to other funds	(15,000)	-	(15,000)
Total other financing uses	(15,000)	-	(15,000)
Net change in fund balances	19,412	5,225	24,637
Fund balances, beginning of year	904,165	131,590	1,035,755
Fund balances, end of year	\$ 923,577	\$ 136,815	\$ 1,060,392

ENTERPRISE FUNDS

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

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

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

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

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

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

CITY OF BANGOR

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CITY OF BANGOR, MAINE
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2019

Business-type Activities - Enterprise Funds

	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 1,773,002	\$ 821,649	\$ 870,516	\$ 462,836	\$ 3,928,003
Accounts receivable	407,844	32,487	-	-	440,331
Prepaid items	4,315	20,561	92,442	10,358	127,676
Total current assets	2,185,161	874,697	962,958	473,194	4,496,010
Noncurrent assets					
Capital assets:					
Land and improvements	-	3,413,627	-	1,594,732	5,008,359
Buildings and improvements	-	3,674,723	-	912,607	4,587,330
Machinery and equipment	247,398	-	-	408,187	655,585
Infrastructure	-	683,189	-	-	683,189
Parking structures	-	-	11,372,837	-	11,372,837
Construction in process	-	204	-	-	204
Total capital assets	247,398	7,771,743	11,372,837	2,915,526	22,307,504
Less accumulated depreciation	(57,726)	(2,372,931)	(9,976,849)	(2,179,342)	(14,586,848)
Net capital assets	189,672	5,398,812	1,395,988	736,184	7,720,656
Loans receivable	-	1,321,883	-	-	1,321,883
Total noncurrent assets	189,672	6,720,695	1,395,988	736,184	9,042,539
Total assets	\$ 2,374,833	\$ 7,595,392	\$ 2,358,946	\$ 1,209,378	\$ 13,538,549
DEFERRED OUTFLOWS OF RESOURCES					
Net OPEB	\$ 8,343	\$ -	\$ 523	\$ 7,835	\$ 16,701
Net pension	-	-	1,806	-	1,806
Total deferred outflows of resources	\$ 8,343	\$ -	\$ 2,329	\$ 7,835	\$ 18,507

Continued on next page

CITY OF BANGOR, MAINE
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2019

Business-type Activities - Enterprise Funds

	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
LIABILITIES					
Current liabilities					
Accounts payable	\$ 124,462	\$ 1,546	\$ 59,542	\$ 8,799	\$ 194,349
Accrued wages and benefits payable	5,325	-	-	12,780	18,105
Accrued interest	-	33,401	4,218	1,393	39,012
General obligation debt payable	74,133	263,659	238,643	35,205	611,640
Capital lease obligation payable	-	-	-	12,576	12,576
Accrued compensated absences	-	-	-	16,666	16,666
Total current liabilities	203,920	298,606	302,403	87,419	892,348
Long-term liabilities					
General obligation debt payable	692,889	1,436,924	347,603	221,058	2,698,474
Capital lease obligation payable	-	-	-	26,688	26,688
Accrued compensated absences	-	-	-	9,428	9,428
Net OPEB obligation	32,933	-	25,202	57,677	115,812
Net pension liability	-	-	3,647	-	3,647
Total long-term liabilities	725,822	1,436,924	376,452	314,851	2,854,049
Total liabilities	\$ 929,742	\$ 1,735,530	\$ 678,855	\$ 402,270	\$ 3,746,397
DEFERRED INFLOWS OF RESOURCES					
Net pension	\$ -	\$ -	\$ 1,778	\$ -	\$ 1,778
Total deferred inflows of resources	\$ -	\$ -	\$ 1,778	\$ -	\$ 1,778
NET POSITION					
Net investment in capital assets	\$ 189,672	\$ 3,698,229	\$ 917,068	\$ 497,650	\$ 5,302,619
Unrestricted	1,263,762	2,161,633	763,574	317,293	4,506,262
Total net position	\$ 1,453,434	\$ 5,859,862	\$ 1,680,642	\$ 814,943	\$ 9,808,881

Continued from previous page

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				
	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Operating revenues					
Charges for services	\$ 1,289,953	\$ 402,728	\$ 947,136	\$ 649,698	\$ 3,289,515
Operating expenses					
Operating expenses other than depreciation	885,121	234,787	570,509	623,678	2,314,095
Depreciation	16,493	157,195	275,079	77,398	526,165
Total operating expenses	901,614	391,982	845,588	701,076	2,840,260
Operating income (loss)	388,339	10,746	101,548	(51,378)	449,255
Nonoperating revenue (expenses)					
Interest income	74,953	62,717	12,856	6,616	157,142
Interest expense	-	(85,084)	(26,914)	(10,372)	(122,370)
Total nonoperating revenue (expenses)	74,953	(22,367)	(14,058)	(3,756)	34,772
Net income (loss) before transfers	463,292	(11,621)	87,490	(55,134)	484,027
Transfers to other funds	(401,974)	-	(58,750)	-	(460,724)
Transfers from other funds	90,000	23,436	-	-	113,436
Change in net position	151,318	11,815	28,740	(55,134)	136,739
Net position, beginning of year	1,302,116	5,848,047	1,651,902	870,077	9,672,142
Net position, end of year	\$ 1,453,434	\$ 5,859,862	\$ 1,680,642	\$ 814,943	\$ 9,808,881

CITY OF BANGOR, MAINE
Combining Statement of Cash Flows - Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2019

Business-type Activities - Enterprise Funds					
	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Cash flows from operating activities					
Cash received from customers	\$ 1,295,243	\$ 424,162	\$ 947,136	\$ 649,698	\$ 3,316,239
Cash paid to suppliers for goods and services	(542,353)	(236,399)	(354,600)	(278,212)	(1,411,564)
Cash paid to employees for services	(245,539)	-	(271,053)	(351,243)	(867,835)
Net cash provided by operating activities	507,351	187,763	321,483	20,243	1,036,840
Cash flows from noncapital financing activities					
Transfers in	90,000	23,436	-	-	113,436
Transfers out	(401,974)	-	(58,750)	-	(460,724)
Net cash provided by (used for) noncapital financing activities	(311,974)	23,436	(58,750)	-	(347,288)
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	308,167	(204)	-	-	307,963
Principal paid on general obligation bonds/capital leases	(74,133)	(253,760)	(235,818)	(47,677)	(611,388)
Interest paid on general obligation bonds/capital leases	-	(89,663)	(28,653)	(10,564)	(128,880)
Net cash provided by (used for) capital and related financing activities	234,034	(343,627)	(264,471)	(58,241)	(432,305)
Cash flows from investing activities					
Interest on investments	74,953	62,717	12,856	6,616	157,142
Loan repayments	-	22,368	-	-	22,368
Net cash provided by investing activities	74,953	85,085	12,856	6,616	179,510
Net increase (decrease) in cash and cash equivalents	504,364	(47,343)	11,118	(31,382)	436,757
Cash and cash equivalents, beginning of year	1,268,638	868,992	859,398	494,218	3,491,246
Cash and cash equivalents, end of year	\$ 1,773,002	\$ 821,649	\$ 870,516	\$ 462,836	\$ 3,928,003

Schedule of noncash investing, capital and financing activities:

During the year, the Golf Course entered into a capital lease in the amount of \$62,975 to partially finance the acquisition of capital assets.

Continued on next page

CITY OF BANGOR, MAINE
Combining Statement of Cash Flows - Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2019

Business-type Activities - Enterprise Funds

	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 388,339	\$ 10,746	\$ 101,548	\$ (51,378)	\$ 449,255
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	16,493	157,195	275,079	77,398	526,165
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	5,290	4,985	-	-	10,275
(Increase) decrease in prepaid items	(812)	16,449	(25,434)	(2,414)	(12,211)
Increase (decrease) in accounts payable	95,240	(1,612)	27,693	(10,131)	111,190
Increase (decrease) in other liabilities	2,801	-	(57,403)	6,768	(47,834)
Total adjustments	119,012	177,017	219,935	71,621	587,585
Net cash provided by operating activities	\$ 507,351	\$ 187,763	\$ 321,483	\$ 20,243	\$ 1,036,840

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FIDUCIARY FUNDS

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

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



CITY OF BANGOR

CITY OF BANGOR, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS				
Cash and cash equivalents:				
School Activity Funds	\$ 132,803	\$ 183,439	\$ 178,576	\$ 137,666
Total assets	132,803	183,439	178,576	137,666
LIABILITIES				
Amounts held for others:				
School Activity Funds	132,803	183,439	178,576	137,666
Total liabilities	\$ 132,803	\$ 183,439	\$ 178,576	\$ 137,666

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



CITY OF BANGOR

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CITY OF BANGOR, MAINE
Capital Assets Used in the Operation of Governmental Funds
(net of accumulated depreciation)
Schedule of Changes by Function and Activity
For the Fiscal Year Ended June 30, 2019

Function and Activity	Balance 2018	Additions	Deletions	Balance 2019
General government				
Community Connector	\$ 2,641,068	\$ 1,425,284	\$ 419,790	\$ 3,646,562
Central service	12,492	-	2,421	10,071
City hall	516,896	340,297	176,806	680,387
Community and economic development	8,595,621	573,334	916,855	8,252,100
Engineering	631	-	631	-
Information services	261,004	-	46,534	214,470
Motor pool	3,757,200	339,392	562,009	3,534,583
Total general government	15,784,912	2,678,307	2,125,046	16,338,173
Public safety				
Fire	5,248,868	259,125	437,408	5,070,585
Police	8,308,630	114,160	309,674	8,113,116
Total public safety	13,557,498	373,285	747,082	13,183,701
Health, community services, and recreation				
Parks and recreation	3,317,684	775,258	461,826	3,631,116
Total health, community services, and recreation	3,317,684	775,258	461,826	3,631,116
Public services				
Public works	15,889,726	1,499,703	1,274,697	16,114,732
Total public services	15,889,726	1,499,703	1,274,697	16,114,732
Education	29,851,913	615,573	1,334,044	29,133,442
Total governmental fund capital assets	\$ 78,401,733	\$ 5,942,126	\$ 5,942,695	\$ 78,401,164

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OTHER INFORMATION



CITY OF BANGOR

CITY OF BANGOR, MAINE
Assessed Valuation, Commitment and Collections
For the Fiscal Year Ended June 30, 2019

VALUATION

Land and buildings	\$ 2,381,432,800
Land and buildings - Homestead exemption	96,736,800
Personal property	196,007,700
Personal property - BETE exemption	<u>138,318,300</u>
Total valuation	<u><u>\$ 2,812,495,600</u></u>

COMMITMENT

Real estate, personal property (excludes Homestead and BETE exemptions)	\$ 2,577,440,500
Tax rate	<u>0.02295</u>
Total commitment	59,152,259

ADD

Supplemental taxes committed	<u>20,964</u>
	59,173,223

LESS

Collections 2019	57,885,246
Abatements	<u>169,404</u>
2019 taxes receivable at June 30, 2019	<u><u>\$ 1,118,573</u></u>

CITY OF BANGOR, MAINE
General Fund Unassigned Fund Balance Sufficiency Calculation
For the Fiscal Year Ended June 30, 2019

The City Charter states that the City Council shall target a General Fund unassigned fund balance of no more than 16.66% of operating expenditures. The target balance is established at 8.33% of the last year's General Fund operating expenditures. The following table sets forth the calculation as of June 30, 2019.

General Fund expenditures/uses (Schedule A-2)

General government	\$ 5,658,148
Public safety	19,294,797
Health, community services and recreation	4,850,596
Public services	9,679,490
Other agencies	5,159,254
Education	55,252,104
Other appropriations	6,601,933
Other uses, gross*	<u>1,901,991</u>
Gross expenditures and uses	108,398,313
Less General Fund debt service	<u>7,322,119</u>
Net expenditures and uses	<u><u>\$ 101,076,194</u></u>
Indicated unassigned fund balance @ 8.33%	\$ 8,419,647
Unassigned fund balance - City (Schedule A-2)	\$ 13,403,958
Actual unassigned fund balance as a percentage of net expenditures and uses	13.26%

* excludes amounts appropriated from unassigned and assigned fund balance

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STATISTICAL SECTION

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

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

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Table 1

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

	Fiscal Year								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:									
Net investment in capital assets	\$ 40,176,260	\$ 67,253,588	\$ 54,540,288	\$ 49,674,874	\$ 50,030,025	\$ 47,792,253	\$ 49,367,869	\$ 49,138,743	\$ 49,657,039
Restricted	5,033,496	5,054,449	3,966,494	4,745,034	4,494,021	4,045,808	3,547,716	7,831,587	7,162,489
Unrestricted	(3,751,473)	(28,635,920)	(24,261,524)	(29,701,463)	(25,459,136)	(16,048,402)	(15,045,713)	(11,761,575)	(12,861,886)
Total governmental activities net position	41,458,283	43,672,117	34,245,258	24,718,445	29,064,910	35,789,659	37,869,872	45,208,755	43,957,642
Business-type activities:									
Net investment in capital assets	155,344,528	152,749,709	165,548,784	159,116,820	156,544,970	159,537,793	153,328,264	146,713,851	145,420,656
Unrestricted	15,549,352	12,823,198	4,879,657	6,860,485	8,428,935	8,766,272	14,668,855	19,378,420	22,756,860
Total business-type activities net position	170,893,880	165,572,907	170,428,441	165,977,305	164,973,905	168,304,065	167,997,119	166,092,271	168,177,516
Primary government:									
Net investment in capital assets	195,520,788	220,003,297	220,089,072	208,791,694	206,574,995	207,330,046	202,696,133	195,852,594	195,077,695
Restricted	5,033,496	5,054,449	3,966,494	4,745,034	4,494,021	4,045,808	3,547,716	7,831,587	7,162,489
Unrestricted	11,797,879	(15,812,722)	(19,381,867)	(22,840,978)	(17,030,201)	(7,282,130)	(376,858)	7,616,845	9,894,974
Total primary government net position	\$ 212,352,163	\$ 209,245,024	\$ 204,673,699	\$ 190,695,750	\$ 194,038,815	\$ 204,093,724	\$ 205,866,991	\$ 211,301,026	\$ 212,135,158

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

Table 2

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 8,279,943	\$ 9,223,718	\$ 4,490,599	\$ 4,733,021	\$ 7,110,075	\$ 6,871,396	\$ 6,588,238	\$ 6,953,399	\$ 6,916,390	\$ 7,179,064
Public safety	16,898,374	17,018,427	18,016,430	17,864,294	18,050,107	17,933,525	18,107,357	18,841,238	20,802,943	19,814,567
Health, community services and recreation	9,331,784	9,523,225	8,455,977	9,298,196	9,586,571	9,692,379	10,112,526	9,497,729	9,705,672	9,273,091
Public services*	16,380,337	12,413,601	15,399,933	14,408,500	14,249,015	12,956,599	15,409,518	15,997,665	14,427,613	14,443,215
Other agencies	4,658,904	4,479,888	4,209,428	4,630,915	6,799,934	4,638,805	4,528,591	5,049,394	4,943,064	5,208,400
Education	52,763,860	50,986,350	51,223,806	50,145,937	50,594,050	52,297,774	51,901,230	55,079,037	55,799,044	59,205,165
Arena development	39,075	61,334	536,251	2,201,200	500,566	-	136	801,439	62,748	14,961
Community development	1,506,038	1,542,975	1,152,289	1,356,184	2,178,972	1,316,591	1,592,047	1,335,282	1,090,372	685,926
Waterfront	79,911	1,439,065	606,249	381,437	272,857	360,004	331,622	-	1,077,972	221,839
Public transportation	2,792,904	1,701,112	3,276,780	3,250,752	2,782,968	2,784,081	3,166,692	3,273,876	3,071,020	3,447,181
Economic development (tif)	1,630,081	1,383,662	1,502,503	1,334,470	1,440,452	1,568,811	929,322	711,220	632,185	757,396
Interest on debt	2,555,839	2,151,172	2,710,135	3,343,590	2,464,804	2,604,030	2,362,899	2,142,976	1,983,492	2,001,201
Total governmental activities expenses	116,917,050	111,924,529	111,580,380	112,948,496	116,030,371	113,023,995	115,030,178	119,683,255	120,512,515	122,252,006
Business-type activities:										
Sewer Utility	6,253,436	6,202,202	6,758,495	6,827,790	6,843,975	6,603,195	7,210,861	7,725,453	6,861,750	6,760,227
Airport	20,532,553	20,458,552	20,752,350	20,722,960	20,855,066	20,893,894	20,266,935	21,217,373	21,827,174	22,478,598
Park Woods	529,610	496,478	533,671	473,289	497,833	507,210	-	-	-	-
Stormwater Utility	-	-	-	-	149,590	241,082	400,924	509,884	692,174	901,614
Parking	1,402,922	1,206,989	995,631	972,327	925,595	978,658	931,676	1,037,558	1,001,359	872,502
Bass Park	1,923,073	2,075,644	1,919,301	3,314,865	6,317,039	7,855,957	7,735,775	7,886,589	7,571,370	7,567,090
Municipal Golf Course	733,380	664,311	671,113	687,317	643,323	849,164	613,930	604,127	703,104	711,448
Economic Development	634,764	618,980	615,816	586,140	628,252	698,294	508,234	466,485	394,026	477,066
Total business-type activities expenses	32,009,738	31,723,156	32,246,377	33,584,688	36,860,673	38,627,454	37,668,335	39,447,469	39,050,957	39,768,545
Total primary government expenses	\$ 148,926,788	\$ 143,647,685	\$ 143,826,757	\$ 146,533,184	\$ 152,891,044	\$ 151,651,449	\$ 152,698,513	\$ 159,130,724	\$ 159,563,472	\$ 162,020,551

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

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Table 2 (con't)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 2,386,637	\$ 2,070,189	\$ 2,501,326	\$ 2,214,675	\$ 2,764,659	\$ 2,493,428	\$ 2,196,463	\$ 2,117,874	\$ 2,170,614	\$ 2,215,075
Public safety	2,401,930	3,289,153	2,681,152	3,418,686	2,682,248	3,193,528	3,383,956	3,013,577	3,464,870	3,121,187
Health, community services and recreation	836,689	928,307	1,048,707	1,139,382	1,164,090	1,118,582	1,193,185	1,266,221	1,452,453	1,529,894
Public services	3,954,116	3,922,847	4,002,973	3,520,517	3,758,666	3,904,548	3,618,373	3,637,836	3,666,013	1,688,725
Other agencies	-	20,248	103,560	-	46,882	-	-	-	19,490.00	20,234
Education	4,533,041	5,165,261	3,806,614	3,835,409	3,446,006	4,699,101	4,506,591	5,705,049	5,826,279	6,476,809
Arena development	2,380,158	2,331,584	2,434,915	2,079,869	1,960,876	1,952,929	1,896,633	1,838,285	1,770,957	2,212,753
Community development	332,295	323,494	588,587	474,013	994,546	273,269	313,396	442,445	31,708	25,190
Waterfront	-	-	-	-	-	-	-	-	-	21,248
Public transportation	923,433	1,025,080	1,023,717	1,045,793	816,819	857,013	1,048,974	774,195	790,936	751,711
Tax increment financing	-	-	-	-	-	-	-	-	-	127,666
Operating grants and contributions	35,683,710	35,604,940	33,137,275	31,901,386	34,600,320	33,541,085	34,838,496	33,872,652	35,577,981	37,158,903
Capital grants and contributions	6,578,917	4,935,614	3,725,432	2,345,794	1,720,879	1,540,614	3,064,312	2,391,680	3,499,613	2,983,206
Total governmental activities program revenues	60,010,926	59,616,717	55,054,258	51,975,524	53,955,991	53,574,097	56,060,379	55,059,814	58,270,914	58,332,601
Business-type activities:										
Charges for services										
Sewer Utility	7,288,499	7,340,935	7,320,469	7,708,101	8,426,054	8,189,623	7,975,639	8,634,449	8,715,468	9,451,741
Airport	13,767,394	13,080,217	12,540,347	12,069,935	12,220,328	12,036,215	13,576,325	15,870,081	17,073,888	19,032,646
Park Woods	371,832	372,715	397,426	417,407	440,295	459,905	-	-	-	-
Stormwater Utility	-	-	-	-	359,029	1,088,119	1,000,864	1,053,892	1,248,962	1,289,953
Parking	1,050,579	1,057,710	1,012,109	960,947	1,002,164	1,022,305	1,030,872	1,008,494	967,704	947,136
Bass Park	1,382,947	1,276,869	1,304,384	1,249,595	2,683,094	3,239,457	3,346,951	3,387,105	3,237,736	3,045,740
Municipal Golf Course	658,053	643,501	628,869	592,825	575,020	611,132	732,016	644,303	734,578	649,698
Economic Development	507,867	585,785	409,486	462,033	515,339	589,383	674,066	503,905	395,032	402,728
Operating grants and contributions	-	-	-	-	-	193,061	-	-	-	-
Capital grants and contributions	8,684,860	3,717,755	2,351,779	6,121,523	4,039,968	6,947,799	8,776,331	3,776,705	1,789,607	3,327,180
Total business-type activities program revenues	33,712,031	28,075,487	25,964,869	29,582,366	30,261,291	34,376,999	37,113,064	34,878,934	34,162,975	38,146,822
Total primary government program revenues	\$ 93,722,957	\$ 87,692,204	\$ 81,019,127	\$ 81,557,890	\$ 84,217,282	\$ 87,951,096	\$ 93,173,443	\$ 89,938,748	\$ 92,433,889	\$ 96,479,423

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (expense)/revenue										
Governmental activities	\$ (56,906,124)	\$ (52,307,812)	\$ (56,526,122)	\$ (60,972,972)	\$ (62,074,380)	\$ (59,449,898)	\$ (58,969,799)	\$ (64,623,441)	\$ (62,241,601)	\$ (63,919,405)
Business-type activities	1,702,293	(3,647,669)	(6,281,508)	(4,002,322)	(6,599,382)	(4,250,455)	(555,271)	(4,568,535)	(4,887,982)	(1,621,723)
Total primary government expense	(55,203,831)	(55,955,481)	(62,807,630)	(64,975,294)	(68,673,762)	(63,700,353)	(59,525,070)	(69,191,976)	(67,129,583)	(65,541,128)
General revenues and other changes in net position										
Governmental activities:										
Property taxes	48,182,455	48,027,330	48,520,390	49,930,989	52,243,583	55,303,613	56,062,583	56,721,029	56,804,294	57,897,028
Payment in lieu of taxes	117,770	161,879	156,629	95,620	161,438	156,417	193,599	233,683	284,405	290,489
Excise taxes	4,694,936	4,515,752	4,596,947	4,594,821	5,400,100	5,844,800	6,272,270	6,170,792	6,427,990	6,876,000
Franchise taxes	348,163	367,672	372,542	362,088	350,014	341,605	336,979	346,303	348,512	370,278
Unrestricted grants and contributions	4,999,567	4,859,811	4,963,161	4,857,030	3,787,128	3,794,664	4,173,167	4,464,142	5,273,333	5,861,782
Unrestricted investment earnings	673,295	565,326	530,631	57,620	510,429	413,923	488,936	380,580	674,137	892,161
Gain (loss) on sale of asset	-	-	-	-	-	-	-	62,180	(6,771)	35,349
Miscellaneous	135,849	92,379	16,698	112,060	1,863	410,991	179,163	-	-	-
Transfers	761,103	(637,898)	(417,042)	(8,772,781)	(3,170,717)	(2,469,650)	(2,012,149)	(1,675,055)	(1,793,227)	(1,482,087)
Total governmental activities	59,913,138	57,952,251	58,739,956	51,237,447	59,283,838	63,796,363	65,694,548	66,703,654	68,012,673	70,741,000
Business-type activities:										
Property taxes	-	-	-	-	750,000	800,000	1,000,000	1,100,000	1,100,000	1,255,000
Unrestricted investment earnings	1,035,753	752,891	543,493	345,932	504,584	462,069	420,951	555,259	521,200	965,025
Gain (loss) on sale of asset	-	-	-	(260,857)	-	-	452,331	931,275	14,807	4,856
Special Item	-	-	-	-	-	(484,664)	-	-	-	-
Transfers	(761,103)	637,898	417,042	8,772,781	3,170,717	2,469,650	2,012,149	1,675,055	1,793,227	1,482,087
Total business-type activities	274,650	1,390,789	960,535	8,857,856	4,425,301	3,247,055	3,885,431	4,261,589	3,429,234	3,706,968
Total primary government	60,187,788	59,343,040	59,700,491	60,095,303	63,709,139	67,043,418	69,579,979	70,965,243	71,441,907	74,447,968
Change in net position										
Governmental activities	3,007,014	5,644,439	2,213,834	(9,735,525)	(2,790,542)	4,346,465	6,724,749	2,080,213	5,771,072	6,821,595
Business-type activities	1,976,943	(2,256,880)	(5,320,973)	4,855,534	(2,174,081)	(1,003,400)	3,330,160	(306,946)	(1,458,748)	2,085,245
Total primary government	\$ 4,983,957	\$ 3,387,559	\$ (3,107,139)	\$ (4,879,991)	\$ (4,964,623)	\$ 3,343,065	\$ 10,054,909	\$ 1,773,267	\$ 4,312,324	\$ 8,906,840

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Tax Revenues										
Property taxes	\$ 48,182,455	\$ 48,027,330	\$ 48,520,390	\$ 49,930,989	\$ 52,243,583	\$ 55,303,613	\$ 56,062,583	\$ 56,721,029	\$ 56,804,294	\$ 57,897,028
Excise taxes	4,694,936	4,515,752	4,596,947	4,594,821	5,400,100	5,844,800	6,272,270	6,170,792	6,427,990	6,876,000
Franchise taxes	348,163	367,672	372,542	362,088	350,014	341,605	336,979	346,303	348,512	370,278
Total tax revenues	\$ 53,225,554	\$ 52,910,754	\$ 53,489,879	\$ 54,887,898	\$ 57,993,697	\$ 61,490,018	\$ 62,671,832	\$ 63,238,124	\$ 63,580,796	\$ 65,143,306

Table 4

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

	Fiscal Year								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:									
Nonspendable									
Advances to other funds	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500	\$ 1,900,500
Inventory and prepaid items	963,770	860,187	873,714	853,265	672,248	1,238,139	1,061,973	1,108,525	1,303,883
Restricted									
Education purposes	1,213,508	936,158	186,871	974,012	889,481	1,354,267	745,039	694,202	278,635
Municipal purposes	405,119	349,362	288,519	288,857	19,803	19,830	19,883	20,210	20,617
Committed - municipal purposes	19,033	373,753	10,583	2,623	110,933	5,406	288,743	118,316	233,988
Assigned									
Encumbrances	1,389,501	1,548,268	777,788	31,347	15,987	244,899	72,264	60,268	60,142
Municipal purposes	3,115,199	3,240,838	3,415,627	3,386,444	4,626,740	5,509,947	6,367,677	8,064,027	9,236,099
Unassigned - City & School	8,017,940	7,563,658	7,727,014	9,598,472	9,995,105	11,315,235	12,171,566	14,064,283	13,105,808
Total general fund	<u>\$ 17,024,570</u>	<u>\$ 16,772,724</u>	<u>\$ 15,180,616</u>	<u>\$ 17,035,520</u>	<u>\$ 18,230,797</u>	<u>\$ 21,588,223</u>	<u>\$ 22,627,645</u>	<u>\$ 26,030,331</u>	<u>\$ 26,139,672</u>
All other governmental funds:									
Nonspendable									
Permanent Fund Principal	\$ 608,710	\$ 588,515	\$ 574,492	\$ 544,200	\$ 532,758	\$ 532,338	\$ 525,249	\$ 512,633	\$ 518,144
Capital Project Fund	-	-	-	-	-	-	1,120,229	-	-
Restricted									
Community Development Block Grant	346,605	415,956	252,479	-	-	-	50,811	-	-
Penobscot River	759	759	-	-	-	-	-	-	-
Nonmajor Special Revenue Funds	1,637,362	1,862,992	1,730,231	1,971,397	2,060,733	1,633,366	1,692,082	6,081,420	5,802,845
Nonmajor Permanent Funds	410,337	449,974	466,951	483,284	495,623	506,007	514,652	523,122	542,248
Committed									
Nonmajor Special Revenue Funds	6,690,287	-	2,761,541	1,051,134	871,271	587,141	613,291	397,579	811,934
Assigned									
Capital Project Fund	826,179	-	4,426,655	4,868,248	4,657,905	7,169,264	2,581,181	5,776,359	7,705,395
Capital Project Fund Encumbrances	-	1,853,043	127,712	-	-	-	-	-	-
Unassigned									
Community Development Block Grant	-	-	-	(3,275)	(10,679)	(3,153)	-	-	-
Arena Fund	-	(4,603,950)	-	-	-	-	-	-	-
Capital Project Fund	(537)	-	-	-	-	-	-	-	-
Nonmajor Special Revenue Funds	(12,257)	(4,584)	(5,736)	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 10,507,445</u>	<u>\$ 562,705</u>	<u>\$ 10,334,325</u>	<u>\$ 8,914,988</u>	<u>\$ 8,607,611</u>	<u>\$ 10,424,963</u>	<u>\$ 7,097,495</u>	<u>\$ 13,291,113</u>	<u>\$ 15,380,566</u>

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

Table 5

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Taxes:										
Property taxes	\$ 48,284,733	\$ 48,371,202	\$ 48,688,270	\$ 50,004,619	\$ 52,748,153	\$ 55,650,209	\$ 56,626,711	\$ 57,378,981	\$ 57,881,205	\$ 58,096,284
Excise taxes	4,694,936	4,515,752	4,596,947	4,594,821	5,400,100	5,844,800	6,272,270	6,170,792	6,427,990	6,876,000
Total tax revenues	52,979,669	52,886,954	53,285,217	54,599,440	58,148,253	61,495,009	62,898,981	63,549,773	64,309,195	64,972,284
Intergovernmental	46,211,718	45,304,160	40,536,525	39,029,824	40,025,974	38,563,450	41,912,419	40,506,368	44,112,774	45,702,994
Licenses and permits	633,339	601,202	948,267	576,559	1,389,717	831,968	755,273	644,795	1,014,170	741,027
Charges for services	13,655,764	15,226,575	13,594,482	14,079,514	12,782,036	14,889,219	14,802,549	15,525,283	15,433,780	14,782,630
Program income	329,800	314,203	575,460	462,380	765,142	247,549	284,619	407,403	31,208	11,006
Revenue from use of money and property	3,864,984	3,473,975	4,042,881	3,067,949	3,114,817	2,883,535	2,823,151	2,693,947	3,446,219	3,650,678
Other	1,108,213	279,426	561,118	165,686	156,659	516,714	227,243	275,771	332,400	368,750
Total revenues	118,783,487	118,086,495	113,543,950	111,981,352	116,382,598	119,427,444	123,704,235	123,603,340	128,679,746	130,229,369
Expenditures:										
General government*	5,422,805	4,858,721	5,390,049	5,612,408	5,172,972	5,391,279	5,172,435	5,133,047	5,301,228	5,420,213
Public safety	15,287,575	15,800,938	16,028,180	16,209,402	16,409,651	16,994,567	17,146,674	17,330,311	18,173,695	19,594,743
Health, community services and recreation	4,720,477	5,584,184	5,383,295	4,945,994	4,826,149	5,041,486	5,117,412	4,972,166	5,066,925	4,838,006
Public services	10,055,161	10,196,576	9,842,829	9,835,549	10,052,683	10,704,017	10,387,416	10,907,018	10,521,736	9,662,829
Other agencies	4,291,329	4,747,617	4,409,545	4,382,776	4,566,380	4,684,697	4,723,022	4,886,577	4,907,267	5,159,254
Education	51,590,324	51,391,657	50,159,407	49,880,770	50,771,925	53,037,177	52,655,986	54,722,897	56,111,179	59,315,126
Tax increment financing	432,033	165,133	524,013	550,308	632,364	724,347	717,260	711,220	745,170	757,396
Unclassified	54,451	118,216	260,685	2,323,972	590,627	74,128	104,422	44,568	15,319	29,818
Restricted grants	8,479,740	8,232,148	7,414,001	9,202,815	10,729,492	9,691,489	9,852,311	8,799,030	8,540,312	8,609,435
Capital outlay	20,818,168	12,799,978	45,478,235	10,213,552	12,534,783	8,158,063	7,940,743	9,419,396	12,518,635	9,716,334
Debt service										
Principal	12,423,331	3,862,188	6,996,892	22,907,595	3,222,253	3,685,728	3,970,474	5,563,414	4,384,953	5,848,513
Interest	2,472,643	2,375,397	2,180,013	2,923,060	1,957,347	2,050,633	1,983,468	1,871,056	1,872,395	1,835,615
Other charges	61,952	45,988	-	-	-	-	-	-	66,255	53,752
Total expenditures	136,109,989	120,178,741	154,067,144	138,988,201	121,466,626	120,237,611	119,771,623	124,360,700	128,225,069	130,841,034
Excess (deficiency) of revenues over (under) expenditures	(17,326,502)	(2,092,246)	(40,523,194)	(27,006,849)	(5,084,028)	(810,167)	3,932,612	(757,360)	454,677	(611,665)
Other financing sources/(uses)										
General obligation bonds issued	3,100,000	2,086,100	30,659,143	10,378,985	8,369,000	3,602,000	3,014,000	-	6,060,037	1,616,124
Refunding bonds issued	-	-	-	-	-	-	-	-	-	1,550,000
Capital leases	-	-	-	456,581	-	-	61,152	-	-	617,101
Payment to escrow agent	-	-	-	(4,233,486)	-	-	-	-	-	-
Premium on debt issuance	-	-	-	748,121	133,552	-	-	-	294,646	298,334
Financing proceeds	9,596,640	-	-	-	-	-	-	-	-	-
Sale of assets	135,849	117,558	84,507	186,709	187,760	565,717	179,163	144,369	91,550	210,988
Transfers to other funds	(1,789,024)	(2,015,003)	(1,861,301)	(9,783,007)	(4,406,771)	(3,698,558)	(4,015,412)	(4,238,315)	(4,363,292)	(5,974,749)
Transfers from other funds	2,550,127	1,377,105	1,444,259	1,010,226	1,236,054	1,228,908	2,003,263	2,563,260	2,570,065	4,492,662
Total other financing sources	13,593,592	1,565,760	30,326,608	(1,235,871)	5,519,595	1,698,067	1,242,166	(1,530,686)	4,653,006	2,810,460
Net change in fund balances	\$ (3,732,910)	\$ (526,486)	\$ (10,196,586)	\$ (28,242,720)	\$ 435,567	\$ 887,900	\$ 5,174,778	\$ (2,288,046)	\$ 5,107,683	\$ 2,198,795
Debt service as a percentage of noncapital expenditures	11.15%	5.52%	7.97%	19.34%	4.46%	4.97%	5.06%	6.21%	5.14%	6.09%

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

Table 6

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

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Homestead Exemption¹	Business Equipment Tax Exemption²	Other Exemptions³
2010	\$ 2,299,385,800	257,018,100	2,556,403,900	17.98	\$ 70,357,600	24,801,200	780,391,900
2011	\$ 2,261,383,800	256,321,000	2,517,704,800	18.09	\$ 53,990,200	41,980,400	788,121,900
2012	\$ 2,274,528,200	248,183,200	2,522,711,400	18.00	\$ 54,283,600	57,635,300	795,735,300
2013	\$ 2,282,480,900	245,768,300	2,528,249,200	18.47	\$ 53,981,600	66,043,600	801,351,000
2014	\$ 2,306,517,400	244,302,800	2,550,820,200	19.56	\$ 52,765,500	72,600,700	894,525,200
2015	\$ 2,322,253,300	239,021,300	2,561,274,600	20.54	\$ 51,753,000	86,984,900	914,815,400
2016	\$ 2,370,220,600	229,981,900	2,600,202,500	20.69	\$ 50,758,900	101,258,300	918,968,900
2017	\$ 2,344,351,100	221,870,900	2,566,222,000	21.16	\$ 74,491,300	105,332,700	1,017,482,300
2018	\$ 2,361,755,500	210,138,800	2,571,894,300	21.17	\$ 98,423,700	125,109,400	1,099,865,370
2019	\$ 2,381,432,800	196,007,700	2,577,440,500	21.49	\$ 96,736,800	138,318,300	1,120,296,000

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

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

² The Business Equipment Tax Exemption began in 2009. Upon implementation, the City received reimbursement from the State of Maine for 100% of the tax loss; the reimbursement percentage is now calculated annually; for 2019 the rate was 56.16%.

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

Table 7

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

Fiscal Year	General City Government	General Fund Debt Service	Education	Total Direct Tax Rate	Penobscot County	Total Tax/ (Mill) Rate
2010	8.01	1.27	8.70	17.98	1.07	19.05
2011	7.94	1.40	8.75	18.09	1.11	19.20
2012	7.75	1.42	8.83	18.00	1.20	19.20
2013	8.08	1.41	8.98	18.47	1.18	19.65
2014	8.67	1.48	9.41	19.56	1.24	20.80
2015	8.89	1.65	10.00	20.54	1.26	21.80
2016	8.20	2.61	9.88	20.69	1.26	21.95
2017	8.33	2.64	10.19	21.16	1.34	22.50
2018	8.29	2.75	10.13	21.17	1.38	22.55
2019	8.53	2.75	10.21	21.49	1.46	22.95

Table 8

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

Taxpayer	Business	2019			2010		
		Assessed Value	Rank	% of Total Tax Base	Assessed Value	Rank	% of Total Tax Base
GLP Capital L.P.	Gaming	\$ 75,565,400	1	2.93%	-		-
Bangor Mall LLC	Shopping mall	47,435,200	2	1.84%	\$ 56,553,100	3	2.15%
Emera Maine	Utility	41,888,100	3	1.63%	-		-
General Electric	Manufacturer	26,506,000	4	1.03%	67,671,400	2	2.58%
Walmart Stores	Retailer	20,291,100	5	0.79%	21,976,100	5	0.84%
QV Realty Trust	Real estate interests	21,069,100	6	0.82%	15,554,300	6	0.59%
Bangor Gas Company LLC	Utility	20,909,900	7	0.81%	-		-
GM Realty of Bangor LLC	Real estate interests	16,943,000	8	0.66%	-		-
Banres, LLC	Hotel	16,685,800	9	0.65%	-		-
HC Bangor LLC	Gaming	16,321,200	10	0.63%			
Bangor Historic Track	Racino	-		-	110,462,700	1	4.21%
Bangor Hydro Electric	Utility	-		-	38,406,800	4	1.46%
Home Depot U.S.A. Inc	Retailer	-		-	15,317,800	7	0.58%
Inland Western Parkade	Shopping mall	-		-	14,912,200	8	0.57%
Harvest Sunbury Village	Retirement Living	-		-	14,491,800	9	0.55%
Grant Trailer Sales	Real estate interests	-		-	13,816,900	10	0.53%
Totals		<u>\$ 303,614,800</u>		<u>11.78%</u>	<u>\$ 369,163,100</u>		<u>14.06%</u>

* Source - City of Bangor Tax Commitment.

Table 9

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

Fiscal Year	Gross Tax Levy	Abate-ments	Net Tax Levy	Collected within the Fiscal Year of the Levy		Subsequent Year Collections	Total Tax Collections	% of Total Tax Collection to Net Levy
				Amount	% of Net Levy			
2010	\$ 48,719,847	588,817	48,131,030	46,205,428	96.00%	\$ 1,883,306	48,088,734	99.91%
2011	\$ 48,362,646	168,932	48,193,714	46,857,606	97.23%	\$ 1,274,776	48,132,382	99.87%
2012	\$ 48,529,834	175,844	48,353,990	47,025,587	97.25%	\$ 1,265,633	48,291,220	99.87%
2013	\$ 49,713,855	134,598	49,579,257	48,276,445	97.37%	\$ 1,232,848	49,509,293	99.86%
2014	\$ 53,077,993	43,339	53,034,654	51,692,178	97.47%	\$ 1,259,083	52,951,261	99.84%
2015	\$ 55,903,061	282,782	55,620,279	53,708,753	96.56%	\$ 1,819,211	55,527,964	99.83%
2016	\$ 57,090,091	445,799	56,644,292	55,557,652	98.08%	\$ 962,396	56,520,048	99.78%
2017	\$ 57,781,717	116,643	57,665,074	56,513,791	98.00%	\$ 1,019,736	57,533,527	99.77%
2018	\$ 58,013,766	79,288	57,934,478	56,868,240	98.16%	\$ 684,868	57,553,108	99.34%
2019	\$ 59,173,223	169,404	59,003,819	57,885,246	98.10%	\$ -	57,885,246	98.10%

Table 10

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

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Ratio of Net Bonded Debt		
	General Obligation Bonds/Notes	Capital Leases	General Obligation Bonds	Capital Leases		Per Capita*	Assessed Value	Per Personal Income*
2010	\$ 61,689,447	-	34,956,548	-	96,645,995	3,073.00	3.90%	10.33%
2011	\$ 58,455,666	-	31,985,337	-	90,441,003	2,737.40	3.54%	7.06%
2012	\$ 80,674,158	-	28,707,990	-	109,382,148	3,314.61	4.34%	9.47%
2013	\$ 62,727,567	361,009	82,492,223	-	145,580,799	4,416.49	5.77%	11.71%
2014	\$ 67,154,638	277,728	82,983,011	41,699	150,457,076	4,604.94	5.95%	13.12%
2015	\$ 65,147,398	549,636	83,619,820	33,082	149,349,936	4,585.79	5.85%	12.64%
2016	\$ 62,635,756	408,687	81,041,828	29,210	144,115,481	4,449.24	5.63%	12.27%
2017	\$ 55,502,169	181,526	81,332,351	20,026	137,036,072	4,284.39	5.27%	12.01%
2018	\$ 55,917,971	24,306	77,867,785	61,903	133,871,965	4,196.22	5.22%	11.05%
2019	\$ 52,328,779	484,747	78,989,062	42,175	131,844,763	4,120.54	5.13%	10.28%

* Source: U.S. Census Bureau.

Table 11

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

Fiscal Year	Population*	Assessed Value	Net Bonded GO Debt	Ratio of Net Bonded Debt	
				Assessed Value	Per Capita
2010	31,450	\$ 2,556,403,900	96,645,995	3.78%	3,073.00
2011	33,039	\$ 2,517,704,800	90,441,003	3.59%	2,737.40
2012	33,000	\$ 2,522,711,400	109,382,148	4.34%	3,314.61
2013	32,963	\$ 2,528,249,200	145,219,790	5.74%	4,405.54
2014	32,673	\$ 2,550,820,200	150,137,649	5.89%	4,595.16
2015	32,568	\$ 2,561,274,600	148,767,218	5.81%	4,567.90
2016	32,391	\$ 2,600,202,500	143,677,584	5.53%	4,435.73
2017	31,985	\$ 2,566,222,000	136,834,520	5.33%	4,278.08
2018	31,903	\$ 2,571,894,300	133,785,756	5.20%	4,193.52
2019	31,997	\$ 2,577,440,500	131,317,841	5.09%	4,104.07

* Source: U.S. Census Bureau.

CITY OF BANGOR, MAINE
Computation of Direct and Overlapping Debt
June 30, 2019

	Total Debt Outstanding	Percentage Applicable to Bangor	Amount Applicable to Bangor
Direct Debt			
City of Bangor			
General Obligation Bonds	\$ 52,328,779	100.00%	\$ 52,328,779
Capital Leases	484,747	100.00%	484,747
Total Debt	<u>\$ 52,813,526</u>		<u>\$ 52,813,526</u>

* - For year end June 30, 2019 the City had no overlapping debt obligations.

Table 13

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

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Net Debt to Debt Limit
2010	\$ 365,400,000	96,645,995	268,754,005	26.45%
2011	\$ 369,997,500	90,441,003	279,556,497	24.44%
2012	\$ 368,467,500	109,382,148	259,085,352	29.69%
2013	\$ 369,300,000	145,219,790	224,080,210	39.32%
2014	\$ 369,637,500	146,954,498	222,683,002	39.76%
2015	\$ 381,555,000	145,681,059	235,873,941	38.18%
2016	\$ 383,182,500	140,744,237	242,438,263	36.73%
2017	\$ 381,555,000	134,045,613	247,509,387	35.13%
2018	\$ 386,265,000	130,885,863	255,379,137	33.88%
2019	\$ 392,497,500	128,290,800	264,206,700	32.69%

Legal Debt Margin Calculation for Fiscal Year 2019

Total State Valuation	\$ 2,616,650,000
Debt Limitation: 15 % of State Valuation	392,497,500
Debt Applicable to Debt Limitation:	
General Obligation Bonds:	
Municipal	98,368,594
School	12,433,591
Sewer	17,488,615
Total debt applicable to limit	<u>128,290,800</u>
Legal Debt margin	<u>\$ 264,206,700</u>

Table 14

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

Fiscal Year	Population *	Median Household Income*	Per Capita Income*	Median Age*	Public School Enrollment**	Unemployment Rate ***
2010	31,450	29,740	19,295	36.1	3,821	8.10%
2011	33,039	38,775	25,344	36.7	3,830	7.50%
2012	33,000	34,993	25,344	37.5	3,819	7.10%
2013	32,963	37,707	24,945	36.8	3,875	6.70%
2014	32,673	35,107	23,791	36.5	3,810	5.40%
2015	32,568	36,272	23,977	35.9	3,765	4.60%
2016	32,391	36,272	23,977	35.9	3,780	3.80%
2017	31,985	35,674	23,928	35.4	3,759	3.70%
2018	31,903	37,987	25,318	35.7	3,715	3.40%
2019	31,997	40,071	27,115	37.0	3,707	3.20%

* Source: U.S. Census.

** Source: Bangor School Department.

*** Source: Maine Bureau of Labor Statistics.

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

2019*				2010 ¹			
Employees	Employer	Location	Percentage of Total Employment ²	Employees	Employer	Location	Percentage of Total Employment ²
4001-4500	Eastern Maine Medical Center	Bangor	11.84%	1000-4000	Eastern Maine Medical Center	Bangor	7.13%
1001-1500	Hannaford Bros Co	Throughout	3.48%	1000-4000	Bangor Mall	Bangor	7.13%
1001-1500	St. Joseph Hospital Inc	Bangor	3.48%	1000-4000	Hannaford Supermarkets	Throughout	7.13%
1001-1500	Northern Light Health	Throughout	3.48%	1000-4000	Cianbro Corporation	Throughout	7.13%
1001-1500	City of Bangor	Bangor	3.11%	1000-4000	Walmart	Throughout	7.13%
501-1000	Walmart/Sam's Club	Throughout	2.09%	1000-4000	City of Bangor	Bangor	3.15%
501-1000	Penobscot Community Health Care	Throughout	2.09%	500-999	Bangor Savings Bank	Bangor	2.14%
501-1000	Bangor Savings Bank	Bangor	2.09%	500-999	L.L. Bean	Bangor	2.14%
501-1000	Husson University	Bangor	2.09%	500-999	Acadia Hospital	Bangor	2.14%
501-1000	Acadia Hospital	Bangor	2.09%	500-999	St. Joseph Hospital	Bangor	2.14%
				500-999	Community Health & Counseling	Bangor	2.14%
			35.86%				49.50%

* Source - State of Maine, Department of Labor.

¹ Source - Bangor, Maine Community & Economic Profile Report, Published by City of Bangor Community & Economic Development.

² Exact employee numbers are not available, percentage of total employment is based on median of employee range unless other information is available.

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	100	100	99	97	92	103	104	107	103	102
Public safety										
Police	97	97	96	96	96	93	91	94	95	93
Fire	95	95	95	95	91	87	90	89	88	94
Health, community services and recreation	49	47	49	48	46	41	34	36	47	40
Public building and services	82	81	78	78	76	63	62	61	71	72
Education	621	610	580	580	568	578	570	580	590	590
Sewer utility	21	21	24	24	24	24	27	27	26	26
Airport	86	87	88	93	77	85	106	107	109	95
Park woods	2	2	2	2	1	-	-	-	-	-
Parking	3	3	3	3	3	3	2	2	3	-
Bass park	8	7	6	5	-	-	-	-	-	-
Municipal golf course	8	8	8	8	8	8	8	8	8	3
Totals	1,172	1,158	1,128	1,129	1,082	1,085	1,094	1,111	1,140	1,115

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

Table 17

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Code enforcement										
Building permits	427	518	405	453	433	454	517	571	676	675
Certificates of occupancy	341	448	350	361	395	452	630	609	729	750
Sign permits	90	96	70	69	82	83	86	89	90	70
Electrical**	-	-	-	-	-	-	607	739	770	781
Police										
Calls for service	32,351	30,167	31,640	33,740	36,153	36,967	38,347	38,505	35,768	35,363
Fire										
Calls for service	7,357	8,000	9,020	9,044	9,031	9,292	10,048	10,110	9,832	9,903
Sewer										
Treated flow (billions of gallons)	3.55	2.81	3.10	2.68	2.69	3.20	2.57	2.44	2.76	3.21
Biosolids (tons)	7,572	6,518	6,789	5,832	6,309	5,821	6,230	6,101	5,569	6,036

* Source - City of Bangor Departmental records.

** 2015 was the first year Electrical Permits started being tracked.

Table 18

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

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	54	54	50	48	43	50	57	57	60	55
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	25	25	26	26	26	26	24	25	22	27
Public works										
Streets (miles)	429	429	431	431	431	431	432	432	432	432
Sidewalks (miles)	99.6	101.4	101.4	101.4	101.4	101.4	101.4	101.4	101.9	109.6
Parks and recreation										
Parks	29	29	29	29	29	29	29	29	29	29
Parks acreage	950	950	950	950	950	950	950	950	950	1227
Public swimming pools	2	2	2	2	2	2	2	2	2	2
Public golf courses	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Indoor ice arena	1	1	1	1	1	1	1	1	1	1
Semi-pro baseball stadium	1	1	1	1	1	1	1	1	1	1
Sewer										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Pump stations	5	5	5	5	5	5	5	5	5	5
Miles of sanitary sewers	103	103	103	103	103	103	103	103	103	101
Miles of combined sewers	44	44	44	47	49	49	49	49	49	43

* Source - City of Bangor Departmental records.

APPENDIX B

**PROPOSED FORM
OF
LEGAL OPINION**

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Upon issuance and delivery of the Bonds described herein, Pierce Atwood LLP, Portland, Maine, Bond Counsel, proposes to issue its opinion in substantially the following form:

[Dated date of delivery]

City of Bangor
Bangor, Maine 04401

RE: City of Bangor, Maine \$7,727,000 2020 General Obligation Bonds dated March __, 2020

Ladies and Gentlemen:

We have acted as bond counsel to the City of Bangor, Maine (the "City") in connection with the issuance and sale of the City's \$7,727,000 2020 General Obligation Bonds dated March __, 2020 (the "Bonds"). In such capacity, we have examined the law, including the City Charter and Title 30-A, Section 5772 of the Maine Revised Statutes, as amended, and the record of proceedings submitted to us by the City, in connection with the issue and sale of the above-described Bonds, including among other documents, certified copies of Order 17-290 adopted by the City Council on August 28, 2017, Order 18-319 adopted by the City Council on August 27, 2018, and Order 19-284 adopted by the City Council on August 12, 2019, and an approval of the City's Finance Committee dated March __, 2020 (collectively the "Bond Authorizations").

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials without undertaking to verify such facts by independent investigations. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the originals of all documents submitted to us as copies.

We understand the Bonds are dated as of March __, 2020. The Bonds have been issued as serial bonds in the denominations, bearing interest payable on each March 1 and September 1, commencing September 1, 2020, until maturity or redemption prior to maturity, and maturing on September 1 of each year as reflected below:

<u>September 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>September 1</u>	<u>Amount</u>	<u>Interest Rate</u>
2020	\$522,000	%	2030	\$520,000	%
2021	\$525,000	%	2031	\$520,000	%
2022	\$525,000	%	2032	\$230,000	%
2023	\$525,000	%	2033	\$230,000	%
2024	\$525,000	%	2034	\$230,000	%
2025	\$520,000	%	2035	\$155,000	%
2026	\$520,000	%	2036	\$155,000	%

2027	\$520,000	%	2037	\$155,000
2028	\$520,000		2038	\$155,000
2029	\$520,000		2039	\$155,000

Bonds maturing on or before September 1, 2029 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on and after September 1, 2030 are subject to redemption prior to their stated dates of maturity, at the option of the City, on and after September 1, 2029, as a whole or in part at any time, in such order of maturity as the City, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

The Bonds should be signed by the Finance Director of the City, countersigned by the Chair of the City Council, and sealed with the seal of the City attested by its Clerk, and should bear the signed certificate of the certifying agent identified thereon.

We note that the Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements regarding the use, expenditure, and investment of the proceeds of the Bonds the use of the improvement financed with the proceeds of the Bonds, and timely payment of certain investment earnings to the U.S. Treasury that must be met on a continuing basis subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. Failure of the City to comply with such requirements may cause may cause interest on the Bonds to be included in the gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

In expressing the opinions set forth in paragraphs 3 and 5 below, we have examined and relied upon the Arbitrage and Use of Proceeds Certificate, the General Certificate of the Finance Director of the City and the City's Certificate Regarding Qualified and Designated Status (collectively the "Tax Certificates") delivered concurrently herewith, which contain representations, certifications, warranties, provisions and procedures regarding compliance with the requirements of the Code. The City, in executing such Tax Certificates, (i) has set forth facts, estimates, circumstances and reasonable expectations of the City as of the date hereof as to future events regarding the amount, use and investment of the proceeds of the Bonds and the use of the improvements financed or refinanced with the proceeds of the Bonds that are material for purposes of Sections 141 and 148 of the Code, and (ii) has certified that the information therein is true and accurate and that the City will comply with requirements of the Code and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds is not includable in gross income for federal income tax purposes. In rendering the opinions set forth in paragraphs 3 and 5 below, we have relied upon the representations and certifications of the City set forth in such Tax Certificates, and we have assumed that the City will comply with the requirements of the Code and with the representations, certifications, warranties, provisions and procedures set forth in such Tax Certificates.

We also note that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Owners of

the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

We are of the opinion that:

1. Under the Constitution and laws of the State of Maine, the City has been duly created and validly exists as a body corporate and politic and a municipality under the name of the City of Bangor, with lawful power and authority to adopt the Bond Authorizations and to issue the Bonds.
2. The Bonds are in proper form, have been duly authorized and executed by the City and, subject to due authentication, are valid and binding general obligations of the City, enforceable in accordance with their terms and all taxable property within the City (except to the extent that the City may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, and except to the extent that the City establishes or has established municipal development districts as tax increment financing districts or municipal affordable housing development districts pursuant to Title 30-A, Chapters 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds) is subject to the levy of limited *ad valorem* taxes to pay the Bonds unless certain procedural requirements under 30-A M.R.S.A. §5721-A are met, in which case such *ad valorem* taxes may be levied without limit as to rate or amount; provided, however, that Bonds issued to finance school improvements that will be included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended, are not subject to the property tax levy limit in Section 5721-A.
3. Under existing law, interest payable on the Bonds is excludable from the gross income of the owners thereof for purposes of federal income taxation pursuant to Section 103 of the Code. In addition, such interest is not treated as a preference item in calculating the alternative minimum tax under the Code; provided, however, that such interest is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2020.
4. Pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, interest paid on the Bonds is exempt from income tax within the State of Maine under existing statutes, regulations and decisions.
5. The Bonds will constitute "qualified tax-exempt obligations" under Section 265(b) of the Code.

The foregoing opinions are qualified to the extent that the enforceability of the obligations of the City, including the Bonds, may be limited by bankruptcy, moratorium or insolvency or other laws affecting the rights and remedies of creditors generally and are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have not examined and assume no responsibility for the financial condition of the City and nothing set forth herein shall be construed as assurance as to the City's financial condition or ability to make required debt service payments on the Bonds.

City of Bangor, Maine
March __, 2020
Page 4

We express no opinion, are not passing upon and do not assume any responsibility for the accuracy, adequacy or completeness of the statements made in the Preliminary Official Statement or Official Statement prepared with respect the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

PIERCE ATWOOD LLP

APPENDIX C

**PROPOSED FORM
OF
CONTINUING DISCLOSURE AGREEMENT**

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**CITY OF BANGOR, MAINE
PROPOSED FORM OF
CONTINUING DISCLOSURE AGREEMENT**

In connection with the issuance by the City of Bangor, Maine (the “Issuer”) of its \$7,427,000 2020 General Obligation Bonds, dated March 19, 2020, and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants under this Continuing Disclosure Agreement (the “Agreement”) that it will engage in the undertakings described in Section 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. Under the Agreement, the Issuer is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the MSRB (defined below). This information will be available from the MSRB via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. The Issuer reserves the right to incorporate by reference its Official Statement dated March 3, 2020 relating to the Bonds (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Bonds, in any future disclosure provided hereunder.

In addition to the definitions set forth above in the undertaking, which apply to any capitalized term used in this Agreement unless otherwise defined, if used the following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean the financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 1 of this Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than a Saturday or a Sunday or a day on which banks in Maine are authorized or required by law to close.

“Dissemination Agent” shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with SEC Rule 15c2-12.

“Holders” shall mean the registered Holders of the Bonds, as recorded in the registration books of the Registrar.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, established under the Securities and Exchange Act of 1934, as amended, or any successor thereto, with an address of 1300 I Street NW, Suite 1000, Washington, DC 20005.

“State” shall mean the State of Maine.

1. The Issuer will provide to the MSRB: (a) not later than 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2020, certain updated Annual Financial Information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Bonds under the headings “CITY FINANCES,”

“INDEBTEDNESS,” “RETIREMENT” and in APPENDIX A to the Official Statement and such other Annual Financial Information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in clause (a) above will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Such filings, if not completed by the required time in clause (a) above, but if filed when available, will not be deemed to be a “late filing”. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A to the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer reserves the right to modify from time to time the specific types of information provided under clause (a) above or the format of the presentation of such information to reflect changed circumstances, provided that any such modification will be done in a manner consistent with the Rule.

2. The Issuer will provide in a timely manner, not in excess of ten (10) Business Days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) notice of the occurrence of any of the following events with respect to the Bonds.

(a) Certain events whether material or not material:

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, or their failure to perform;
- (5) Adverse tax opinions or events affecting the tax-exempt status of the Bonds, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes;
- (9) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in this subparagraph (9), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);or
- (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties

(b) Certain events if material:

- (1) Non-payment related defaults;
- (2) Modifications to the rights of Holders of the Bonds;
- (3) Bond calls;
- (4) The release, substitution, or sale of property securing repayment of the Bonds;

- (5) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (6) Appointment of a successor or additional trustee or the change of name of a trustee; and
- (7) Incurrence of a Financial Obligation of the Issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect security Holders, if material.

The Issuer from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

3. The Issuer will provide in a timely manner to the MSRB notice of a failure to satisfy the requirements of Section 1 herein.
4. The intent of the Issuer's undertaking in this Agreement is to provide on a continuing basis the information described in the Rule. The provisions of the Agreement may be amended by the Issuer without the consent of, or notice to, any Beneficial Owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission ("SEC") or its staff (whether required or optional), (b) to add a Dissemination Agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Issuer for the benefit of the Beneficial Owners of the Bonds, (d) to modify the contents, presentation and format of the Annual Financial Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the Beneficial Owners of the Bonds, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of Beneficial Owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

Furthermore, the Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment of in full of all of the Bonds or to the extent that the Rule, as in effect from time to time, no longer requires the issuers of municipal securities to provide all or any portion of the information the Issuer has agreed to provide pursuant to the Agreement, the obligation of the Issuer to provide such information also shall cease immediately.

5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the Beneficial Owners of the Bonds, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any Beneficial Owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Bonds.

6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide Annual Financial Information or notices of material events in accordance with the Rule.
7. The Issuer's Finance Director, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: Deborah Laurie, Finance Director, City of Bangor, 73 Harlow Street, Bangor, ME 04401; Telephone: (207) 992-4253.

CITY OF BANGOR, MAINE

Dated: _____, 20__

By: _____

Its: _____